

**PENNSYLVANIA
PUBLIC UTILITY COMMISSION
Harrisburg, PA 17105-3265**

Public Meeting held January 13, 2011

Commissioners Present:

James H. Cawley, Chairman
Tyrone J. Christy, Vice Chairman
John F. Coleman, Jr., Commissioner
Wayne E. Gardner, Commissioner
Robert F. Powelson, Commissioner

American Recovery and Reinvestment
Act Investigation

I-2009-2099881

ORDER

On February 17, 2009, President Obama signed into law the American Recovery and Reinvestment Act of 2009, Pub.L. 111-5 (Recovery Act), which, among other provisions, provided in Section 410(a) for additional state energy grants in excess of the base allocation of the State.¹ Grants totaling \$3.1 billion are available under the Federal State Energy Program. These additional grants were made contingent upon the Governor of the state notifying the Secretary of Energy, in writing, that certain conditions had been met. These conditions include the following provision:

The applicable State regulatory authority will seek to implement, in appropriate proceedings for each electric and gas utility, with respect to which the State regulatory authority has ratemaking authority, a general policy that ensures that utility financial incentives are aligned with helping their customers use energy more efficiently and

¹ American Recovery and Reinvestment Act of 2009, Pub. L. No. 111-5 § 410(a), 123 Stat. 115 (2009).

that provide timely cost recovery and a timely earnings opportunity for utilities associated with cost-effective measurable and verifiable efficiency savings, in a way that sustains or enhances utility customers' incentives to use energy more efficiently.

By Opinion and Order entered on May 6, 2009, we commenced an investigation into the requirements of Section 410(a) of the Recovery Act. The goals of the investigation were to determine what actions the Commission should implement to ensure that utility financial incentives are aligned with helping their customers use energy more efficiently, and that Commission ratemaking policies provide timely cost recovery and timely earnings opportunities for utilities in ways that promote utility customers' to use energy more efficiently.

To that end, this Commission established a working group lead by our Law Bureau involving interested industry stakeholders to solicit further information. Based on three working group meetings, the Law Bureau has crafted a report which discusses existing Commission policies or laws that address the goals outlined in Section 410(a) of the Recovery Act as well as additional measures the Commission may consider to address those goals.

We wish to issue the working group's report to the general public for additional comment. Following the comment period, the Commission will issue a final order discussing the implications of the investigation.

THEREFORE,

IT IS ORDERED:

1. That American Recovery and Reinvestment Act Investigation working group's Report is issued for public comment. Initial comments shall be submitted by interested parties within 30 days of entry of this order. Reply comments shall be submitted 15 days thereafter regarding any appropriate actions, orders, policy statements, or regulations that the Commission should adopt to ensure compliance with Section 410(a) of the American Recovery and Reinvestment Act of 2009, including the issue of rate decoupling and all such measures that have the potential to encourage utility energy efficiency and conservation while ensuring the financial viability of the utilities.

2. That a copy of this order shall be served upon all jurisdictional electric and gas utilities, the Office of Consumer Advocate, and the Office of Small Business Advocate.

3. That a copy of the Report be placed on the Commission's web site.

4. Notice of the issuance of the Report, including a brief description of the Report, reference where to find the report on the Commission's web site, and the deadlines for comment pursuant to this order shall be published in the Pennsylvania Bulletin.

BY THE COMMISSION

Rosemary Chiavetta
Secretary

(SEAL)

ORDER ADOPTED: January 13, 2011

ORDER ENTERED: January 24, 2011