



LEGAL SERVICES

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January 19, 2010

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


Re: Petition of West Penn Power Company d/b/a Allegheny Power for Approval of its Energy Efficiency and Conservation Plan, Approval of Recovery of Costs through a Reconcilable Adjustment Clause and Approval of Matters Relating to the Energy Efficiency and Conservation Plan; Docket No. M-2009-2093218

Dear Secretary McNulty:

Enclosed are an original and nine (9) copies of West Penn Power Company d/b/a Allegheny Power's Reply Comments to the Comments of the Office of Consumer Advocate and the Office of Small Business Advocate, and to the letter filed by the West Penn Power Industrial Intervenors in the above-referenced proceeding.

This filing is made by express delivery and is deemed filed today pursuant to 52 Pa. Code § 1.11.

Respectfully submitted,

  
John L. Munsch  
Attorney

JLM:sac

Enclosures

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JAN 19 2010

PA PUBLIC UTILITY COMMISSION  
SECRETARY'S BUREAU

Re: Allegheny Power's Energy Efficiency and Conservation Plan;  
Docket No. M-2009-2093218

**CERTIFICATE OF SERVICE**

I hereby certify that on the 19<sup>th</sup> day of January, 2010, a true and correct copy of a **Reply Comments** of West Penn Power Company d/b/a Allegheny Power was served by FedEx Next Day upon the following:

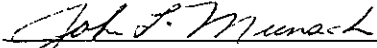
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John L. Munsch  
Attorney for  
WEST PENN POWER COMPANY

**BEFORE THE  
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

Petition of West Penn Power Company :  
d/b/a Allegheny Power for Approval of its :  
Energy Efficiency and Conservation Plan :  
Approval of Recovery of Plan Costs : Docket No. M-2009-2093218  
through a Reconcilable Adjustment :  
Clause and Approval of Matters :  
Relating to the Energy Efficiency and :  
Conservation Plan :

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PA PUBLIC UTILITY COMMISSION  
SECRETARY'S BUREAU

**REPLY COMMENTS OF ALLEGHENY POWER  
TO COMMENTS OF OFFICE OF CONSUMER ADVOCATE,  
OFFICE OF SMALL BUSINESS ADVOCATE and  
WEST PENN POWER INDUSTRIAL INTERVENORS**

West Penn Power Company d/b/a Allegheny Power (“Allegheny Power” or “Company”) submits Reply Comments to the Comments submitted by the Office of Consumer Advocate (“OCA”) dated January 8, 2010, to the Comments submitted by the Office of Small Business Advocate (“OSBA”) dated December 30, 2009, and to the letter submitted by the West Penn Power Industrial Intervenors (“WPPII”) dated January 8, 2009.

**REPLY TO COMMENTS OF OSBA**

1. In its Comments OSBA may have slightly misapprehended the cover letter under which Allegheny Power filed its Amended EE&C Plan. OSBA seems to portray the letter as a commitment that Allegheny Power would file a “back up” EE&C Plan containing programs less reliant on smart meters than the Amended Plan, seek Commission approval of that back up plan and require a revocation of the previously approved plan. That is incorrect. In its cover letter

Allegheny Power stated that it was pursuing an overall plan for smart meter deployment on a slower deployment basis and that such an alternate plan may “affect its smart meter deployment in its Smart Meter Procurement and Installation Plan at Docket No. M-2009-2123951” (the Company’s smart meter plan proceeding). The alternative deployment plan is being developed and the Company has requested that the record in the smart meter proceeding at Docket No. M-2009-2123951 be reopened so that the Company may present a smart meter plan with a slower deployment of smart meters. The alternative deployment plan does not affect the programs in the approved EE&C Plan. The alternative deployment plan satisfies the Commission’s encouragement that the Company prepare an alternate plan less reliant on the rapid deployment of smart meters.

2. OSBA also suggests that if Allegheny Power were to file an alternative EE&C Plan with modified programs that such plan would be “subject to review just as any substantive change to a Commission-approved EE&C Plan would be subject to review.” Rather than engage in a discussion of hypothetical events, Allegheny Power suggests that the Commission determine the extent of review, if any, at a later date should Allegheny Power or another EDC file a new EE&C Plan. The procedures for amendment of plans, and review thereof, are discussed in the EE&C Implementation Order.

3. OSBA also suggests that Allegheny Power be subject to penalties under Act 129 in the event that its EE&C Plan does not meet target reductions of demand and consumption. Again, the Company believes OSBA is raising hypothetical issues, not ripe for discussion, that need not be addressed in this Compliance Filing. By way of further reply, the Company points out that, early in the development stage of the statewide EE&C planning, the Company presented its position about the penalty provisions of Section 2806.1(f)(2) in Comments dated November 3,

2008, at Docket No M-208-2069887. There the Company pointed out the penalty provisions are not mandatory, but are directory in nature. The Company incorporates its November 3, 2008 Comments herein by reference.

#### **REPLY TO COMMENTS OF OCA**

4. OCA makes a Comment, similar to OSBA, that the Company should file a back up plan less reliant on smart meter deployment. The Company refers to its reply in Paragraph 1, above.

5. OCA suggests that the Company present work papers for its avoided capacity calculation. The Company utilized the same PJM Reliability Pricing Model rates in the avoided capacity calculation in the amended EE&C Plan filing as was used in the previous filings. The amended EE&C Plan utilizes these rates on the plan-year basis as opposed to a calendar-year basis as was completed in the previous filings.

6. OCA suggests that the Company present work papers for the Commission assessment fee. Beginning on page 281 of the Company's December 21, 2009 filing, the Company provided updated work papers for the EE&C surcharge calculation. The work papers are in the same format as the Company's original filing on June 30, 2009, except none of the surcharge rates have been grossed-up for the Commission assessment fee. This is consistent with the Commission Order entered October 23, 2009 and the Company's compliance filing dated November 4, 2009, which stated that Allegheny Power had removed the Commission assessment fee from the EE&C Surcharge. The EE&C Surcharge rates did not change as a result of the removal of the Commission assessment fee due to the small impact of the Commission assessment fee on the surcharge rate. For example, using the Company's proposed assessment

fee percentage of 0.1666%, the residential EE&C surcharge rate of \$0.00222 /kWh x (1-0.001666) = \$0.00222 /kWh rounded to five significant digits. Although the removal of the Commission assessment fee does not impact the EE&C Surcharge rate, it would be evident in the revenues reported to the Commission in conjunction with the Company's annual reconciliation since such revenues would not reflect any adjustment for the assessment fee.


7. OCA suggests that the Company prepare an updated total resource cost analysis. The Company has prepared updated total resource cost analysis on all programs in the Company's EE&C Plan and included the updated total resource cost analysis in this amended E&EC Plan filing. Updated total resource cost analysis can be found in Section 3.2 for all programs on a lifetime basis (some did not change due to rounding of the TRC value), in the new Table 1 for the Plan and Portfolio on a lifetime basis and in the new Table 7 for all programs by year.

#### **REPLY COMMENTS TO WPPII**

8. WPPII filed a letter January 8, 2010 stating that "WPPII believes that the revision made to the EE&C Plan will help to reduce the administrative and logistical burden on Large C&I customers who seek to participate in the Plan's programs." The Company appreciates WPPII's input and the input of stakeholders provided during the Demand Response Working Group that resulted in the proposed "Customer Resources Demand Response Program." The Company believes that the proposed program provides eligible customers with a better opportunity to contribute to the Company's load reduction goals.

WHEREFORE, Allegheny Power requests that the Pennsylvania Public Utility Commission approve Allegheny Power's Amended Energy Efficiency and Conservation Plan filed December 21, 2009.

Respectfully submitted,



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Date: January 19, 2010



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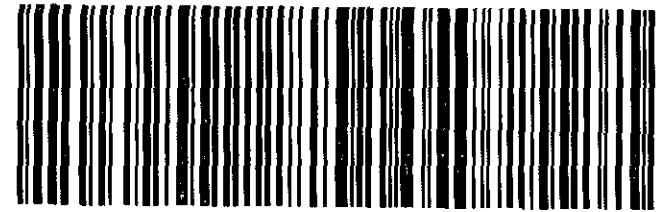
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