COMMONWEALTH OF PENNSYLVANIA

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August 7, 2009

James J. McNulty
Secretary
Pennsylvania Public Utility Commission
Commonwealth Keystone Building
400 North Street
Harrisburg, PA 17120

RE: Metropolitan Edison Company Energy Efficiency and Conservation Plan
Docket No. M-2009-2092222
Pennsylvania Electric Company Energy Efficiency and Conservation Plan
Docket No. M-2009-2112952
Pennsylvania Power Company Energy Efficiency and Conservation Plan
Docket No. M-2009-2112956

Dear Secretary McNulty:

Enclosed for filing are the Comments of the Office of Consumer Advocate, in the above referenced proceeding. On this date, the OCA is also serving the written testimony of its witness David G. Hill, Ph.D. on Administrative Law Judge David A. Salapa and the parties to the evidentiary portion of this proceeding. Hearings are scheduled for August 31 through September 2, 2009 where this testimony will be moved into the record. The OCA requests that these Comments be read and considered in conjunction with the testimony of Dr. Hill.

Copies have been served as indicated on the enclosed Certificate of Service.

Respectfully Submitted,

Candis A. Tunilo

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Assistant Consumer Advocate
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Enclosure
cc: Honorable David A. Salapa
Office of Special Assistants

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CERTIFICATE OF SERVICE

Metropolitan Edison Company Energy Efficiency and Conservation Plan	:	Docket No.	M-2009-2092222
Pennsylvania Electric Company Energy Efficiency and Conservation Plan	:	Docket No.	M-2009-2112952
Pennsylvania Power Company Energy Efficiency and Conservation Plan	:	Docket No.	M-2009-2112956

I hereby certify that I have this day served a true copy of the foregoing document, the Comments of Office of Consumer Advocate, upon parties of record in this proceeding in accordance with the requirements of 52 Pa. Code Section 1.54 (relating to service by a participant), in the manner and upon the persons listed below:

Dated this 7th day of August 2009.

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BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION

Metropolitan Edison Company Energy Efficiency and Conservation Plan	:	Docket No. M-2009-2092222
Pennsylvania Electric Company Energy Efficiency and Conservation Plan	:	Docket No. M-2009-2112952
Pennsylvania Power Company Energy Efficiency and Conservation Plan	:	Docket No. M-2009-2112956

COMMENTS
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Dated: August 7, 2009

TABLE OF CONTENTS

I. INTRODUCTION

The Office of Consumer Advocate (OCA) is filing these Comments in accordance with the Notice in the Pennsylvania Bulletin published July 25, 2009. These Comments are in response to the Joint Petition for Consolidation of Proceedings and Approval of Energy Efficiency and Conservation Plans of Metropolitan Edison Company, Pennsylvania Electric Company and Pennsylvania Power Company. On this date, the OCA is separately serving expert testimony of David G. Hill of Vermont Energy Investment Corporation (VEIC)[1] addressing the Companies' Energy Efficiency and Conservation Plans. Dr. Hill's testimony will be served on Administrative Law Judge David A. Salapa and the parties to the evidentiary portion of this proceeding and then moved into the record at the evidentiary hearings scheduled for August 31 through September 2, 2009. The OCA asks that these Comments be read and considered in conjunction with the testimony of Dr. Hill.

A. Background

On November 14, 2008, Act 129 of 2008 (Act 129) became effective and among other programs, contained an Energy Efficiency and Conservation Program (EE&C).[2] See 66 Pa.C.S. § 2806.1 and § 2806.2. The EE&C portion of Act 129 requires Electric Distribution Companies (EDCs) with at least 100,000 customers to present an EE&C plan to the Commission for approval. The EE&C plan must be designed to reduce energy demand and consumption within each EDC's service territory. Specifically, each EDC must reduce electric consumption by at

[1] Dr. Hill is the manager of VEIC's renewable energy consulting division. He has a Masters Degree in Appropriate Technology and a Ph.D. in Energy Management and Policy Planning both from the University of Pennsylvania. Dr. Hill has over 17 years of experience in planning, evaluation and implementation of energy efficiency and renewable energy programs.

[2] Act 129 also included: amendments to the duties of EDCs' obligation to serve; provisions for smart meter technology and time of use rates; provisions for additional market power remediation for market misconduct; provisions for additional alternative energy sources; and provisions for a carbon dioxide sequestration network. Further, the Act makes a number of significant amendments to the Public Utility Code, many of which will have a direct impact on the rates and service of customers of Pennsylvania EDCs.

least 1% of its expected base load for the period of June 1, 2009, to May 31, 2010, adjusted for weather and extraordinary loads. This reduction must be achieved by May 31, 2011. See 66 Pa.C.S. § 2806.1(c)(1). Also, each EDC must reduce its energy consumption by 3% of the aforementioned base load by May 31, 2013. See 66 Pa.C.S. § 2806.1(c)(2). Further, each EDC must reduce electricity demand by a minimum of 4.5% of its annual system peak demand for the 100 hours of highest demand by May 31, 2013, as measured against the EDC's peak demand during the period from June 1, 2007, through May 31, 2008. See 66 Pa.C.S. § 2806.1(d)(1). Act 129 provides specific fines for an EDC's failure to achieve these standards for reduction. See 66 Pa.C.S. § 2806.1(f)(2).

Act 129 also charged the Public Utility Commission (Commission) with adopting an Energy Efficiency and Conservation Program (Program) by January 15, 2009. The Commission's Program must include the following: (1) procedures for the approval of plans submitted by EDCs pursuant to Act 129; (2) an evaluation process "to monitor and verify data collection, quality assurance and results" of each EDC EE&C plan; (3) a cost-benefit analysis of each EDC EE&C plan in accordance with a total resource cost test approved by the Commission; (4) analysis of how the Commission's program and each EDC EE&C plan will achieve or exceed Act 129's consumption reduction requirements; (5) standards to ensure that each EDC EE&C plan includes a variety of EE&C measures that are provided equitably to all customer classes; (6) procedures to make recommendations as to additional measures that will enable EDCs to improve their EE&C plans and exceed the Act's required reductions in consumption; (7) procedures to require EDCs to competitively bid all contracts with conservation service providers (CSPs); (8) procedures to review, and modify if the Commission deems necessary, all proposed contracts with CSPs prior to execution; (9) procedures to ensure compliance with the

Act's requirements for reduction in consumption; (10) a requirement for the participation of CSPs in the implementation of all or part of their respective EDCs' EE&C plans; and (11) cost recovery to ensure that the measures approved are financed by the same customer class that will receive the direct energy and conservation benefits. See 66 Pa.C.S. § 2806.1(a).

In the latter months of 2008, the Commission commenced a stakeholder process and invited written comments from the EDCs and other interested parties to develop the Program required by Act 129. The OCA participated by submitting Comments to the Commission on November 3, 2008, and again on December 8, 2008. The OCA also participated in a stakeholder meeting. Pursuant to the requirements of Act 129, on January 16, 2009, the Commission entered its Implementation Order at Docket No. M-2008-2069887 (Implementation Order).[3]

In the Implementation Order, the Commission called for the publication of the EE&C plans in the *Pennsylvania Bulletin* and allowed for the filing of Comments on them. The Commission also directed evidentiary and public hearings on each EE&C plan so that recommendations for improving the plans could be submitted by the statutory advocates and the public. See Implementation Order at 8. Further, the Commission established a specific litigation schedule within Act 129's requirement that it rule on each EDC's EE&C plan within 120 days of submission, and provisions were established for the re-submission of rejected EE&C plans.[4] Id. See also 66 Pa.C.S. § 2806.1(e)(2). In its Implementation Order, the Commission also encouraged each EDC to conduct a collaborative process during the development of its plan in

[3] The Implementation Order was adopted at the Public Meeting on January 15, 2009.

[4] Based on the established consideration period of 120 days, the schedule was broken down as follows: (1) each EE&C plan is assigned to an Administrative Law Judge (ALJ), who will establish discovery, public input hearing schedule and evidentiary hearing schedules, but all hearings must be completed by September 3, 2009; (2) all briefs are due by September 14, 2009; (3) each EDCs' reply brief and/or revised plan is due by September 24, 2009; and (4) the Commission will issue its decision regarding each EDC plan by October 29, 2009. See Implementation Order at 12. The Commission extended the opportunity to file reply briefs to all parties by Order entered June 2, 2009, at Docket Number M-2008-2069887.

order to receive input from various stakeholders. Also pursuant to the Implementation Order, each EDC was required to submit its consumption forecast to the Commission by February 9, 2009. The Commission approved the consumption forecasts and set the consumption savings and demand reduction requirements by Order entered March 30, 2009.

Pursuant to the Implementation Order, on May 7, 2009, the Commission issued a Secretarial Letter, which provided EDCs with an EE&C plan template to be used by the EDCs in preparing and filing their EE&C plans with the Commission. Thereafter, on May 28, 2009, the Commission adopted Standards for the Participation of Demand Side Management Resources in an updated Technical Reference Manual (TRM) at Docket No. M-00051865 to be used as a guide by the EDCs in evaluating the savings impacts of aspects of their plans.

Act 129 requires, *inter alia*, each EDC to demonstrate that its EE&C plan is cost-effective using the Total Cost Resource (TRC) test[5] and that its plan provides a diverse cross section of alternatives for customers of all rate classes. See 66 Pa.C.S. § 2806.1(b)(1)(i)(I). After inviting and receiving comments from interested parties on the matter, including the OCA, the Commission adopted a TRC test at Docket No. M-2009-2108601 (TRC Test) on June 18, 2009.

The OCA provides the following Comments on the EE&C Plans of Metropolitan Edison Company (Met-Ed), Pennsylvania Electric Company (Penelec) and Pennsylvania Power Company (Penn Power) (collectively FirstEnergy Companies) in accordance with the Commission's Implementation Order. Since the FirstEnergy Companies' Plans share a common design, the OCA's Comments apply to all three Plans unless otherwise stated.

[5] A TRC test is "a standard test that is met if, over the effective life of each plan not to exceed 15 years, the net present value of the avoided monetary cost of supplying electricity is greater than the net present value of the monetary cost of energy efficiency conservation measures." 66 Pa.C.S. § 2806.1(m).

B. The Stakeholder Process

The FirstEnergy Companies conducted a stakeholder process to inform stakeholders of the Companies' progress in developing their Plans and to solicit input from stakeholders on various components of the Plans. The FirstEnergy Companies convened three large group meetings, on April 7, 2009, May 12, 2009, and June 16, 2009. The OCA participated in the aforementioned meetings. The FirstEnergy Companies also convened individual question/answer sessions with various interested parties, including the OCA and its expert.

As required by Act 129 and the Commission's Implementation Order, the FirstEnergy Companies contracted with an approved CSP, Black & Veatch Corporation, to assist in developing their EE&C Plans. This contract was approved by Commission staff at Docket Number A-2009-2092222.

Following the initial start up of the stakeholder group, the OCA found the FirstEnergy Companies' stakeholder process to be well attended by a group of stakeholders. As FirstEnergy Companies' witness George L. Fitzpatrick notes in his testimony, the stakeholder group consisted of a "significant cross section of customer class representatives, regulators and CSPs." See FirstEnergy Companies EE&C Plans at St. 2, page 20. Companies' witness Fitzpatrick went on to recognize the great value of the stakeholder process to the process of developing the Plans. Id.

After filing its EE&C Plans on July 1, 2009, the FirstEnergy Companies convened additional meetings to discuss the proposed EE&C Plans with intervening parties. These meetings were convened on July 24, 2009, and July 28, 2009, and provided a forum for the parties to ask questions of the Companies' witnesses and personnel in order to better understand all aspects of the Plans.

In the OCA's view, the stakeholder process allowed for a better informed process—for both stakeholders and the FirstEnergy Companies—and resulted in Plans that addressed many of the potential issues that can arise with such plans. An earlier start to the process and broader attendance by diverse stakeholders, including but not limited to local governments, chambers of commerce, environmental advocates and community based organizations (CBOs), could have moved the process further in addressing additional issues.

As discussed more below, the OCA supports the continuation of the stakeholder process, with regularly scheduled meetings and reports and a broad array of stakeholders, during implementation of the Plans. In the OCA's view, the filing of the Plans is only the first step in achieving the goals of Act 129. There is much work to be done once the final Plans are approved, and an active stakeholder process will be a valuable tool to assist in the continued improvement of the Plans.

C. Summary of FirstEnergy Companies' Plans

On July 1, 2009, each of the FirstEnergy Companies filed their EE&C Plans with the Commission along with a Joint Petition for Consolidation of Proceedings and Approval of the EE&C Plans. At the Prehearing Conference in this matter, ALJ Salapa granted the FirstEnergy Companies' Joint Petition for Consolidation of Proceedings. The FirstEnergy Companies' Plan filings are similar in that each proposes to address the requirements of Act 129 through the implementation of nineteen (19) voluntary programs for residential; commercial and industrial (C&I); and governmental/institutional customers. The portfolio of programs is designed to meet the goals established by Act 129 through energy efficiency, conservation and peak load reduction measures, programs and education.

The proposed residential programs include: (1) Home Energy Audits; (2) Residential Appliance Turn-In Program; (3) Residential HVAC; (4) Residential Energy Efficiency Products Program; (5) Residential New Construction; (6) Residential Whole Building; (7) Multi-Family – Tenants; and (8) Residential Direct Load Control. Additionally, for low income and low income/low-use customers, the FirstEnergy Companies will offer energy saving measures free of charge.

The proposed C&I programs include: (1) Energy Audit and Technology Assessment Program; (2) C&I Equipment Program; (3) Industrial Motors and Variable Speed Drives; (4) C&I Demand Response Program; and (5) C&I Performance Contracting. The proposed governmental/institutional programs are: (1) Federal Facilities Program; (2) Municipal Street Lighting; (3) Municipal Lighting; (4) Local and County Government Audits; and (5) Local County and State Government, Institutional, Non-Profit and Schools. See FirstEnergy Companies EE&C Plans at 2-5.

On July 31, 2009, the FirstEnergy Companies filed supplements to their Plans in accordance with the Commission's June 23, 2009 Order regarding the TRC test at Docket No. M-2009-2108601. Specifically, the FirstEnergy Companies filed revised explanations of how their proposed Plans will be cost effective as defined by the TRC and Tables representing the lifetime costs and benefits of the Plans and TRC benefits.[6]

The FirstEnergy Companies propose to collect the primary costs of their EE&C Plans through an Energy Efficiency and Conservation Charge (EEC-C) rider, which will collect fixed rates from each major customer class for the entire 43-month plan period. The Companies intend to begin collection of the EEC-C rider on November 1, 2009. See FirstEnergy Companies

[6] The revised pages replace pages 103 and 104 and Tables 1 and 7 to Appendix G of the Met-Ed Plan; pages 103 and 104 and Tables 1 and 7 to Appendix G of the Penelec Plan; and pages 97 and 98 and Tables 1 and 7 to Appendix G of Penn Power's Plan.

EE&C Plans at App. H; St. 3. The proposed EEC-C rates are fixed, levelized and designed to collect 2% of each Company's 2006 annual revenue and reconciled periodically without interest on over- or under-collections. Id. See also 66 Pa.C.S. § 2806.1(g). It is unclear from the FirstEnergy Companies' Plans whether the EEC-C rider will be rolled into distribution rates or appear on customers' bills as a separate line item.

The FirstEnergy Companies request that the Commission approve all of these programs together as an integrated portfolio designed to meet Act 129 EE&C goals in the Companies' service territories.

D. OCA's Position Regarding The FirstEnergy Companies' Plans

The OCA retained an expert witness, David G. Hill of VEIC, to assist in its review and evaluation of the final Plans submitted by the FirstEnergy Companies. These Comments are informed by the testimony of the OCA's expert witness, which will be presented in the evidentiary record of the proceeding that is being certified to the Commission. The following is a summary of the OCA's conclusions and recommendations as set forth in these Comments and the testimony of its expert witness:

Overall Plan Assessment and Compliance with the Requirements of the Act:

- The EE&C Plans are reasonably designed to meet or exceed most of the requirements for consumption and demand reductions set forth in Act 129 in the time period specified for compliance and within the budget limitations specified in the Act. However, the EE&C Plans are not designed to meet the Companies' low income reduction targets. Also, the Companies include in their budgets costs and incentives in the Residential Direct Load Control Program beyond the Plans' period. These costs should not be recovered as part of these Plans.

- The EE&C Plans do not meet the requirements in Section 2806.1(b)(1)(i)(G) for providing programs and savings for low income customers.

- The EE&C Plans are designed to meet or exceed the requirements in Section 2806.1(b)(1)(i)(B) for savings within the government/non-profit sector.

- There are errors in the EE&C Plans. Specifically, the targeted reduction cited by Met-Ed in its Plan is incorrect, and the FirstEnergy Companies' calculations of cumulative savings for 2013 are incorrect.

- The EE&C Plans are designed to provide a variety of programs to all customer classes but may not provide the measures equitably to all customer classes as specified in Section 2806.1(a)(1)(5) due to inappropriate budgets for the Residential Direct Load Control Program.

- The EE&C Plans have benefit/cost ratios of 2.46 for Met-Ed, 2.39 for Penelec, and 2.13 for Penn Power based on the TRC Test as set forth by the Commission, making the Plans a cost-effective means of achieving the requirements of the Act.

- The EE&C Plans proposed by the FirstEnergy Companies should be subject to certain modifications recommended in these Comments.

Program Design:

- The programs in the EE&C Plans, and the initial program designs, are generally reasonable, but two programs, the Residential Direct Load Program and the Low Income Program, should be subject to modification.

- With respect to the Residential Direct Load Program, the FirstEnergy Companies have incorrectly included costs in their budgets that are not part of their Plans. Approximately $14.3 million for Met-Ed, $13.1 million for Penelec and $1 million for Penn Power of the proposed spending for this Program should be re-allocated toward other energy efficiency programs since these amounts will not be incurred during the Plan period. The Companies should use the on-going stakeholder process to design the most effective use for this funding.

- The Low Income Programs in the FirstEnergy Companies' Plans should be further evaluated and developed to meet the reduction requirements in Act 129.

- The design of the Companies' Plans could be improved through consideration of replacement of residential furnace fans, new C&I construction, and efficiency opportunities in the agricultural sector and other targeted subsets, such as supermarkets and data centers, as additional efficiency measures.

On-Going Stakeholder Process And Plan Adjustment Process:

- The FirstEnergy Companies have indicated their likely commitment to an on-going stakeholder process with at least quarterly meetings. This commitment should be formalized as part of the Commission Order and should provide for certain specific information to be provided to stakeholders through the process.

Further, the Companies should be directed to reach out to a broad and diverse group of stakeholders in order to increase the likelihood of success of their Plans meeting the Act's requirements.

- The FirstEnergy Companies should take steps to enhance the levels of statewide coordination with other EDCs subject to the requirements of Act 129 in the design, delivery and evaluation of the program portfolios.

Cost Recovery

- The Companies' proposal to recover the costs of their EE&C Plans on a levelized basis over 43 months through an EEC-C rider should be approved. However, the Companies should not collect/pay interest on any portions of the under- or over-collected amounts. If interest is permitted, the total Plan cost *plus the interest* cannot exceed the 2% cap provided for in the Act.

- The EEC-C charges should be rolled into distribution rates and not appear as a separate line item on customers' bills.

- Met-Ed and Penelec should be required to bid any qualifying energy efficiency and demand response measures into the PJM RPM auctions and credit customers with any benefits received through the cost recovery mechanism. Further, Penn Power should be directed to do the same once it joins PJM.

These issues are discussed in more detail below.

II. COMMENTS ON THE PLAN AND PROGRAMS

A. Introduction

The OCA submits that the FirstEnergy Companies' EE&C Plans should be subject to certain modifications recommended in these Comments before final Commission approval. The OCA has identified several specific issues in the FirstEnergy Companies' EE&C Plans that do not comply with Act 129 and/or Commission Orders. Further, the OCA has identified issues that require further evaluation and consideration before arriving at a Final Plan. These issues are more fully discussed below and in OCA expert Hill's testimony, which will be moved into the record at the evidentiary hearings in this matter.

B. Specific Program/Plan Design Issues and Recommendations

1. Met-Ed's Consumption and Reduction Targets Stated In Its Plan Should Be Corrected To Conform To The Commission's Order.

Pursuant to the Implementation Order, the FirstEnergy Companies submitted their individual consumption forecasts for the base period of June 1, 2009, to May 31, 2010, to the Commission by February 9, 2009.. The consumption forecasts were adopted by the Commission by Order entered March 30, 2009, to Docket Number M-2008-2069887 (Consumption Forecast Order). The consumption forecast adopted for Met-Ed is 14,865,036 MWh.

Based on the foregoing consumption forecast, it was determined that Met-Ed's associated consumption reduction goals pursuant to Act 129 are as follows:

	1% Reduction	3% Reduction
Med-Ed	148,650 MWh	445,951 MWh

See Consumption Forecast Order at 3.

However, in its EE&C Plan, Met-Ed misstated the baseline consumption as 14,623,932 MWh, rather than the 14,865,036 MWh in the Commission's Forecast Order. See Met-Ed EE&C Plan at PUC Table 2, page 18. Further, Met-Ed misstated the Commission-identified 2011 consumption reduction goal as 146,239 MWh rather than the Commission-approved goal of 148,650 MWh and misstated the 2013 consumption reduction goal as 438,718 MWh rather than the Commission-approved goal of 445,951 MWh. Id. The OCA recommends that Met-Ed be directed to correct its baseline consumption and reduction goals stated in its Plan to those approved by the Commission in its Consumption Forecast Order.

2. The Companies' Plans Erroneously Calculate Cumulative 2013 MWh Savings.

The OCA has identified an additional error in the FirstEnergy Companies' Plans. The FirstEnergy Companies' Plans each contain PUC Table 2 (page 18), which set out their projected MWh savings by program year individually for their residential, C&I and government/nonprofit sectors. The MWh columns for each sector are then added together for each program year in order to show "EE&C Plan Total – Cumulative Projected Savings." For each of the FirstEnergy Companies, the "EE&C Plan Total – Cumulative Projected Savings" exceeds the consumption reduction targets approved by the Commission in the Consumption Forecast Order, and therefore, it appears that the Companies' EE&C Plans are designed to exceed their consumption reduction targets. However, there is an error in the calculation of the "EE&C Plan Total – Cumulative Projected Savings" for the MWh saved in 2013 for each of the FirstEnergy Companies, resulting in over-statement of MWh savings for each Company.

a. Met-Ed

In Met-Ed's PUC Table 2, it is stated that the 2013 MWh Cumulative Projected Savings is 447,737 MWh. See Met-Ed EE&C Plan at PUC Table 2, page 18. However, the projected savings of each program actually totals 444,978 MWh (239,162 MWh residential sector + 1,962 low income sector + 121,051 C&I-small sector + 31,548 C&I-large sector + 51,255 government/non-profit sector = 444,978 MWh). The OCA recommends that Met-Ed correct this calculation error in its EE&C Plan.

Of note, based on its corrected forecasted savings (444,978 MWh) and its correct forecasted consumption reduction target (445,951 MWh), Met-Ed appears to slightly miss its consumption target by 973 MWh (445,951 MWh – 444,978 MWh = 973 MWh). Even with the shortfall, Met-Ed will meet 99.78% of its targeted consumption reduction. It is the OCA's position that Met-Ed should adjust its Plan during implementation to make up this minor difference and still meet the requirements of Act 129.

b. Penelec

In Penelec's PUC Table 2, it is stated that the 2013 MWh Cumulative Projected Savings is 447,100 MWh. See Penelec EE&C Plan at PUC Table 2, page 18. However, the projected savings of each program actually totals 442,782 MWh (216,253 MWh residential sector + 3,045 low income sector + 131,962 C&I-small sector + 39,928 C&I-large sector + 51,594 government/non-profit sector = 442,782 MWh). The OCA recommends that Penelec correct this calculation error in its EE&C Plan but notes that the calculation error does not impact Penelec's compliance with its overall consumption reduction goals.

c. Penn Power

In Penn Power's PUC Table 2, it is stated that the 2013 MWh Cumulative Projected Savings is 145,693 MWh. See Penn Power EE&C Plan at PUC Table 2, page 18. However, the projected savings of each program actually totals 144,364 MWh (66,227 MWh residential sector + 859 low income sector + 47,449 C&I-small sector + 13,088 C&I-large sector + 16,741 government/non-profit sector = 144,364 MWh). The OCA recommends that Penn Power correct this calculation error in its EE&C Plan but notes that the calculation error does not impact Penn Power's compliance with its overall consumption reduction goals.

3. The Companies' Budgets For The Residential Direct Load Control Programs Are Overstated To Include Costs That Will Not Be Actually Incurred During the Plan Period.

The Residential Direct Load Control Program will provide load cycling controls for residential central air conditioning (CAC), electric water heaters and pool pumps. See FirstEnergy Companies EE&C Plans at 3. The FirstEnergy Companies will offer incentives to its qualifying residential customers to join the program, which incentives will include installation of load control equipment, an enrollment incentive of $50 and a participation incentive of $10/month for each summer month for each control installed. Residential customers also allowing control of their water heaters or pool pumps will receive a participation incentive of $15/month. Id.

The FirstEnergy Companies' Residential Direct Load Control programs account for more than $53 million or approximately 28% of the total allowed spending for EE&C Plans. The specific expenditures by Company versus the total program expenditures are as follows:

Total Residential Direct Load Control Program Expenditures vs. Total Residential Program Expenditures		
	DLC Program	Total For All Programs
Met-Ed	$26,900,067	$60,620,465
Penelec	$24,551,287	$53,718,626
Penn Power	$2,185,349	$11,884,726

See FirstEnergy Companies EE&C Plans at App. G, Table 6A.

The OCA supports the implementation of these Residential Direct Load Control programs. The OCA would note, however, that the majority of the proposed costs for the Program are associated with future year operation and incentives (2013-2024) and are not recoverable as part of the Plans because they will not actually be incurred during the Plan period. While it is appropriate to assign cost recovery for the direct load control switches and the operations and incentive costs for the four years in the Plan period, it is not appropriate to collect operation and incentive payments for years beyond the Plans' scope. Any future years' operations and incentives should instead be budgeted and collected as part of future EE&C program plans when the costs are actually incurred.

Consequently, the OCA recommends the expenditures of the FirstEnergy Companies for the Residential Direct Load Control Programs that are associated with operations and incentives for years beyond 2013 be excluded from the budgets for Residential Direct Load Control and directed to other efficiency measures. This will not impact or reduce the expected participation in the Programs or the number of installations. It will align the budget with costs actually expected to be incurred during the Plan period.

The result of excluding the aforementioned expenditures is to reduce the cost of the Residential Direct Load Program by $14.3 million for Met-Ed, $13.1 million for Penelec, and $1 million for Penn Power. These amounts should be allocated to other programs in the Companies' EE&C Plans. It is the OCA's position that these funds should be used to address improvements in the design of other programs and sectors that are otherwise underserved. Also, the amounts should be allocated toward energy efficiency rather than demand response since the Companies project full compliance with their demand reduction requirements.

4. Additional OCA Recommendations Regarding Improvements In The Companies' Plans

The OCA's review of the EE&C Plans identified certain areas where the Plans could be improved. First, as part of the Residential Whole Building Program, the Plans should include incentives for replacement of residential furnace fans. According to OCA witness Hill, replacing existing permanent split capacitor furnace fans with ones that meet or exceed minimum electric commutating motor standards could meet as much as 6% of the state-wide electric energy savings potential. See OCA St. 1 at 24. Consequently, the Companies could include this important element at the measurement level. The OCA recommends that such an incentive be a part of the Companies' Residential Whole Building Programs.

Also, the FirstEnergy Companies' EE&C Plans should include a program for new C&I construction. According to OCA witness Hill, although there might not seem to be much potential in C&I new construction at this time due to the state of the economy and the stagnancy of all construction, there is certainly large energy savings possible within the Plan period, especially once construction picks up again in this time frame. See OCA St. 1 at 24-26. Not including such a program in the overall Plans could be a huge lost opportunity. The OCA recommends that such a program be a part of each Company's EE&C Plan.

The FirstEnergy Companies' EE&C Plans do not provide any specific measures geared toward agricultural customers. While many of the programs proposed by the Companies would be useful to a farmer's residence, there are technologies that have the potential to reduce the EDC-provided energy to the farm. For example, energy measures such as variable speed milk transfer and pre-cooling systems are specific to the unique needs of dairy farmers. See OCA St. 1 at 26. Considering the rural nature of the Companies' service territories, a program tailored to these customers provides the opportunity for additional cost effective savings. The OCA recommends that such a program be a part of each Company's EE&C Plan.

Finally, the FirstEnergy Companies' Plans do not have any initiatives targeted toward high-value market subsets. As stated by OCA witness Dr. Hill, it is important to narrowly focus efficiency efforts on specific markets, such as supermarkets and data centers. See OCA St. 1 at 29. Such programs aimed at these subsets should include a considerable amount of energy savings potential from technologies that are pervasive in the targeted markets. Id. For instance, a bundled package of, *inter alia*, refrigeration equipment, efficient specialty lighting fixtures, high efficiency evaporator fans, compressors and defrosting controllers for freezers could be offered to the supermarket subset. Additionally, there are considerable energy efficient options existing for data centers and servers of all sizes, including but not limited to efficient uninterruptible power supply systems, virtual desktop infrastructure that uses less energy than standard PCs and laptops, optimized HVAC systems, and reclaiming heat from larger data centers for use in preheating supply air going to other parts of the building. Id. at 29-30. The OCA recommends that programs targeted to certain high-use subsets be a part of each Company's EE&C Plan.

The OCA submits that the FirstEnergy Companies could be improved by implementation of the recommended measures and programs in their EE&C Plans. Again, the OCA would recommend that these programs be further developed using the on-going stakeholder process.

C. Special Plan Requirements

1. Low Income Program Requirements

Section 2806.1(b)(1)(i)(G) establishes a requirement for specific energy efficiency measures for low income households. Section 2806.1(b)(1)(i)(G) reads in pertinent part:

> (G) The plan shall include specific energy efficiency measures for households at or below 150% of the Federal poverty income guidelines. The number of measures shall be proportionate to those households' share of the total energy usage in the service territory.

66 Pa.C.S. §2806.1(b)(1)(i)(G). It is the OCA's view that the General Assembly sought to establish a set aside for low income customers through this language to ensure that low income customers received the benefits that energy efficiency can bring. This becomes even more pressing in light of the Commission's conclusion in its Implementation Order that all customers be required to pay the costs associated with Act 129, including low income customers. Implementation Order at 37.

While the language of the Act uses the terms "measures" within the section, it also refers to "in proportion to usage." The OCA submits that the most effective way to implement this

Section is to require each EDC to assure that a specific percentage of the overall savings to be achieved from its Plan are realized through programs and measures directed to the low income customer segment. This approach would parallel the set aside approach for the government/non-profit sector. See Section 2806.1(b)(1)(i)(B).

In the stakeholder process, the OCA alerted the FirstEnergy Companies of its specific concerns regarding the low income requirements of Section 2806(b)(1)(i)(G) and requested in discovery the Companies' calculation of the percentage of low income customer usage as to the total system usage. However, the Companies provided a response to this interrogatory less than a day before these Comments were due for filing. Therefore, the OCA has been unable to complete a meaningful analysis of the information the Companies provided.

Based on the information provided by the Companies, it appears that Met-Ed needs 3.2% of its consumption reduction to come from the low income sector in order to comply with Act 129. However, under its Plan, Met-Ed projects that the cumulative MWh savings of its low income program will be 810 MWh by Program Year (PY) 2011, which is only 0.5% of Met-Ed's consumption reduction goal of 148,650 MWh for that year. See Met-Ed EE&C Plan at PUC Table 2, page 18. Further, Met-Ed projects its cumulative MWh savings of its low income program will be 1,962 MWh by PY 2013, which is only 0.4% of Met-Ed's consumption reduction goal of 445,951 MWh for that year. Id. Therefore, it appears that Met-Ed's low income consumption reduction program will not meet the requirements of the Act.

Based on the information provided by the Companies, Penelec needs 4.0% of its consumption reduction to come from the low income sector in order to comply with Act 129. Under its Plan, Penelec projects that the cumulative MWh savings of its low income program will be 1,255 MWh by PY 2011, which is only 0.87% of Penelec's consumption reduction goal of 143,993 MWh for that year. See Penelec EE&C Plan at PUC Table 2, page 18. Further, Penelec projects its cumulative MWh savings of its low income program will be 3,045 MWh by PY 2013, which is only 0.7% of Penelec's consumption reduction goal of 431,979 MWh for that year. Id. Therefore, it appears that Penelec's low income consumption reduction program will not meet the requirements of the Act.

Based on the information provided by the Companies, Penn Power needs 3.2% of its consumption reduction to come from the low income sector in order to comply with Act 129. Under its Plan, Penn Power projects that the cumulative MWh savings of its low income program will be 357 MWh by PY 2011, which is only 0.7% of Penn Power's consumption reduction goal of 47,729 MWh for that year. See Penn Power EE&C Plan at PUC Table 2, page 18. Further, Penn Power projects its cumulative MWh savings of its low income program will be 859 MWh by PY 2013, which is only 0.6% of Penn Power's consumption reduction goal of 143,188 MWh for that year. Id. Therefore, it appears that Penn Power's low income consumption reduction program will not meet the requirements of the Act.

As previously stated, the OCA received information regarding the Companies' low income usage and consumption reduction target calculations very late in this process. Therefore, the OCA has not been able to follow up as to how the calculations were completed. The calculations may understate the consumption savings required because they are based on "identified" low income customers. Not all low income customers are identified in the Companies' billing records, however. There are additional unidentified low income customers that must be taken into account for purposes of calculating consumption reduction goals.

The OCA submits that the Companies' compliance with the Act as to the low income requirements cannot be determined at this time. However, it appears that the FirstEnergy

Companies will fall far short of Act 129's energy reduction requirements for the low income sector. The Companies' Low Income Programs are essentially an extension of the Companies' existing low income program, the WARM program. The EE&C Plans provide additional CFLs to qualified low-income households, but this will save less energy per bulb because the WARM program already replaces the highest use incandescent bulbs with CFLs. The FirstEnergy Companies indicated during the stakeholder process that their WARM program already offers comprehensive services to low income customers, and therefore, the additional CFLs were the only service that the Companies could offer their low income customers.

The OCA submits, however, that the Companies could be doing more for their low income customers under Act 129. For instance, the Companies could:

- Provide a complete calculation or estimate of <u>all</u> low income customers in their service territories;
- Provide additional funding to support all cost effective electric savings measures, which would allow community-based organizations (CBOs) to serve more low income customers overall;
- Consider paying for measures for customers previously served by the WARM program, who still have energy efficiency opportunities, such as replacing inefficient appliances; and
- Work with local affordable housing providers that manage units for qualifying low income/low use customers to directly install CFLs, faucet aerators, water heater blankets, programmable thermostats and/or any other electric saving measures.

The FirstEnergy Companies have indicated their intentions to work with appropriate CBOs that are currently delivering the Companies' WARM program services. The OCA supports these intentions because working with a service provider network that is already established and serving the intended customer base means less money spent on program development, thereby leaving more money to flow into energy saving services to low income customers who can certainly benefit from lower utility bills.

The OCA recommends that the FirstEnergy Companies be directed to calculate their low income consumption reduction requirements pursuant to Act 129's mandates and expand their low income programs using the on-going stakeholder process.

2. Government/Non-Profit/Schools

Section 2806.1(b)(1)(i)(B) establishes a specific requirement for achieving reductions from the government/non-profit/school sector. The section provides:

> (B) A minimum of 10% of the required reductions in consumption under subsections (c) and (d) shall be obtained from units of Federal, State and local government, including municipalities, school districts, institutions of higher education and nonprofit entities.

66 Pa.C.S. §2806.1(b)(1)(i)(B).

Based on the Tables and descriptions provided in the FirstEnergy Companies' filings, the Companies will meet the consumption reduction targets required by Act 129. See FirstEnergy Companies EE&C Plans at PUC Table 2, page 18.

3. Equitable Distribution of Measures/Variety of Programs

The Act requires that the Plan include a variety of measures and that the measures be provided equitably to all customer classes. See 66 Pa.C.S. §2806.1(a)(5). The FirstEnergy Companies' Plans contain 19 different programs distributed across all of their customer classes. The Companies have provided at least one energy efficiency program and one demand response program for each class in accordance with the Commission's Implementation Order, and in fact, they offer multiple programs for each customer class, with the exception of low income customers as discussed above. See FirstEnergy Companies EE&C Plans, Tables 4a, b and c, pages 2-5.

While determining reasonableness or equity is a subjective matter, the OCA reviewed the required Budget and Parity Analysis found in PUC Table 5 of the FirstEnergy Companies' Plans and the information following PUC Table 5 in evaluating whether the portfolio proposed by the Companies achieved a reasonable and equitable balance to its portfolio. The OCA also conducted this review keeping in mind the specific requirements of the Act for low income customers, government/non-profit sector and the need for the Plans to be cost-effective under the TRC Test. The OCA compiled information from the Companies' Plans for spending, revenues and consumption by class for each FirstEnergy Company. The information is exhibited below.

MET-ED

Plan Spending As Compared To Revenues By Class

	Revenue by Class	Class Revenue % of Total	EE&C Plan Budget	Increase in Spending	% of Total Plan
Residential	543,000,000	43.7%	16,917,339	3.1%	70.2%
Commercial	293,000,000	23.6%	2,991,204	1%	18.8%
Industrial	406,000,000	32.7%	1,300,046	0.3%	11.0%

Consumption Reduction By Class

	mWh by class	% of total usage	mWh saved per plan	% of Commission goal
Residential	5,255,025	38.2%	241,124	54.96%
Commercial	2,832,960	20.6%	172,306	39.27%
Industrial	5,657,535	41.2%	31,548	7.19%

*For purposes of this chart, all of the govt/non profit consumption reductions have been attributed to the Commercial class
See Met-Ed EE&C Plan at PUC Table 5; PUC Table 2; St. 3, Exh. 4, page 3. See also FirstEnergy Companies' Petition at 12.

Total Bill Impact Of Proposed EEC-C			
	Average kWh Usage	Dollar Increase	% Increase Total Bill
RS	910	3.21	2.95%
GSVF (volunteer fire)	3290	11.60	3.12%
GS-S	470	0.89	1.55%
GS-M	8400	15.87	1.99%
GP	520000	233.81	0.56%
TP	6050000	2720.32	0.58%
See Response to OTS-ME Set II, No. 20			

For Met-Ed, as the above tables illustrate, over 70% of the total Plan budget is to be spent on residential programs that produce a cost/benefit ratio of 2.08 (excluding low income, which is 2.48). Much of that spending, though, is related to the Residential Direct Load Control Program. The OCA recommends that Met-Ed redirect some of the $14.3 million previously identified as not belonging in the Residential Direct Load Control Program to achieve a better balance and better targeting of the efficiency dollars.

PENELEC Plan Spending As Compared To Revenues By Class					
	Revenue by Class	Class Revenue % of Total	EE&C Plan Budget	Increase in Spending	% of Total Plan
Residential	438,000,000	38.1%	14,991,244	3.4%	67.16%
Commercial	358,000,000	31.2%	3,110,446	0.9%	20.1%
Industrial	353,000,000	30.7%	1,502,097	0.4%	12.7%

Consumption Reduction By Class				
	mWh by class	% of total usage	mWh saved per plan	% of Commission goal
Residential	4,313,618	31.1%	219,298	50.8%
Commercial	3,653,546	26.4%	183,556	42.5%
Industrial	5,889,237	42.5%	39,928	9.2%
*For purposes of this chart, all of the govt/non profit consumption reductions have been attributed to the Commercial class				

See Penelec EE&C Plan at PUC Table 5; PUC Table 2; St. 3, Exh. 4, page 3. See also FirstEnergy Companies' Petition at 12

Total Bill Impact Of Proposed EEC-C

	Average kWh Usage	Dollar Increase	% Increase Total Bill
RS	730	2.76	3.62%
GSVF (volunteer fire)	1700	6.44	3.86%
GS-S	440	0.62	1.45%
GS-M	8800	12.47	1.86%
GP	431500	206.71	0.82%
LP	5125000	2455.08	0.83%

See Response to OTS-PN Set II, No. 20

For Penelec as the above tables illustrate, over 67% of the total Plan budget is to be spent on residential programs that produce a cost/benefit ratio of 2.07 (excluding low income, which is 2.49). Much of that spending, though, is related to the Residential Direct Load Control Program. The OCA recommends that Penelec redirect some of the $13.1 million previously identified as not belonging in the Residential Direct Load Control Program to achieve a better balance and better targeting of the efficiency dollars.

PENN POWER

Plan Spending As Compared To Revenues By Class

	Revenue by Class	Class Revenue % of Total	EE&C Plan Budget	Increase in Spending	% of Total Plan
Residential	137,000,000	41.0%	3,316,668	2.4%	51.79%
Commercial	99,000,000	29.8%	983,920	1.0%	20.3%
Industrial	97,000,000	29.2%	588,682	0.6%	27.9%

Consumption Reduction By Class

	mWh by class	% of total usage	mWh saved per plan	% of Commission goal
Residential	1,617,204	34.6%	67,086	46.9%
Commercial	1,282,701	27.4%	64,190	44.8%
Industrial	1,778,405	38.0%	13,088	9.1%

*For purposes of this chart, all of the govt/non profit consumption reductions have been attributed to the Commercial class See Penn Power EE&C Plan at PUC Table 5; PUC Table 2; St. 3, Exh. 4, page 3. See also FirstEnergy Companies' Petition at 12.			
Total Bill Impact Of Proposed EEC-C			
	Average kWh Usage	Dollar Increase	% Increase Total Bill
RS	870	1.95	1.48%
GSVF (volunteer fire)	2400	5.36	1.54%
GS	2250	2.59	1.32%
GM	58200	67.04	1.33%
GT	2772000	2943.32	1.18%
See Response to OTS-PP Set II, No. 20			

For Penn Power, as the above tables illustrate, nearly 52% of the total Plan budget is to be spent on residential programs that produce a cost/benefit ratio of 1.95 (excluding low income, which is 2.05). Much of that spending, though, is related to the Residential Direct Load Control Program. The OCA recommends that Penn Power redirect some of the $1 million previously identified as not belonging in the Residential Direct Load Control Program to achieve a better balance and better targeting of the efficiency dollars.

III. COMMENTS ON COST RECOVERY

A. Introduction

The FirstEnergy Companies' Plans' Appendix H and Direct Testimony set forth the proposed cost recovery mechanism for the EE&C Plan expenses incurred. The Companies propose to collect the primary costs of their Plans through a rider detailed in the testimony of FirstEnergy Companies' witness Raymond I. Parrish. See FirstEnergy Companies EE&C Plans at St. 3 and Exh. RIP 1 - RIP 3. The Companies have termed this rider the Energy Efficiency and Conservation Charge (EEC-C). Id. at 3. The Companies have proposed fixed rates for each major customer class for the entire 43-month plan period and that the EEC-C rider become effective on or after November 1, 2009. Id. at 5, 7.

The fixed, levelized EEC-C rates are designed to recover exactly 2% of each Company's 2006 annual revenue, excluding GRT, as limited by Act 129. See FirstEnergy Companies EE&C Plans at St. 3, Exh. RIP 4; 66 Pa.C.S. §2806.1(g). The Companies provide flexibility to request a change to the rates contained in Mr. Parrish's testimony if it becomes clear that the existing rates would result in a material over- or under-collection of all recoverable costs. See FirstEnergy Companies EE&C Plans at St. 3, Exh. RIP 1 - RIP 3.

The EEC-C will operate as a reconcilable recovery mechanism and, as the EE&C Plans are expected to benefit both shopping and non-shopping customers, the EEC-C will be non-bypassable. See FirstEnergy Companies EE&C Plans at St. 3, page 6. It is not clear if the EEC-C will be rolled into the distribution charges for each customer class, or if the rate will appear as a separate line item on customers' bills. The Companies propose to recover the costs of the EE&C Plans on a levelized basis. See FirstEnergy Companies EE&C Plans at St. 3, pages 10-11. The Companies have proposed to waive interest as part of this levelized recovery on both over and under-collections. The Companies are requesting interest on incremental administrative start-up costs. Id.

The FirstEnergy Companies have each proposed an EEC-C rate that is designed to collect the Commission-authorized maximum amount. As the Companies point out in their Petitions, the total amount of EE&C costs permitted to be recovered by each utility is based on the 2% of 2006 revenues limitation set forth in Act 129. See FirstEnergy Companies Petition at 12. Based on this limitation, Met-Ed is limited to a total annual budget not to exceed $24,866,894. Penelec is limited to an annual budget not to exceed $22,974,742. Penn Power is limited to an annual budget not to exceed $6,659,789. Id. at 13. In developing the EEC-C for each utility, Companies' witness Parrish divided each class' allocation of the total maximum budget by the expected number of kWh for that class. See FirstEnergy Companies EE&C Plans at St. 3, Exh. 4. For example, for Met-Ed, Mr. Parrish took the $24,866,894, allocated 70.21% of that cost to the residential class (per PUC Table 5), and divided that by the delivered residential kWh. Id. Gross receipts tax was then added to the resulting calculation to develop the proposed rate. Id.

In order to ensure that EE&C measures are paid for by the same customer class that receives the energy and conservation benefits of those measures, the FirstEnergy Companies propose to directly assign the costs relating to each measure to those classes that will receive the benefits. See FirstEnergy Companies EE&C Plans at St. 3, page 7.

The FirstEnergy Companies also propose to separately calculate the applicable EE&C costs for each of the three major customer classes on its distribution system: (1) residential, (2) small C&I, and (3) large C&I. These costs will vary in each program year of the EE&C Plans. In other words, in some program years, the costs may be greater than the annual 2% cost cap, while in other program years, the costs may be less than the cap, but recovery will be levelized.

Based on the Plans, the Companies propose the following rates, in cents per kWh, for each customer class:

Proposed Rates in cents per kWh			
	Met-Ed	Penelec	Penn Power
Residential	.353	.380	.223
Commercial	.189	.142	.115
Industrial	.045	.048	.106

See FirstEnergy Companies EE&C Plans at St. 3, Exh. RIP 1 - RIP 3.

The total cost of each FirstEnergy Company's EE&C Plan will also include the costs that each Company incurred to develop its Plan. The Companies propose to amortize these costs over a 7-month period ending May 31, 2010. See FirstEnergy Companies EE&C Plans at St. 3, Exh. RIP 1. The Companies further propose to collect interest on their start-up costs. Id.

B. OCA Issues/Recommendations Regarding The Cost Recovery Mechanism

1. The OCA Supports The Levelized Cost Recovery Mechanism Proposed By the Companies Without Interest on Over- Or Under-Collections Or Any Deferred Costs.

The OCA anticipates that Plans' expenditures will vary, perhaps significantly, on a year-by-year basis. To provide more stability for customer rates, the FirstEnergy Companies are proposing to recover the same levelized amount each year from customers. This will allow the Companies the flexibility to spend each year based on program ramp up needs, program success and market conditions (within the total spending cap) to maximize implementation of the Plans without undue volatility in customer rates. The OCA supports this approach to cost recovery, particularly for residential customers to avoid any undue volatility and confusion in rates.

The OCA also supports the FirstEnergy Companies' proposals that no interest be charged on any under- or over-collections that may occur as a result of this levelization. See FirstEnergy Companies EE&C Plans at St. 3, pages 10-11. The spending constraint contained in Act 129 does not contemplate any interest charges. For this reason, the OCA does not support the Companies' attempt to collect interest on their start-up costs. It is not reasonable to charge interest to customers on this one cost component, without crediting customers with interest on over-collections in the early years of the Companies' Plans. The Act is very clear that the cap on collection for EE&C plan spending is 2% of 2006 revenues, *not* 2% plus interest. Therefore, as an example, Met-Ed's cap on Plan expenditure collection is $24,866,894 per year, *not $24,866,894 plus interest.*

2. Met-Ed and Penelec Should Be Required To Bid Qualifying Energy Efficiency and Demand Response Resources Into The PJM RPM Auction And Credit Customers For The Value Received In The Cost Recovery Mechanism.

As of May 2009, PJM has modified its Reliability Pricing Model (RPM) auction process to allow for the inclusion of energy efficiency and demand response resources. Qualifying energy efficiency and demand response resources can now bid into the PJM auctions as a capacity resource and if cleared, receive capacity payments. The OCA submits that Met-Ed and Penelec, both PJM member companies, should be directed to explore this option and to bid their qualifying resources into the auctions. Penn Power recently announced that it will also be joining PJM. Penn Power should be directed to also explore this option and to bid its qualifying resources into the RPM auctions once it is a member of PJM. Capacity payments can provide a significant value that should then be credited to all customers through the cost recovery mechanism to offset the costs that they must bear under the Act.

3. Line Item on Bill vs. Distribution Rates

The FirstEnergy Companies are unclear as to whether the EEC-C will appear as a separate charge on customer rates or be rolled into distribution rates. It is the OCA's position that the EEC-C should be included in distribution rates to prevent customer confusion. The OCA submits that, while there are potential educational and transparency benefits to calling out the cost of EE&C programs as a line item on the customer's utility bill, there are other, possibly more effective, ways of communicating this information.

For example, detailed information on EE&C program spending and the offerings which are specific to the sector being billed to, as well as how customers can take advantage of them, could be provided to customers along with their bills. This lets customers know that the utility is investing in the programs, while also providing information on the program's benefits and how to participate. The OCA submits that separating an individual line item for efficiency, from amongst all of the cost centers that are included in a utility's rates, does not have any particular benefit.

IV. NEED FOR ON-GOING PROCESS TO MAKE ADJUSTMENTS

The FirstEnergy Companies have verbalized their intentions to continue meeting with stakeholders on a regular basis in order to analyze the progress of the Plans and discuss changes if necessary. The OCA submits that this commitment should be formalized, however, and that the FirstEnergy Companies should be directed to continue the stakeholder process and meet with stakeholders on a quarterly basis, with announcements of meeting dates, times and places well in advance of commencement thereof. The Companies should be directed to provide specific reports of, *inter alia*, spending, collection and energy consumption and demand reduction at all meetings. Further, the Companies should include a broad array of stakeholders, including but not limited to local governments, chambers of commerce, environmental advocates and CBOs, in their processes. Additional stakeholders will provide additional resources and information to assist the Companies in meeting the requirements of Act 129. Also, the more stakeholders involved in the processes, the more voices to reach customers and encourage their participation in the Companies' programs.

V. CONCLUSION

Based on the foregoing, the OCA recommends that the Commission approve the FirstEnergy Companies' EE&C Plans subject to the modifications identified in these Comments.

Respectfully submitted,

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