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December 11, 2012

Rosemary Chiavetta, Secretary
Pennsylvania Public Utility Commission
Commonwealth Keystone Building
400 North Street, 2nd Floor
Harrisburg, PA 17120

VIA ELECTRONIC FILING

RE: Petition of Metropolitan Edison Company For Approval of its Act 129 Phase II Energy Efficiency and Conservation Plan; M-2012-2334387
Petition of Pennsylvania Electric Company For Approval of its Act 129 Phase II Energy Efficiency and Conservation Plan; M-2012-2334392
Petition of Pennsylvania Power Company For Approval of its Act 129 Phase II Energy Efficiency and Conservation Plan; M-2012-2334395
Petition of West Penn Power Company For Approval of its Act 129 Phase II Energy Efficiency and Conservation Plan; M-2012-2334398


Dear Secretary Chiavetta:

Please find enclosed for filing with the Pennsylvania Public Utility Commission ("PUC" or "Commission") the Petition to Intervene and Answer on behalf of the Met-Ed Industrial Users Group, the Penelec Industrial Customer Alliance, the Penn Power Users Group, and the West Penn Power Industrial Intervenors, in the above-referenced proceeding.

As evidenced by the attached Certificate of Service, all parties to the proceeding are being duly served with a copy of this document. Thank you.

Sincerely,

McNEES WALLACE & NURICK LLC

By 
Teresa K. Schmittberger

Counsel to the Met-Ed Industrial Users Group,
the Penelec Industrial Customer Alliance,
the Penn Power Users Group, and
the West Penn Power Industrial Intervenors

Enclosures

c: Administrative Law Judge Elizabeth H. Barnes (via E-mail and Hand Delivery)
Certificate of Service

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CERTIFICATE OF SERVICE

I hereby certify that I am this day serving a true copy of the foregoing document upon the participants listed below in accordance with the requirements of 52 Pa. Code Section 1.54 (relating to service by a participant).

VIA E-MAIL AND FIRST-CLASS MAIL

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Teresa K. Schmittberger

Counsel to the Met-Ed Industrial Users Group,
Penelec Industrial Customer Alliance, and
Penn Power Users Group, and West Penn Power
Industrial Intervenors

Dated this 11th day of December, 2012, at Harrisburg, Pennsylvania

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

Petition of Metropolitan Edison Company	:	
For Approval of its Act 129 Phase II	:	Docket No. M-2012-2334387
Energy Efficiency and Conservation Plan	:	
	:	
Petition of Pennsylvania Electric Company	:	
For Approval of its Act 129 Phase II	:	Docket No. M-2012-2334392
Energy Efficiency and Conservation Plan	:	
	:	
Petition of Pennsylvania Power Company	:	
For Approval of its Act 129 Phase II	:	Docket No. M-2012-2334395
Energy Efficiency and Conservation Plan	:	
	:	
Petition of West Penn Power Company	:	
For Approval of its Act 129 Phase II	:	Docket No. M-2012-2334398
Energy Efficiency and Conservation Plan	:	

**JOINT PETITION TO INTERVENE AND ANSWER
OF THE MET-ED INDUSTRIAL USERS GROUP,
THE PENELEC INDUSTRIAL CUSTOMER ALLIANCE,
THE PENN POWER USERS GROUP, AND
THE WEST PENN POWER INDUSTRIAL INTERVENORS**

TO THE HONORABLE, THE PENNSYLVANIA PUBLIC UTILITY COMMISSION:

Pursuant to Sections 5.71 through 5.74 and Section 5.61(a) of the Pennsylvania Public Utility Commission's ("PUC" or "Commission") Regulations, 52 Pa. Code §§ 5.71-5.74 and 52 Pa. Code § 5.61(a), the Met-Ed Industrial Users Group ("MEIUG"), the Penelec Industrial Customer Alliance ("PICA"), the Penn Power Users Group ("PPUG"), and the West Penn Power Industrial Intervenors ("WPPII") (collectively, "Industrial Customer Groups") hereby file this Joint Petition to Intervene and Answer in the above-captioned proceeding.

On November 13, 2012, the Metropolitan Edison Company ("Met-Ed"), Pennsylvania Electric Company ("Penelec"), Pennsylvania Power Company ("Penn Power"), and West Penn Power Company ("West Penn") (collectively, "Companies") petitioned the Commission for approval of their Phase II Energy Efficiency & Conservation ("EE&C") Plans ("Phase II Plans"). The Companies' Joint Petition for Approval of their Phase II Plans ("Joint Petition") identifies and describes the Companies' programs to be implemented to achieve the additional consumption reduction targets adopted by the Commission's Phase II Implementation Order entered August 3, 2012, at Docket Nos. M-2008-2069887 and M-2012-2289411 ("Implementation Order"), and requests authorization to implement proposed tariff riders for cost recovery purposes. *See* Joint Petition, p. 1. The Phase II Plans follow Met-Ed's, Penelec's, and Penn Power's currently-effective Phase I EE&C Plans, which were approved by the Commission on October 28, 2009, and will expire on May 31, 2013. West Penn's Phase II Plan follows its currently-effective Phase I EE&C Plan, which was approved by the Commission on October 23, 2009, and will expire on May 31, 2013.

The proposed Phase II Plan portfolio includes a suite of energy efficiency programs,¹ of which two programs target the Companies' Large Commercial and Industrial ("C&I") customers: the Commercial & Industrial Energy Efficient Equipment Program and the Commercial & Industrial Energy Efficient Buildings Large Program. *See id.* at 14.

As with the Phase I EE&C Plan, the Companies propose to recover all costs through a fully reconcilable, non-bypassable charge under Section 1307 of the Public Utility Code. *See id.* at 14-15; *see also* 66 Pa. C.S. § 1307. The total proposed charges for the Large C&I customer class broken down by individual Company are as follows: Met-Ed, \$13,597,744;

¹ Consistent with the Implementation Order, the Companies' Joint Petition does not propose to implement any demand response programs during Phase II.

Penelec, \$9,438,291; Penn Power, \$2,358,198; and West Penn, \$10,911,278. *See* Companies St. No. 2, pp. 15-16.

With respect to the proposed non-bypassable charge, or Phase II EE&C Charge ("EE&C-C"), the Companies intend to establish separate recoveries for each customer class. *See* Joint Petition, p. 16. Additionally, Met-Ed, Penelec and Penn Power request to modify and continue their EE&C-C Riders approved with their Phase I EE&C Plans to allow for complete recovery of all Phase I costs. *Id.* at 17. For the foregoing reasons, the Companies' Phase II EE&C costs and program measures may impact the rates and services of their Large C&I customers. It is therefore imperative that the Companies implement their Phase II EE&C Plans in a just and reasonable manner, consistent with Act 129, the PUC's Implementation Order, and all applicable statutes and regulations.

In support of their Petition to Intervene and Answer, the Industrial Customer Groups assert the following:

I. PETITION TO INTERVENE

1. The Industrial Customer Groups are *ad hoc* associations of energy-intensive customers receiving electric service in the Companies' service territory. As some of the Companies' largest customers, whose manufacturing processes require significant amounts of electricity, any proposed modifications to the Companies' electric rates could significantly impact the Industrial Customer Groups' production costs.

2. The names and address of the Industrial Customer Groups' attorneys are:

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3. The Industrial Customer Groups are MEIUG, PICA, PPUG, and WPPII. The compositions of MEIUG, PICA, PPUG, and WPPII are attached hereto as Appendix A, Appendix B, Appendix C, and Appendix D, respectively. MEIUG, PICA, PPUG, and WPPII reserve the right to modify these Appendices throughout the course of this proceeding, as necessary.

4. The Industrial Customer Groups are concerned with issues regarding the terms and conditions of their electricity service, and, as a result, have been actively involved in numerous proceedings of the Companies, including participation in the adjudication of the Companies' Phase I EE&C Plans and regularly attending the Companies' EE&C Plan stakeholder meetings. The Commission's final disposition of the Companies' Phase II Plans also directly affects the rates that the Companies impose on the Industrial Customer Groups for electric service.

5. The Industrial Customer Groups thus have an interest in these proceedings that is not represented by any other party of record; consequently, the Industrial Customer Groups satisfy the standards for intervention under Section 5.72 of the Commission's Regulations, 52 Pa. Code § 5.72.

II. ANSWER

6. Certain aspects of the Companies' Phase II Plans may require monitoring and further investigation. The costs of the Companies' Phase II Plans and potential impact upon the Companies' Large C&I customers are of significant concern to the Industrial Customer Groups. Additionally, the program measures, and related costs thereto, targeting the Companies' Large C&I customers may affect the Industrial Customer Groups. Finally, the Companies' separate Phase I and Phase II EE&C Charges, as well as their respective rate designs, must be examined further to ensure that they are just, reasonable, and charged to Large C&I customers in a manner consistent with Commission precedent.

7. The Companies expect to spend 100% of their spending caps for the Phase II Plan, representing total expenditures of \$234.2 million over the three-year Phase II Plan period. *See* Companies St. No. 2, p. 9. As proposed, the Companies would allocate the following costs incurred, pursuant to the Phase II Plan, to Large C&I customers: Met-Ed, \$13,597,744; Penelec, \$9,438,291; Penn Power, \$2,358,198; and West Penn, \$10,911,278. *See id.* at 15-16. Moreover, this breakdown results in the following projected Phase II EE&C-Cs: Met-Ed, \$0.50 per kW Peak Load Contribution ("PLC"); Penelec, \$0.32 per kW PLC; Penn Power, \$0.28 per kW PLC; and West Penn, \$0.28 per kW PLC. *See* Exhibits KMS-4-7. The Industrial Customer Groups intend to further analyze the Large C&I Phase II costs and participate in any adjudication to ensure that the Phase II Plan does not impose undue rate increases upon Large C&I customers.

8. In addition, the Companies' proposed Phase I EE&C Charge also warrants further investigation. While the Companies intend to retain the same general cost recovery methods utilized throughout the Phase I EE&C Plan, customers will experience billing modifications under the proposed Phase II Plan. Joint Petition, p. 14. Pursuant to the Implementation Order, the Companies suggest a separate collection of Phase I and Phase II EE&C-Cs from all

customers beginning June 1, 2013. *See id.* at 15-16. The Companies project the following Phase I EE&C-Cs: Met-Ed, \$0.95 per kW PLC; Penelec, \$0.81 per kW PLC; and Penn Power, \$1.04 per kW PLC.² Because the Phase I EE&C-Cs are significantly higher than the Phase II EE&C-Cs, these charges should be subject to additional investigation. Moreover, it is unclear from the Companies' Joint Petition how the Phase I EE&C-C would impact West Penn customers because no estimate has been provided for the West Penn system. The Phase I EE&C-C for each Company must be closely examined to ensure that, in combination with the Phase II EE&C-C, EE&C rates are just, reasonable, and in compliance with the Implementation Order.

9. Further, the Industrial Customer Groups may be adversely affected by the Companies' proposed programs directed towards Large C&I customers. As some of the Companies' largest customers, members of the Industrial Customer Group are in a unique position to comment to the Commission on the impact that the Phase II Plans may have on the Companies' Large C&I rates and services, particularly relating to new programs such as the proposed Energy Efficiency Buildings Large program. Companies St. No. 2, p. 26. The Industrial Customer Groups will also monitor the continuation of the Large C&I Energy Efficiency Equipment program. *Id.* Moreover, the Industrial Customer Groups recommend that the Companies evaluate methods for ensuring that the transition from Phase I to Phase II occurs seamlessly, ensures that all Large C&I customers are appropriately compensated for their EE&C projects, and imposes no undue burden on participating customers.

10. Finally, the Industrial Customer Groups are concerned with respect to modifications to rate design or customer class consolidation that may impact Large C&I customers, and plan to monitor any such issues closely.

² Unlike the Companies' proposed Phase II EE&C-C riders, the Phase I EE&C-C riders for Met-Ed, Penelec, and Penn Power do not explicitly state "kW PLC," but instead refer to the PLC rate design for Large C&I customers in the Phase I EE&C rate formula. *See* Exhibits KMS-1-3.

11. In addition to the issues identified above, the Industrial Customer Groups reserve the right to raise and address additional issues of concern during the proceeding based on further review of the Joint Petition, issues identified via discovery, and matters raised by other parties.

III. CONCLUSION

WHEREFORE, the Met-Ed Industrial Users Group, the Penelec Industrial Customer Alliance, the Penn Power Users Group, and the West Penn Power Industrial Intervenors respectfully request that the Pennsylvania Public Utility Commission grant this Petition to Intervene and Answer, provide the Industrial Customer Groups with full-party status in these proceedings, and allow such other relief as it deems necessary.

Respectfully submitted,

McNEES WALLACE & NURICK LLC

By 

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Vasiliki Karandrikas (I.D. No. 89711)
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Penn Power Users Group, and the West Penn
Power Industrial Intervenors

Dated: December 11, 2012

APPENDIX A

MET-ED INDUSTRIAL USERS GROUP

Air Liquide Industrial U.S. LP
Carpenter Technology Corporation
Dixie Consumer Products, LLC, Lehigh Valley
East Penn Manufacturing Company, Inc.
Exide Technologies, Inc.
Farmers Pride, Inc.
Glen-Gery Corporation
Harley-Davidson Motor Company – York Division
Knouse Foods Cooperative, Inc.
Magnesita Refractories Co.
PPG Industries, Inc.
RH Sheppard Co., Inc.
Royal Green LLC
Sweet Street Desserts, Inc.

APPENDIX B

PENELEC INDUSTRIAL CUSTOMER ALLIANCE

American Refining Group Inc.
Appleton Papers Inc.
E.I. du Pont de Nemours & Co., Inc.
Electralloy, a G.O. Carlson, Inc., Co.
Ellwood National Steel
Erie Forge & Steel, Inc.
Glen-Gery Corporation
Indiana Regional Medical Center
Pittsburgh Glass Works, L.L.C.
Procter & Gamble Paper Products Company
Sheetz, Inc.
Standard Steel
Team Ten, LLC - American Eagle Paper Mills
The Plastek Group
U.S. Silica Company
Wegmans Food Markets, Inc.

APPENDIX C

PENN POWER USERS GROUP

Ellwood Quality Steel

APPENDIX D

WEST PENN POWER INDUSTRIAL INTERVENORS

Air Liquide Industrial U.S. LP
Air Products & Chemicals, Inc.
ATI Allegheny Ludlum Corporation
Ervin Industries
INDSPEC Chemical Corporation
Latrobe Specialty Steel Company
Lehigh Specialty Melting Inc. (Whemco)
MERSEN USA St Marys-PA Corp.
Sheetz, Inc.
World Kitchen LLC

