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February 10, 2016

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VIA FEDEX OVERNIGHT

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

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PA PUBLIC UTILITY COMMISSION
SECRETARY'S BUREAU

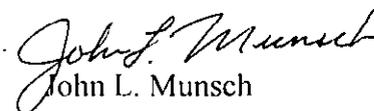
**Re: Petition for Approval of Act 129 Phase III Energy Efficiency
and Conservation Plans of Metropolitan Edison Company,
Pennsylvania Electric Company, Pennsylvania Power Company
and West Penn Power Company; Docket Nos. M-2015-2514767;
M-2015-2514768; M-2015-2514769; and M-2015-2514772**

Dear Secretary Chiavetta:

On behalf of Metropolitan Edison Company, Pennsylvania Electric Company, Pennsylvania Power Company and West Penn Power Company, I have enclosed for filing the Joint Petition for Full Settlement with respect to the above-captioned consolidated proceeding.

Please contact me if you have any questions regarding the forgoing matters. Copies have been served as indicated in the attached certificate of service.

Very truly yours,


John L. Munsch

Enclosures

cc: The Honorable Elizabeth H. Barnes

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

Petition of Metropolitan Edison Company for Approval of its Act 129 Phase III Energy Efficiency and Conservation Plan	: : : :	M-2015-2514767
Petition of Pennsylvania Electric Company For Approval of its Act 129 Phase III Energy Efficiency and Conservation Plan	: : : :	M-2015-2514768
Petition of Pennsylvania Power Company For Approval of its Act 129 Phase III Energy Efficiency and Conservation Plan	: : : :	M-2015-2514769
Petition of West Penn Power Company For Approval of its Act 129 Phase III Energy Efficiency and Conservation Plan	: : : :	M-2015-2514772

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**JOINT PETITION FOR FULL SETTLEMENT OF
ALL ISSUES**

Metropolitan Edison Company (Met-Ed), Pennsylvania Electric Company (Penelec), Pennsylvania Power Company (Penn Power), and West Penn Power Company (West Penn) (collectively “the Companies”), the Office of Consumer Advocate (“OCA”), Office of Small Business Advocate (“OSBA”), the Coalition for Affordable Utility Services and Energy Efficiency in Pennsylvania (“CAUSE-PA”), the Industrial Customer Groups,¹ and EnerNOC, Inc. (“EnerNOC”) (collectively with the Companies, the “Settling Parties”) by their respective counsel, submit to the Pennsylvania Public Utility Commission (“Commission”) this Joint Petition for Full

¹ The Industrial Customer Groups include The Met-Ed Industrial Users Group (“MEIUG”), Penelec Industrial Customer Alliance (“PICA”), Penn Power Users Group (“PPUG”) and West Penn Power Industrial Intervenors (“WPPI”).

Settlement of all Issues (“Joint Petition”). Three other parties to this proceeding have indicated that they either do not oppose the settlement or take no position on the settlement.²

The terms and conditions of this Joint Petition represent a comprehensive settlement of all issues pending in this proceeding. The Settling Parties represent that this comprehensive settlement is in the public interest and, therefore, request that the Commission approve, without modification, the proposed settlement as set forth in this Joint Petition. In support of their request, the Settling Parties state as follows:

I. BACKGROUND

1. The Companies are electric distribution companies operating as certificated public utilities in the Commonwealth of Pennsylvania.

2. On June 19, 2015, the Commission entered an Implementation Order regarding the *Energy Efficiency and Conservation Program* at Docket No. M-2014-2424864 (“Phase III Implementation Order”). With this Phase III Implementation Order, the Commission tentatively adopted additional incremental reductions in electric consumption and peak demand for the period of June 1, 2016 through May 31, 2021 (“Phase III Period”). If the Companies did not file a Petition for an evidentiary hearing regarding the tentative targets by July 6, 2015, the electric consumption and peak demand targets would become final.³ The Companies did not file a Petition for an evidentiary hearing regarding the electric consumption and peak demand targets.

² Wal-Mart Stores East, LP and Sam’s East, Inc. (collectively, “Walmart”) and The Pennsylvania State University (“PSU”) have indicated that they will not oppose the settlement. (See Appendices G and H, respectively) and the Retail Energy Supply Association (“RESA”) indicated that it takes no position on the Settlement. (See Appendix I).

³ See Phase III Implementation Order, p. 150.

3. The Phase III Implementation Order sets forth an expedited litigation schedule so the Commission can approve or reject energy efficiency and conservation (“EE&C”) Phase III plans within 120 days of the filing date of the plans.

4. On November 23, 2015, the Companies jointly filed a Joint Petition for Consolidation of Proceedings and Approval of Energy Efficiency and Conservation Plans Phase III, along with the direct testimony of John C. Dargie (Met-Ed/Penelec/Penn Power/West Penn Statement No. 1), Edward C. Miller (Met-Ed/Penelec/Penn Power/West Penn Statement No. 2) and Kevin M. Siedt (Met-Ed/Penelec/Penn Power/West Penn Statement No. 3) in support of the plans.⁴

5. The Joint Petition was assigned four separate docket numbers by the Secretary’s Bureau as follows: 1) M-2015-2514767 (Met-Ed); 2) M-2015-2514768 (Penelec); 3) M-2015-2514769 (Penn Power); and 4) M-2015-2514772 (West Penn).

6. Notice of the petitions was published in the *Pennsylvania Bulletin* on December 12, 2015, with a comment period ending January 4, 2016. 45 *Pa.B.* 7078. The petitions were assigned to Administrative Law Judges (“ALJs”) Elizabeth H. Barnes and Steven Haas by Notice dated December 8, 2015. ALJ Haas was subsequently reassigned to another matter.

7. ALJ Barnes scheduled an Initial Prehearing Conference for Tuesday, January 5, 2016, and established a deadline of December 30, 2015 for parties to serve prehearing conference memoranda.

8. On December 10, 2015, OCA filed its Notice of Intervention. On December 18, 2015, OSBA made a similar filing. Petitions to Intervene were filed by CAUSE-PA on December

⁴ At the pre-hearing conference, the Companies indicated there were errors in the exhibits associated with written testimony identified as Company Statement No. 3, which were originally filed on November 23, 2015 with the Joint Petition for Approval. On or about January 6, 2016, the Companies filed revised exhibits accompanying Company Statement No. 3 and provided hard copies to the parties and presiding officer.

17, 2015; PSU and Walmart on December 30, 2015; RESA and the Industrial Customer Groups, on January 4, 2016; and EnerNOC, on January 8, 2016.

9. OSBA filed its prehearing memorandum on December 23, 2015. The Companies, on December 29, 2015; OCA, PSU, CAUSE- PA and Walmart, on December 30, 2015; the Industrial Customer Groups, on January 4, 2016; and EnerNOC, on January 8, 2016.

10. On December 30, 2015, CAUSE-PA filed a Letter in Lieu of Comments and the following parties filed comments on January 4, 2016: (i) OCA; (ii) RESA; (iii) the Industrial Customer Groups; (iv) Energy Efficiency for All; (v) Energy Hub; and (vi) PennFuture, Sierra Club, Environmental Defense Fund and Clean Air Council, the last three of which did not enter an appearance at the prehearing conference.

11. Answers to the Petition were filed by OSBA and the Industrial Customer Groups on January 4, 2016.

12. At a Prehearing Conference held on January 5, 2016, ALJ Barnes granted the Companies' request to consolidate the four Petitions for hearing and disposition. The ALJ also granted the Petitions to Intervene of CAUSE-PA, PSU, Wal-Mart, RESA, and the Industrial Customer Groups. The ALJ's Scheduling Order set due dates for Intervenor Direct Testimony (January 12, 2016), Rebuttal Testimony (January 22, 2016), Outline for Rejoinder (January 26, 2016 (noon)) evidentiary hearing (January 27, 2016), Main Briefs (February 10, 2016), Reply comments and revised plans (February 11, 2016), certification of the evidentiary record (February 12, 2016) and a Commission decision (March 14, 2013).

13. By Order dated January 7, 2016, the ALJ issued a Protective Order granting the Companies' Petition for Protective Order, filed December 29, 2015. By Order dated January 12, 2016, the ALJ granted EnerNOC's intervention.

14. On or about January 22, 2016, counsel for the Companies notified the ALJ via email that the parties had reached a settlement of all issues and requested that the procedural schedule be suspended.

15. By Order dated January 22, 2016, the ALJ suspended the litigation schedule, except for the evidentiary hearing, which was to be held on January 27, 2016 for the purpose of admitting testimony and exhibits into the evidentiary record.

16. At the evidentiary hearing on January 27, 2016, the Companies introduced into evidence Met-Ed/Penelec/Penn Power/West Penn Exhibit No. 1, Summary of Settlement Terms, which sets forth the terms of settlement reached among the Settling Parties on all issues in this consolidated proceeding and Met-Ed/Penelec/Penn Power/West Penn Exhibit No. 2, a copy of the Companies' Joint Petition for Consolidation of Proceedings and Approval of the Energy Efficiency and Conservation Plans, Phase III of [the Companies]. CAUSE-PA also introduced into evidence the Companies' responses to CAUSE-PA's Discovery Requests, CAUSE-PA Set II-1 and II-2. Also admitted into evidence was the Companies (Met-Ed/Penelec/Penn Power/West Penn Statement Nos. 1 (Dargie), 2 (Miller) and 3 (Siedt)), the Direct Testimony of OCA's witnesses, Geoffrey C. Crandall (OCA Statement No. 1) and Roger D. Colton (OCA Statement No. 2), the direct testimony of CAUSE-PA's witness, Mitchell Miller (CAUSE-PA Statement No. 1, with Appendices A and B), and the revised direct testimony of EnerNoc's witness, Peter J. Cavan (EnerNOC Statement No. 1). EnerNOC's witness, Gregory J. Poulos, also presented sworn testimony during the hearing. The parties through this Joint Petition stipulated to the admission of copies of the Companies' EE&C Plans marked during the evidentiary hearing for identification as Met-Ed/Penelec/Penn Power/West Penn Exhibit No. 3.⁵

⁵ See Paragraph 35, *infra*. No non-Settling Party objected.

17. The ALJ established a deadline of February 10, 2016 for a fully executed and filed Joint Petition for Settlement, which is to be accompanied by individual statements in support of the Joint Petition for Settlement or letters indicating the party's intent to either not oppose or not take a position on the settlement. These memoranda and letters are attached hereto as Appendices A through I. The ALJ also modified the deadline for submittal of electronic versions of testimony, making them due ten days from the date of the evidentiary hearing.⁶

18. The terms of the settlement reached by the Settling Parties are listed below. The Settling Parties represent that these terms of settlement resolve all issues in this proceeding and respectfully request that the Commission approve these terms without modification and grant this Joint Petition.

II. TERMS AND CONDITIONS OF SETTLEMENT

The terms and conditions of the settlement, for which the Settling Parties seek Commission approval, are set forth below.

A. Specific Settlement Provisions

19. The Companies agree to target an increase in energy savings from the residential direct installation low-income subprograms in the aggregate by 10% over the proposed plan targets, based on having available program budget. The Companies agree to decrease the energy savings proposed from EE Kits, Behavioral and School Education low-income subprograms in the aggregate by an equivalent amount of MWhs.

20. No later than September 1, 2016, the Companies will host an initial meeting for parties interested in providing messaging recommendations for the residential behavioral programs

⁶ Jan 27, 2016 Hearing Transcript, p. 48.

to consider for inclusion in the home energy reports provided to participants in this program. At least once per year, prior to the commencement of the program year, the Companies will include a review of the content of the Home Energy Reports as an agenda item for a stakeholder meeting. The Companies agree that they will listen to and consider comments from the stakeholders regarding the content of these reports.

21. The Companies stipulate, and the other parties accept, that the Residential Home Energy Reports program will be evaluated by the Companies' Phase III independent Evaluation, Measurement and Verification ("EM&V") Conservation Service Provider ("CSP") and will further stipulate and accept that said CSP was not involved in the substantive design of any of the programs included in the proposed EE&C Plans, or that the EM&V CSP's compensation is related to program performance.

22. The Companies agree that the multifamily subprogram included as part of their Low Income Energy Efficiency Program will be applicable to all individually-metered multifamily buildings. Under this program, income qualified tenants up to 150% of the Federal Poverty Income Guidelines (FPIG) residing in dwelling units within the multifamily building will receive the direct installation measures and qualified appliance replacement at no additional cost to the tenant.

23. The Companies agree that their multifamily subprogram included as part of their C/I Energy Solutions for Business Program – Small, will be applicable to all master-metered multifamily buildings and for common areas of individually-metered properties. The Companies will require a 20% customer contribution by the building owner for all properties where at least 66% of the units are occupied by income qualified tenants up to 150% of the FPIG for the direct installation measures, qualified appliance replacement and for other eligible building measures. If the properties do not meet this 66% threshold then the building owner is eligible for all regular

small commercial rebates as prescribed in the Companies' EE&C plans for the applicable measures. If the Companies are unable to move projects forward in buildings at or above the 66% threshold at this incentive level for program years 2016 and 2017 because of financial barriers, the Companies may adjust the incentive to a lesser percentage between zero and 20% for the remainder of Phase III, provided that the Companies provide notice to their stakeholder group and afford their stakeholder group an opportunity to make recommendations about the appropriate percentage adjustment prior to making any such change.

24. The Companies will require that their Conservation Service Providers for their multifamily programs coordinate with each other to support efficient program delivery and collectively promote multifamily building energy efficiency measures.

25. To the extent practical, the Companies agree to coordinate with PHFA to align incentives with their Qualified Allocation Plan to target incentives for energy efficiency measures to incent projects to move forward and to work with affordable multi-family developers in completion of the Energy Rebate Analysis. The Companies will work with interested stakeholders in an effort to ensure that the funds provided through the Companies' EE&C Plans are not substituted for funds otherwise provided through other assistance programs.

26. No later than December 1, 2016, the Companies agree to conduct a stakeholder meeting with interested multifamily housing owners, developers, and other interested stakeholders. The Companies will work with the Housing Alliance of Pennsylvania and other interested trade groups, as well as the Companies' CSP, to identify these owners and developers. The purpose of this stakeholder meeting is to solicit feedback about the Companies' multifamily offering and to coordinate and tailor the measures targeted to affordable housing developments.

27. The Companies agree to initially substitute one LED lamp for one CFL lamp in all EE Kits (both residential and small C&I) and to further substitute additional LED lamps for CFL lamps, provided that such substitution does not jeopardize the Companies' ability to meet their respective EE targets within their respective subprogram budgets.

28. The Companies will accelerate the elimination of CFL lamps incented under the EE&C Plans (all market sectors) to the end of Plan Year 3, provided that, at the end of Plan Year 3, such elimination does not jeopardize the Companies' ability to meet their respective EE targets within their respective subprogram budgets.

29. The Companies will implement the Residential Behavioral Demand Response subprogram as a pilot program for Plan Years 2 & 3. The Companies will review with their stakeholders the findings and results from the pilot no later than 100 days after each summer period. If the program is not substantially meeting its demand reduction targets across the Companies, the Companies will propose for Commission approval, either a peak time rebate program or an alternative residential demand response program type that is acceptable to the parties to this settlement, to be run as a pilot program at one or more of the Companies in Plan Years 4 and 5, subject to Commission approval. In the development of any Phase IV EE&C plans, the Companies commit to consider additional residential demand response programs, to the extent adequate funding is available, in an effort to reduce the Large C&I demand response budget.

30. Within 90 days of the Commission issuing its order approving this settlement, the Companies will meet with the Industrial Customer Group representatives to develop a process to provide quarterly rate impact projections for the industrial class.

B. General Settlement Provisions

31. The Commission's approval of the Settlement shall not be construed as approval of any Settling Party's position on any issue, except to the extent required to effectuate the terms and agreements of the Settlement. Accordingly, this Settlement may not be cited as precedent in any future proceeding, except to the extent required to implement this Settlement.

32. It is understood and agreed among the Settling Parties that the Settlement is the result of compromise and does not necessarily represent the position(s) that would be advanced by any of the Settling Parties in this or any other proceeding, if it were fully litigated.

33. This Settlement is being presented only in the context of this proceeding in an effort to resolve the issues presented in this proceeding in a manner that is fair and reasonable. The Settlement is the product of compromise. This Settlement is presented without prejudice to any position which any of the Settling Parties may have advanced and without prejudice to the position any of the Settling Parties may advance on the merits of the issues in future proceedings, except to the extent necessary to effectuate the terms and conditions of this Settlement.

34. This Settlement is conditioned upon the Commission's approval of the terms and conditions contained herein without modification. If the Commission should disapprove the Settlement or modify any terms and conditions herein, this Settlement may be withdrawn upon written notice to the Commission and all active parties within five business days following entry of the Commission's Order by any of the Settling Parties and, in such event, shall be of no force and effect. In the event that the Commission disapproves the Settlement or the Companies or any other Settling Party elects to withdraw the Settlement as provided above, the Settling Parties reserve their respective rights to fully litigate this case, including, but not limited to, submission

of additional testimony, presentation of witnesses, cross-examination and legal argument through submission of Briefs, Exceptions and Replies to Exceptions.

35. All Settling Parties stipulate to the admission of a bound version of each of the Companies' Plans, which was marked for identification during the evidentiary hearing on January 27, 2016 as Met-Ed/Penelec/PennPower/West Penn Exhibit No. 3.

36. This Settlement Agreement and any related documents may be executed in one or more counterparts, each of which is an original and all of which together constitute one and the same instrument.

37. The Settling Parties acknowledge that as a result of this Settlement, none of the parties have had the opportunity to submit rebuttal testimony. Therefore, statements made by opposing parties that contradict another party's testimony should not be construed as acceptance by said party of such contradicting testimony.

III. PUBLIC INTEREST CONSIDERATIONS

38. The Settling Parties submit that this settlement is in the public interest and should be approved in full for the following reasons:

(a) Substantial litigation and associated costs will be avoided by this settlement. This settlement resolves important issues fairly, by balancing the interests of the Settling Parties and the public. If approved, the settlement will eliminate the possibility of further Commission litigation and appeals in this proceeding, along with their attendant costs, and will provide the Companies with additional time to prepare for Phase III.

(b) The Settling Parties arrived at this settlement after a number of meetings, discussions, discovery and extensive negotiations. The settlement terms and conditions constitute

a carefully crafted package representing reasonable negotiated compromises on all issues raised in this proceeding. Thus, the settlement is consistent with the Commission's rules and practices encouraging negotiated settlements (*see* 52 Pa. Code §§ 5.231, 69.391, and 69.401).

IV. CONCLUSION

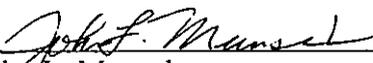
WHEREFORE, the Settling Parties intending to be legally bound, respectfully request that the Commission:

1. Approve the settlement set forth herein in its entirety without modification; and
2. After approval of this settlement terminate this proceeding and mark the record closed.

IN WITNESS WHEREOF, the Settling Parties bind themselves to the terms and conditions set forth herein, as evidenced by the signature of their attorneys, each of whom has authority to execute this Joint Petition.

**Metropolitan Edison Company,
Pennsylvania Electric Company,
Pennsylvania Power Company, and
West Penn Power Company**

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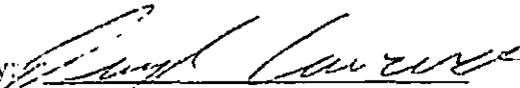
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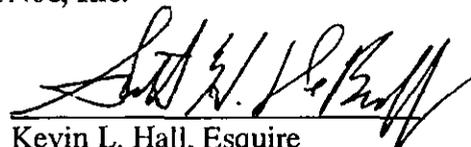
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West Penn Power Industrial Users Group**

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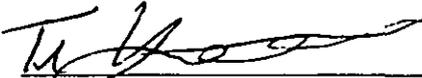
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Energy Efficiency and Conservation Plan	:	
	:	
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Energy Efficiency and Conservation Plan	:	
	:	
Petition of Pennsylvania Power Company	:	
For Approval of its Act 129 Phase III	:	M-2015-2514769
Energy Efficiency and Conservation Plan	:	
	:	
Petition of West Penn Power Company	:	
For Approval of its Act 129 Phase III	:	M-2015-2514772
Energy Efficiency and Conservation Plan	:	

COMPANIES' STATEMENT IN SUPPORT OF
JOINT PETITION FOR FULL SETTLEMENT

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TO THE PENNSYLVANIA PUBLIC UTILITY COMMISSION:

PA PUBLIC UTILITY COMMISSION
SECRETARY'S BUREAU

Metropolitan Edison Company (Met-Ed), Pennsylvania Electric Company (Penelec), Pennsylvania Power Company (Penn Power), and West Penn Power Company (West Penn) (collectively "the Companies") hereby file this Statement in Support of the Joint Petition of Full Settlement ("Joint Petition" or "Settlement") entered into by the Companies, the Office of Consumer Advocate ("OCA"), the Coalition for Affordable Utility Services and Energy Efficiency in Pennsylvania ("CAUSE-PA"), the Office of Small Business Advocate ("OSBA"), The Met-Ed Industrial Users Group ("MEIUG"), Penelec Industrial Customer Alliance ("PICA"), Penn Power Users Group ("PPUG") and West Penn Power Industrial Intervenors ("WPPII") (collectively the

“Industrial Customers’ Groups”), and EnerNOC, Inc. (“EnerNOC”) (collectively the “Settling Parties”) by their respective counsel.¹

I. INTRODUCTION

A. BACKGROUND

The background of this proceeding is set forth in Paragraphs 1-17 of the Joint Petition and is incorporated herein by reference.

II. COMMISSION POLICY FAVORS SETTLEMENTS

Commission policy promotes settlements.² Settlements reduce the time and expense the parties must expend in litigating a case while simultaneously conserving important administrative resources. Settlement results are more predictable than those achieved in full litigation and are therefore preferable. The terms of the Settlement in combination with the Companies’ underlying proposed Phase III Energy Efficiency and Conservation (“EE&C”) Plans (“Plans”) provide a lawful fulfillment of Act 129 and the Commission’s requirements for Phase III EE&C Plans. In addition, the Phase III EE&C Plans, the direct testimonies submitted by both the Companies and certain Joint Petitioners, and the other exhibits submitted into evidence, provide a sound evidentiary basis for the Settlement. Accordingly, the Companies submit this Statement in Support of the Joint Petition for Full Settlement.

¹ Wal-Mart Stores East and Sam’s East, Inc.(collectively “Wal-Mart”), and The Pennsylvania State University (“PSU”), active Parties in this proceeding, have indicated they wish to be identified as not objecting to the Joint Petition and not participating in the Joint Petition. Further, the Retail Energy Supply Association (“RESA”), also a party to this proceeding, has indicated that it will take no position on the Joint Petition.

² See 52 Pa. Code § 5.231.

III. THE EVIDENTIARY RECORD

The Joint Petition for Consolidation and Approval of the Companies' Phase III Plans, admitted into evidence at the January 27, 2016 hearing as Met-Ed/Penelec/PennPower/West Penn Exhibit No. 2, provides the background to the Phase III filings and overviews of the Direct Testimony offered in support of the Plans. The Companies prepared and admitted into evidence three Direct Testimony Statements. The direct testimony of John C. Dargie (Met-Ed/Penelec/PennPower/West Penn Statement No. 1), provided an overview of the Companies and their respective Phase III Plans, as well as an overview of the Companies' Energy Efficiency Team, the stakeholder process, and the Companies' bidding/contracting procedures. Met-Ed/Penelec/PennPower/West Penn Statement No. 2, the direct testimony of Edward C. Miller (hereinafter "Miller Testimony"), provided a detailed description of the Phase III development process, the specific programs and subprograms included in the Phase III Plans and how the Plans comply with all statutory and regulatory requirements. Met-Ed/Penelec/PennPower/West Penn Statement No. 3, the direct testimony of Kevin M. Siedt (hereinafter, "Siedt Testimony"), provided a summary of the Companies' proposed cost recovery mechanism ("Phase III EE&C-C Rider") for each of the Companies, the cost reconciliation process and collection of final Phase II costs.³ The admission of a copy of the Companies' EE&C Plans, which was marked for identification during the evidentiary hearing as Met-Ed/Penelec/Penn Power/West Penn Exhibit No. 3, was stipulated to in Paragraph 35 of the Joint Petition for Full Settlement.

IV. THE COMPANIES' EE&C PLANS

Sections 1.2 and 3.1 of the Phase III Plans describe how the FirstEnergy plan development team ("EE&C Team") designed the Companies' Phase III Plans. Generally, the EE&C Team

³ The verification affidavits associated with the direct testimony were admitted as Met-Ed/Penelec/PennPower West Penn Statement Nos. 4, 5 and 6, respectively.

reviewed the existing programs and measures in the Companies' Phase II Plans to assess implementation and performance to date. It then reviewed the programs and measures offered by both FirstEnergy and other utilities to establish a universe of programs and measures for consideration. The EE&C Team also reviewed the Pennsylvania Market Potential Study,⁴ the Statewide Evaluator's Demand Reduction Market Potential Study,⁵ and the 2016 Technical Reference Manual ("TRM"),⁶ and consulted with its implementation team and ADM Associates, Inc. ("ADM") -- its energy efficiency consultant and independent EM&V contractor -- in an effort to identify additional opportunities. The EE&C Team considered the program and measure opportunities and completed initial modeling, taking into account: (i) implementation experience through existing programs; (ii) program benefit and cost assumptions; (iii) input from stakeholders, consultants and vendors; (iv) the 2016 TRM; and (v) the EE and DR Potential Studies. Based on this analysis and evaluation, the EE&C Team selected the measures to be included in the Phase III Plans, estimated participation levels and corresponding program and measure savings results, and developed program budgets within the budget constraints established under Act 129's statutory 2% spending cap.⁷

Each of the Phase III Plans is generally an extension of the programs and measures included in the Companies' Phase II Plans,⁸ with slight modifications to the programs, the elimination of several measures and the addition of new subprograms and measures, including new Peak Demand Reduction ("PDR") programs. Also, like the Phase II Plans, the Phase III Plans continue the use

⁴ Act 129 Statewide Evaluator Energy Efficiency Potential for Pennsylvania (Feb. 25, 2015), released via Secretarial Letter, Docket No. M-2014-2424864, (Feb. 27, 2015) ("EE Potential Study").

⁵ Act 129 Statewide Evaluator Demand Response Potential for Pennsylvania (Feb. 25, 2015), released via Secretarial Letter, Docket No. M-2014-2424864 (Feb. 27, 2015) ("DR Potential Study").

⁶ 2016 Final Order updating the Technical Reference Manual, Docket No. M-2015-2469311 (Entered July 8, 2015) ("2016 TRM Order").

⁷ Miller Testimony, pp. 7-8.

⁸ The Companies' Phase II EE&C Plans (hereinafter referred to as "Phase II Plans") were approved by the Commission in Orders entered on March 14, 2013 in Docket Nos. M-2012-2334387 (Met-Ed), M-2012-2334392 (Penelec), M-2012-2334395 (Penn Power), and M-2012-2334398 (West Penn).

of incentive level ranges. Under this approach, the Companies have the ability to adjust rebate levels within the range as market conditions warrant, provided that these adjustments do not increase program costs beyond approved budgets and, further provided, that the Companies discuss potential changes with interested stakeholders. Based on these ranges, the Companies can adjust incentives for the measures or programs to either avoid overpaying for measures, or if it is determined that an incentive is not sufficient, the Companies can increase incentives within the approved range to enhance market response without missing potential opportunities while waiting for resolution through the regulatory process. This allows the Companies to quickly react to changing market conditions, thus, optimizing their efforts to achieve their energy savings goals.⁹

Each Company's Phase III Plan is virtually identical to the other Companies' Phase III Plans. They include a portfolio of energy efficiency programs and demand reduction programs, which are designed to achieve the specific reduction targets during the Phase III Period (June 1, 2016 through May 31, 2021) as established by the Commission in its 2015 Implementation Order.¹⁰ Like the Companies' prior EE&C plans, the proposed Phase III Plans include a portfolio of EE&C programs targeted to a variety of customer segments, including: (i) residential (with programs specific to the low-income sector); (ii) small commercial and industrial ("C&I"); (iii) large C&I; and (iv) the Government/Educational/Non-profit sector (collectively "G/E/NP sector").¹¹ Although not technically required, the Phase III Plans also place greater emphasis and consideration on multi-family housing, the details of which are clarified in the Settlement.¹²

Residential Programs: The Companies are proposing the following programs for Residential customers: (i) Appliance Turn-In Program; (ii) Energy Efficient Products Program;

⁹ Miller Testimony, pp. 9-10.

¹⁰ Energy Efficiency and Conservation Program. Docket No. M-2014-2424864, Implementation Order (entered Jun. 19, 2015 (hereinafter, "2015 Implementation Order")).

¹¹ Miller Testimony, p. 9.

¹² Id., p. 25; Met-Ed/Penelec/Penn Power/West Penn Exh. No. 1, paras. 4-8.

and an (iii) Energy Efficient Homes Program. Each of these residential programs includes numerous subprograms, which are summarized in Tables 7 and 8 and are more fully described in Section 3.2 of the Phase III Plans.¹³ The Companies have also included a behavioral demand response program for residential customers with smart meters.¹⁴ Through this program, the Companies will provide notification messages to motivate customers to reduce usage during demand reduction events. The program will also provide post-event customer feedback about the customer's usage performance during the event and recommendations to reinforce their usage reduction behavior in future demand reduction events. While not specifically targeted, low-income customers are also eligible for this demand response program.¹⁵

Consistent with the Settlement, the behavioral demand response program will be operated as a pilot for plan years 2 and 3 and will then be reassessed prior to implementation for plan years 4 and 5.¹⁶ Similarly, per the Settlement, the Companies will initially substitute one LED lamp for one CFL lamp in all EE Kits (both residential and small C&I) and will further substitute additional LED lamps for CFL lamps in their programs, provided that such substitution does not jeopardize the Companies' ability to meet their respective EE targets within their respective subprogram budgets.¹⁷ The Companies also agreed through the Settlement to accelerate the elimination of CFL lamps incented under the EE&C Plans (for all market sectors) to the end of Plan Year 3, provided that, at the end of Plan Year 3, such elimination does not jeopardize the Companies' ability to meet their respective energy efficiency targets within their respective subprogram budgets.¹⁸

¹³ Id. at 12.

¹⁴ Notwithstanding the fact that Penelec has no demand response reduction requirement, it has voluntarily included a behavioral demand response program that is consistent with that being provided by the other Companies.

¹⁵ Id. at 12-13.

¹⁶ Met-Ed/Penelec/Penn Power/West Penn Exh. No. 1, para. 11.

¹⁷ Id. at para. 10.

¹⁸ Id. at para. 11.

Low Income Program: The Companies are proposing a Low-Income Energy Efficiency Program specific to the Low Income Sector, which includes the following subprograms: (i) Energy Efficiency Kits; (ii) Weatherization; (iii) Multi-family/Low-Income Low-Use Single Family; (iv) Low-Income Behavioral; (v) Low-Income New Homes; (vi) Low-Income Appliance Rebate; (vii) Low-Income Appliance Turn In; and (viii) Low-Income School Education. The Companies will provide no-cost home energy kits, school education and customized energy usage reports that provide low-income customers with energy efficiency recommendations and educational materials, or directly provide basic energy savings measures. They will also provide recommendations and information regarding other energy efficiency related services that may be available to these customers. Audits and appliance replacement will be targeted to promote energy efficiency in multi-family or single-family homes that are not eligible for services under the Weatherization subprogram. Appliance rebate and appliance turn-in programs will also be targeted to promote adoption of these measures and to help identify new low-income customers. And, the Companies are continuing the Weatherization program where the Companies will complete additional comprehensive weatherization services or expand the measures provided to customers under the Companies' existing Low-Income Usage Reduction Program ("LIURP"). Details surrounding the Low-Income Energy Efficiency Program and each of the low-income subprograms can also be found in Section 3.2 of the Phase III Plans.¹⁹ Consistent with the Settlement, the Companies have agreed to target an increase in energy savings from the residential direct installation low-income subprograms in the aggregate by 10% over the proposed plan targets, based on having available program budget.²⁰

¹⁹ Id. at 13-14.

²⁰ Id., para. 1.

Commercial and Industrial Programs: The Companies are proposing the following programs for the small and large C&I sectors: (i) C&I Energy Solutions for Business Program – Small/Large²¹ and (ii) C&I Demand Reduction Program – Small/Large (for all of the Companies except Penelec). The Phase III EE&C programs combine the C&I Equipment and C&I Building programs that were offered through the Phase II Plans to simplify and streamline administration as well as customer participation in the programs. Generally, C&I customers will be provided targeted information on ways to save energy, which will be followed up with a choice of prescriptive rebates on selected measures, or a performance (calculated based on energy savings) rebate. Customized energy savings equipment and measures will also be addressed through calculated rebates based upon the estimated amount of annual energy savings associated with the project. With the exception of Penelec’s Phase III Plan, the other Phase III Plans also include a demand response program for small and large commercial businesses and industrial customers. This program will be implemented through contracts with one or more PJM Curtailment Service Providers (“PJM-CSPs”) who will develop a portfolio of callable load response resources that will be dispatched during targeted load reduction events. More detailed descriptions of each of the C&I programs for both small and large customers can be found in Sections 3.3 and 3.4 of the Phase III Plans.²²

Government/Educational/Non-Profit Program: The Companies are proposing the Governmental and Institutional Tariff Program to target specific applications and customers in the G/E/NP sector, which includes street lighting and non-profit entities served under discrete rate schedules. This program provides both prescriptive and performance based incentives to G/E/NP sector tariff customers to purchase or install qualifying high efficiency measures, or recycle

²¹ The classification of small and large C&I Customers is commonly governed by customer rate classes described in the Companies’ tariffs.

²² Id. at 18.

inefficient appliances. The Companies will also target the G/E/NP sector through special efforts for the prescriptive and custom energy efficiency programs offered under the C&I programs in recognition of the G/E/NP sector's unique decision-making and financing processes for making capital improvements to facilities. These efforts will include the leveraging of existing Company Area Manager relationships and employing experienced vendors who specialize in working with governmental accounts. The Government and Institutional Tariff program is described in more detail in Section 3.5 of the Phase III Plans.²³

The Companies' Phase III Plans also describe how the Companies will achieve the required reductions in consumption and demand, within the cost limitations and assumptions prescribed by the Commission's 2015 Implementation Order, and explain how quality assurance and performance will be measured, verified and evaluated. The Plans include cost estimates to develop and implement the programs and measures, and, pursuant to 66 Pa.C.S. §1307, a tariff rider cost recovery mechanism is proposed to ensure full and current recovery of the costs of the Plans. A budget showing total planned expenditures by program and customer class is also included in each of the Companies' Plans.

The savings generated and evaluated through the Companies' Plans are based upon the requirements and guidance set forth in the *2016 TRM* as approved in the 2016 TRM Order. The results of the TRC test, as applied to the Plans, are presented in Appendix E, Tables 1A and 1B of the Companies' respective Plans and are expressed as both a net present value and a benefit-cost ratio. Each of the Plans passes the TRC test.

Cost Recovery Mechanism: As permitted by Act 129 and 66 Pa.C.S. § 1307, the Companies are proposing to implement EE&C-C Riders to recover Phase III related costs ("Phase

²³ Id. at 19.

III EE&C-C Riders”). In the Phase III EE&C-C Riders, the Phase III EE&C-C rates are expressed as a price per kWh for the residential, non-profit, commercial and street lighting classes. The industrial class will be billed based upon the individual customer’s Peak Load Contribution (“PLC”) kW. The Phase III EE&C-C rates will be calculated separately for the residential, non-profit, commercial, street lighting and industrial customer classes. The first page of each rider sets forth the Phase III EE&C-C rates, as well as the rate schedules that comprise the residential, non-profit, commercial, street lighting and industrial customer classes. The remaining pages of each rider set forth (i) the rate formula that is used to calculate the rates; (ii) a description of how the Phase III EE&C-C rates are developed; and (iii) a description of how revenues billed under the Phase III EE&C-C Riders will be reconciled to actual costs as they are incurred.²⁴ Copies of the Phase III EE&C-C Riders for Met-Ed, Penelec, Penn Power, and West Penn were attached to the Siedt Testimony as Met-Ed/Penelec/Penn Power/West Penn Exhibits KMS-1 through KMS-5 respectively.²⁵ Met-Ed/Penelec/Penn Power/West Penn Exhibit KMS-6, which was also included in the Siedt Testimony, sets forth the specific calculation of the rates included in each Phase III EE&C-C Rider. Further, each Company’s Phase III EE&C Rider(s), is included in Appendix F of the respective Company’s Phase III Plans.²⁶

The Phase III EE&C riders are, with two exceptions, virtually identical to the Phase II EE&C-C Riders that are currently in effect to recover costs incurred under the Phase II Plans.²⁷ The first difference, consistent with the 2015 Implementation Order (at page 149), will utilize the annual projected *program cost estimate* instead of the *total approved budget* amount (2% budget

²⁴ Siedt Testimony, p. 9.

²⁵ These exhibits as originally filed with the Companies’ EE&C Plans on November 29, 2015 were amended through a filing made on January 6, 2016. The correct versions of these exhibits were included with the Siedt Testimony admitted into the evidentiary record on January 27, 2016.

²⁶ *Id.* at 6.

²⁷ *Id.* at 6.

cap) as was done during Phase II, which should reduce the amount of reconciliation necessary during the Phase III EE&C-C rate period.²⁸ The second difference involves the method by which the final costs related to the Phase II Plans are reconciled and collected. In the Phase II Plans, the Companies sought to extend the Phase I recovery mechanism into the Phase II Period until December 31, 2013 in order to collect Phase II related costs that were either not known at the end of Phase II or were incurred thereafter. Rather than maintaining two recovery mechanisms for a period of time during the Phase III Period, the Companies, instead, are including a second reconciliation factor in the Phase III EE&C Riders to collect any Phase II related costs that were not collected prior to the end of the Phase II Period. This reconciliation factor will be eliminated from the Phase III EE&C Rider rate calculations after the Phase III EE&C Rider rates to be effective June 1, 2017 are implemented.²⁹

There is one additional adjustment that only affects the Met-Ed tariff rider. Pursuant to the Commission's Order in Docket No. M-2009-2092222 ("IDER Order"), Met-Ed's residential class budget for Phase I was increased by \$3,984,171 to account for estimated costs to remove at a customer's request the Integrated Distributed Energy Resources ("IDER") equipment used in a discontinued residential direct load control program – costs that had not been anticipated at the time the Phase I Plan was approved.³⁰ Consistent with the Commission's IDER Order, the Company has and will continue to utilize the IDER equipment removal budget for removal of the devices until the earlier of (i) the end of the Phase II Period (May 31, 2016); or the point at which the Company no longer anticipates any more customer removal requests. Met-Ed expects to utilize the IDER removal budget through May 31, 2016. Accordingly, the Company will perform a reconciliation of the total budget to the actual removal expenditures, and include any remaining

²⁸ Id., p. 7.

²⁹ Id. at 7-8.

³⁰ This increase did not cause Met-Ed to exceed its 2% spending cap.

credit as part of Met-Ed's Phase II final reconciliation for the Residential class. This one time reconciliation will occur during Program Year 1 and will be reflected in the Phase III EE&C-C rates to be effective June 1, 2017.³¹

V. CLARIFICATIONS MADE THROUGH THE SETTLEMENT

As part of the settlement, the Settling Parties have agreed to include the following provisions as a supplement to the Plans:³²

1. The Companies agree to target an increase in energy savings from the residential direct installation low-income subprograms in the aggregate by 10% over the proposed plan targets, based on having available program budget. The Companies agree to decrease the energy savings proposed from EE Kits, Behavioral and School Education low-income subprograms in the aggregate by an equivalent amount of MWhs.

2. No later than September 1, 2016, the Companies will host an initial meeting for parties interested in providing messaging recommendations for the residential behavioral programs to consider for inclusion in the home energy reports provided to participants in this program. At least once per year, prior to the commencement of the program year, the Companies will include a review of the content of the Home Energy Reports as an agenda item for a stakeholder meeting. The Companies agree that they will listen to and consider comments from the stakeholders regarding the content of these reports.

3. The Companies stipulate, and the other parties accept, that the Residential Home Energy Reports program will be evaluated by the Companies' Phase III independent Evaluation.

³¹ Id. at 8.

³² Inasmuch as the provisions, which were summarized and admitted into evidence as Met-Ed/Penelec/PennPower/West Penn Exhibit No. 1, serve to clarify already existing provisions in the Plans, rather than change them, the Companies do not intend to amend the Plans as originally filed, unless otherwise ordered by the Commission to do so.

Measurement and Verification (“EM&V”) Conservation Service Provider (“CSP”) and will further stipulate and accept that said CSP was not involved in the substantive design of any of the programs included in the proposed EE&C Plans, or that the EM&V CSP’s compensation is related to program performance.

4. The Companies agree that the multifamily subprogram included as part of their Low Income Energy Efficiency Program will be applicable to all individually-metered multifamily buildings. Under this program, income qualified tenants up to 150% of the Federal Poverty Income Guidelines (FPIG) residing in dwelling units within the multifamily building will receive the direct installation measures and qualified appliance replacement at no additional cost to the tenant.

5. The Companies agree that their multifamily subprogram included as part of their C/I Energy Solutions for Business Program – Small, will be applicable to all master-metered multifamily buildings and for common areas of individually-metered properties. The Companies will require a 20% customer contribution by the building owner for all properties where at least 66% of the units are occupied by income qualified tenants up to 150% of the FPIG for the direct installation measures, qualified appliance replacement and for other eligible building measures. If the properties do not meet this 66% threshold then the building owner is eligible for all regular small commercial rebates as prescribed in the Companies’ EE&C plans for the applicable measures. If the Companies are unable to move projects forward at this incentive level for program years 2016 and 2017 because of financial barriers, the Companies may adjust the incentive to a lesser percentage between zero and 20% for the remainder of Phase III, provided that the Companies provide notice to their stakeholder group and afford their stakeholder group an opportunity to make recommendations about the appropriate percentage adjustment prior to making any such change.

6. The Companies will require that their Conservation Service Providers for their multifamily programs coordinate with each other to support efficient program delivery and collectively promote multifamily building energy efficiency measures.

7. To the extent practical, the Companies agree to coordinate with PHFA to align incentives with their Qualified Allocation Plan to target incentives for energy efficiency measures to incent projects to move forward and to work with affordable multi-family developers in completion of the Energy Rebate Analysis. The Companies will work with interested stakeholders in an effort to ensure that the funds provided through the Companies' EE&C Plans are not substituted for funds otherwise provided through other assistance programs.

8. No later than December 1, 2016, the Companies agree to conduct a stakeholder meeting with interested multifamily housing owners; developers, and other interested stakeholders. The Companies will work with the Housing Alliance of Pennsylvania and other interested trade groups, as well as the Companies' CSP, to identify these owners and developers. The purpose of this stakeholder meeting is to solicit feedback about the Companies' multifamily offering and to coordinate and tailor the measures targeted to affordable housing developments.

9. The Companies agree to initially substitute one LED lamp for one CFL lamp in all EE Kits (both residential and small C&I) and to further substitute additional LED lamps for CFL lamps, provided that such substitution does not jeopardize the Companies' ability to meet their respective EE targets within their respective subprogram budgets.

10. The Companies will accelerate the elimination of CFL lamps incented under the EE&C Plans (all market sectors) to the end of Plan Year 3, provided that, at the end of Plan Year 3, such elimination does not jeopardize the Companies' ability to meet their respective EE targets within their respective subprogram budgets.

11. The Companies will implement the Residential Behavioral Demand Response subprogram as a pilot program for Plan Years 2 & 3. The Companies will review with their stakeholders the findings and results from the pilot no later than 100 days after each summer period. If the program is not substantially meeting its demand reduction targets across the Companies, the Companies will propose for Commission approval, either a peak time rebate program or an alternative residential demand response program type that is acceptable to the parties to this settlement, to be run as a pilot program at one or more of the Companies in Plan Years 4 and 5, subject to Commission approval. In the development of any Phase IV EE&C plans, the Companies commit to consider additional residential demand response programs, to the extent adequate funding is available, in an effort to reduce the Large C&I demand response budget.

12. Within 90 days of the Commission issuing its order approving this settlement, the Companies will meet with the Industrial Customer Group representatives to develop a process to provide quarterly rate impact projections for the industrial class.

With these clarifications, all issues related to the Companies' Phase III EE&C Plans raised in this matter have been amicably resolved by the parties.

IV. THE PLANS AS MODIFIED BY SETTLEMENT MEET THE REQUIREMENTS OF ACT 129 AND THE COMMISSION'S 2015 IMPLEMENTATION ORDER

Consistent with the Commission's 2015 Implementation Order, the Companies filed EE&C Plans that will operate from June 1, 2016 through May 31, 2021 ("Phase III Period"). The Plans include over 150 measures³³ in various programs that are targeted at meeting the 2015 Implementation Order's energy and demand reduction goals at an annualized cost not to exceed

³³ Miller Testimony, p. 11.

the spending caps as established by the Commission in its 2015 Implementation Order (at page 11).

Consistent with both the 2015 Implementation Order and/or the Act's requirements, the Companies' Plans (i) provide a Section 1307 cost recovery mechanism;³⁴ (ii) assign and allocate the costs associated with the EE&C measures to the same customer class that will receive the direct energy and conservation benefits from these measures;³⁵ (iii) bifurcate all Phase II EE&C costs from Phase III EE&C costs;³⁶ (iv) are designed, based upon the Commission's acquisition cost assumptions, to achieve the Phase III energy reduction targets, both in the aggregate and for special customer segment carve outs, as established in Act 129 and the Commission's 2015 Implementation Order; (v) are designed to achieve the demand reduction targets as established in the Commission's 2015 Implementation Order; (vi) are designed to achieve at least 15% of the energy reduction targets during each year of the Phase III Period; (vii) provide a variety of measures equitably to all customer classes and include at least one program for each customer class; (viii) pass the TRC test on a portfolio basis; (ix) include both a residential and non-residential comprehensive program; (x) include a budget no greater than the 2% statutory spending cap; (xi) include a proposed CSP contract along with a plan to select all of the remaining CSPs for the Phase III Plans through a competitive bidding process; (xii) provide maximum deadlines for rebates for all programs; and (xiii) provide monitoring and reporting strategies that explain how quality assurance and performance will be measured, verified and evaluated. And, although not technically required, the Phase III Plans have placed greater emphasis and consideration on multi-family housing.

The Settlement terms provide additional clarification to the Plans, including specific administration and implementation activities, which accommodate the Joint Petitioners' concerns

³⁴ See generally, Siedt Testimony.

³⁵ Id.

³⁶ Id.

regarding specific programs in a manner that does not increase the Companies' risk of not achieving their energy reduction goals or exceeding their budgets. The Settlement terms address the concerns several parties raised with respect to low income, residential and multi-family customer programs. The Settlement also addresses certain parties' concerns regarding coordination with other low income providers and requires the Companies and their contractors and vendors to coordinate their efforts with others on whole home retrofit projects.

An overarching theme of the Settlement is that the Companies will continue to study issues and communicate with stakeholder representatives regularly throughout the Phase III Period. This positive, collaborative approach, not only through the stakeholder process, but also as evidenced by the full settlement of all issues in this proceeding, should be reinforced by the Commission through full adoption of the Settlement.

V. REASONS THE SETTLEMENT SHOULD BE APPROVED

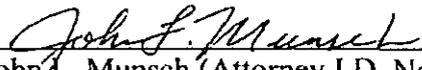
The Settlement should be approved because the terms satisfy the concerns and needs of a diverse group of Intervenors and the Companies themselves. Resolution of the issues by settlement also reduces the Joint Petitioners costs of further litigation and provides certainty for the Companies that will allow them to proceed with preparations for Phase III. In addition, the Companies' Plans meet all the requirements of Act 129 and the specific Phase III requirements that the Commission has articulated in its 2015 Implementation Order.

VI. CONCLUSION

For the foregoing reasons, the Commission should approve the Joint Petition, without modification, during a public meeting held on or before March 28, 2016.³⁷

February 10, 2016

Respectfully submitted,



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³⁷ The Commission indicated in the 2015 Implementation Order (at pages 90-91) that it will approve or reject all or part of an EE&C plan at a public meeting within 120 days of the EDC's filing. The Companies filed their Plans on November 29, 2015.

BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION

Petition of Metropolitan Edison Company :
For Approval of its Act 129 Phase III : Docket No. M-2015-2514767
Energy Efficiency and Conservation Plan :

Petition of Pennsylvania Electric Company :
For Approval of its Act 129 Phase III : Docket No. M-2015-2514768
Energy Efficiency and Conservation Plan :

Petition of Pennsylvania Power Company :
For Approval of its Act 129 Phase III : Docket No. M-2015-2514769
Energy Efficiency and Conservation Plan :

Petition of West Penn Power Company :
For Approval of its Act 129 Phase III : Docket No. M-2015-2514772
Energy Efficiency and Conservation Plan :

RECEIVED

OCA STATEMENT
IN SUPPORT OF
THE JOINT PETITION FOR SETTLEMENT

FEB 10 2016

PA PUBLIC UTILITY COMMISSION
SECRETARY'S BUREAU

The Office of Consumer Advocate (OCA), one of the signatory parties to the Joint Petition for Full Settlement of All Issues (Settlement), finds the terms and conditions of the Settlement to be in the public interest for the following reasons:

I. Introduction

On November 14, 2008, Act 129 of 2008 (Act 129) became effective. Act 129 contained a requirement for the Pennsylvania Public Utility Commission (Commission) to implement an Energy Efficiency and Conservation Program for Electric Distribution Companies (EDCs) with more than 100,000 customers. See 66 Pa. C.S. § 2806.1, *et seq.* On January 15, 2009, the Commission adopted an Implementation Order establishing the specific standards that the EDCs' Energy Efficiency and Conservation (EE&C) plans for the period June 1, 2009 through May 31,

2013 were required to meet. See Energy Efficiency and Conservation Program, Docket No. M-2008-2069887 (Order Entered Jan. 16, 2009) (Phase I). On August 2, 2012, the Commission adopted a second Implementation Order establishing the next phase of the EE&C program for the period June 1, 2013 through May 31, 2016. See Energy Efficiency and Conservation Program, Docket No. M-2012-2289411 (Order Entered Aug. 2, 2014) (Phase II). The seven largest EDCs – PECO Energy Company (PECO), PPL Electric Utilities, Inc. (PPL), the FirstEnergy Companies (Metropolitan Edison Company (Met-Ed), Pennsylvania Electric Company (Penelec), Pennsylvania Power Company (Penn Power), West Penn Power Company (West Penn)), and Duquesne Light Company – developed and implemented plans in Phase I and II of the EE&C programs.

On June 19, 2015, the Commission entered its Phase III Implementation Order, adopting EDC-specific targets for reducing energy consumption. Energy Efficiency and Conservation Program Implementation Order, Docket No. M-2014-2424864 (Order entered June 19, 2015) (Phase III Implementation Order). The Phase III targets for each of the FirstEnergy Companies was set at 4.2% (for Met-Ed), 4.2% (for Penelec), 3.6% (for Penn Power), and 2.8% (for West Penn) of expected sales for the June 1, 2016 through May 31, 2021 period. Phase III Implementation Order at 51. The Commission also directed that the FirstEnergy Companies' respective Phase III Plans: (1) achieve 3.5% of its overall consumption reductions from the Government/Non-Profit/Educational (GNE) sector; (2) achieve a minimum of 5.5% of its consumption reductions from programs exclusively directed at low-income customers; (3) offer at least one comprehensive measure for residential customers and at least one comprehensive measure for nonresidential customers; and (4) achieve a total overall gross verified demand

reduction of at least 49 MW for Met-Ed, 17 MW for Penn Power, and 49 MW for West Penn.¹ Id. at 35, 61, 68-70, 74-76. As in Phase I and Phase II, the total resource cost (TRC) test is used to evaluate each EDC's Plan. Id. at 97-98.

The Phase III Implementation Order also detailed the Phase III Plan approval process. According to the Order, the EDCs were to file their proposed Plans and the Commission was to publish those Plans in the *Pennsylvania Bulletin*. Phase III Implementation Order at 89-91. Each of the FirstEnergy Companies filed its respective Plan with the Commission on November 23, 2015, and the FirstEnergy Companies' Plans were published in the *Pennsylvania Bulletin* on December 12, 2015.² 45 Pa.B. 7078. The Commission is to approve or reject all or part of the Plan at a Public Meeting within 120 days of the filing. Phase III Implementation Order at 89-91.

The FirstEnergy Companies' filing was assigned to the Office of Administrative Law Judge and further assigned to Administrative Law Judge Elizabeth H. Barnes for investigation. On December 10, 2015, the OCA filed Notices of Intervention and Public Statements in each of the respective dockets for the FirstEnergy Companies. On December 18, 2015, ALJ Barnes issued a Prehearing Conference Order. The OCA filed Comments on each of the FirstEnergy Companies' Plans on January 4, 2016, in accordance with the Phase III Implementation Order and the directive included in the publication of the filing in the *Pennsylvania Bulletin*. On January 5, 2016, the Prehearing Conference was held in Harrisburg at which time the four FirstEnergy Company Plans were consolidated for the purposes of hearings. On January 12,

¹ The Phase III Implementation Order did not require Penelec to meet a demand-response target. Phase III Implementation Order at 35.

² The OCA notes that the FirstEnergy Companies filed EE&C Plans with the same program measures for each of the four companies.

2016, the OCA submitted the Direct Testimony of Geoffrey C. Crandall³ (OCA Statement No. 1) and Roger D. Colton⁴ (OCA Statement No. 2).

After Direct Testimony was submitted, the Joint Petitioners participated in extensive settlement discussions which resulted in this Joint Petition for Settlement. The Settlement provides for approval of each of the FirstEnergy Companies' Phase III EE&C Plan with certain clarifications and modifications to specific energy efficiency programs including the behavioral demand response program and energy efficient lighting measures. As to the issues raised by the OCA's expert witnesses, the Settlement provides for the Companies to secure more of the required residential energy savings from direct install measures and for the Companies to meet with stakeholders regarding the home energy reports that are part of the behavioral energy efficiency program. The Settlement also provides for further review of the Companies' behavioral demand response program during the plan period. Finally, the Settlement addresses issues related to low-income and multifamily housing programs. For the reasons discussed below, the OCA submits that the Settlement is in the public interest and should be adopted.

II. Terms and Conditions of the Settlement

A. Demand Response (Joint Petition, ¶ 29)

The FirstEnergy Companies proposed a residential behavioral demand response program for each of the four FirstEnergy Companies, including Penelec. The FirstEnergy Companies'

³ Mr. Crandall is a principal and Vice President of MSB Energy Associates, of Middleton, WI. Mr. Crandall specializes in residential and low-income issues and the impact of energy efficiency and utility restructuring on customers. He has over 35 years of experience in utility regulatory issues, including energy efficiency, conservation and load management resource program design and implementation, resource planning, restructuring, mergers, purchase power, gas cost recovery, planning analysis and related issues. Mr. Crandall has provided expert testimony before more than a dozen public utility regulatory bodies throughout the United States, including this Commission and before the United States Congress on several occasions.

⁴ Roger D. Colton is a principal in the firm of Fisher, Sheehan & Colton, Public Finance and General Economics. Mr. Colton provides technical assistance to a variety of public utilities, state agencies and consumer organizations on rate and customer service issues for telephone, water/sewer, natural gas and electric utilities. Mr. Colton's work focuses on low-income energy issues, and he has testified and published extensively in this area.

behavioral demand response program depends upon a customer's response to a one-time, day-ahead event signal received by e-mail, text, or telephone call with no direct monetary incentive. OCA St. 1 at 4-5. In his Direct Testimony, OCA witness Crandall expressed concern regarding the level of savings that can be achieved through the use of a behavioral demand response program without a financial incentive, the untested nature of the behavioral demand response program, and the longevity of the demand response reductions. OCA St. 1 at 4-18. Mr. Crandall recommended that the Company consider implementing a Peak Time Rebate program, direct smart appliance control program, direct load control program, or in the case of Met-Ed; that Met-Ed seek to utilize the remaining 19,300 direct load control switches from its Phase I program. *Id.* at 13-18.

The Settlement addresses these concerns by providing that the Companies will implement the Behavioral Demand Response Program as a pilot program for Years 2 and 3 of the Plan period.⁵ Joint Petition at ¶ 29. The Companies then will review with the stakeholders the findings and results from the pilot no later than 100 days after each summer period for Years 2 and 3. *Id.* The Companies agree that if the program is not substantially meeting the demand reduction targets across each of the Companies, the Companies will propose either a peak time rebate program or other alternative residential demand response program to be operated as a pilot program in Years 4 and 5. *Id.* The Companies will file an amended Plan for Years 4 and 5 with the Commission for approval. The Companies also commit to considering additional residential demand response programs in the Companies' future Phase IV EE&C Plans. *Id.*

The Settlement terms provide a mechanism to ensure that the demand response targets can be met if the newer, relatively untested residential behavioral demand response programs do

⁵ The OCA notes that the Phase III Implementation Order does not require that the Companies meet a demand response target in Year 1 of the Plan.

not perform consistent with the Companies' expectations. The Settlement will provide the necessary data to evaluate whether the residential behavioral demand response programs are on track to meet the demand response targets after years 2 and 3 of the program. If the demand response targets are not being substantially met, the Companies will then meet with stakeholders to discuss alternative proposals, including a pilot peak time rebate program as recommended by OCA witness Crandall.

The OCA submits that the Companies and interested stakeholders will have the ongoing opportunity to evaluate the behavioral demand response program and to determine whether the program can, in fact, achieve the anticipated result. If the anticipated results are not substantially achieved, the Settlement provides a pathway to redirect the residential demand response programs before the end of Phase III. The Settlement will then allow the Companies to re-evaluate its residential behavioral demand response programs, with stakeholder input, and to file for Commission approval of a potentially more incentive-based peak time rebate program, or other alternative demand response program. The proposed collection of evaluation data and the stakeholder meeting process will provide the necessary information to address the concerns raised by OCA witness Crandall's testimony. As such, the OCA submits that the Settlement is in the public interest.

B. Energy Efficient Lighting (Joint Petition, ¶¶ 27, 28)

The FirstEnergy Companies proposed as part of their Residential Energy Efficient Lighting program to include Compact Fluorescent Light bulbs in its kits to residential customers and did not propose to phase out all CFLs from all customer program measures until Year 4. OCA witness Crandall raised concerns regarding the Companies' proposed continued use of CFLs instead of incenting customers to purchase Light Emitting Diodes (LED) lighting. OCA

St. 1 at 24-26. As OCA witness Crandall testified, the 2014 Pennsylvania Statewide Evaluator found that 18-25% of lighting fixtures in Pennsylvania already contain a CFL bulb. Id. at 25. Mr. Crandall recommended that the Companies not include CFLs in their Energy Efficiency kits, but rather accelerate movement toward other energy efficient lighting measures, such as LEDs, by the beginning of Year 3. Id.

Effective at the beginning of Phase III, the Settlement provides that the FirstEnergy Companies will substitute one LED lamp for one CFL lamp in all energy efficiency kits for residential and small commercial customers. Joint Petition at ¶ 27. The Companies will also “further substitute additional LED lamps for CFL lamps, provided that such substitution does not jeopardize the Companies’ ability to meet their respective EE targets within their respective subprogram budgets.” Id. The Companies will also accelerate the elimination of CFL lamps for all program measures of the Phase III Plan to the end of Year 3. Id. at ¶ 28. These two combined measures will accelerate the process of transitioning to LEDs as proposed by OCA witness Crandall in his testimony. See, OCA St. 1 at 24-26. The OCA submits that the Settlement represents a reasonable compromise of the Companies’ original EE&C filing regarding lighting, with OCA Crandall’s recommendations to accelerate the move to LEDs. As such, the OCA submits that the Settlement serves the public interest.

C. Home Energy Reports (Joint Petition, ¶¶ 19, 20)

The Settlement includes several terms related to the FirstEnergy Companies’ Residential Home Energy Report Program (HER) for both residential and low-income customers. In his testimony, OCA witness Crandall expressed concern about the Company’s level of reliance on these reports for significant energy savings and concern about whether the reports are adequately

personalized to be useful to individual consumers. OCA St. 1 at 18-24. The Settlement addresses these concerns in the following ways:

1. Reduced reliance upon Home Energy Reports for residential customer savings

OCA witness Crandall questioned the Companies' level of reliance for energy savings on the home energy reports for residential and residential low-income customers. OCA St. 1 at 18-24. Mr. Crandall also raised concerns regarding the persistence of the savings as compared to direct install measures. Mr. Crandall testified that: "in the case of the behavioral program, once the behavioral treatment group is terminated and home energy reports and custom tailored messaging is no longer provided to participants to compare their energy use to cohorts, the savings from the behavioral subprogram evaporate quickly." *Id.* at 21. As such, Mr. Crandall recommended that the Companies reduce their reliance on behavioral energy efficiency programs and focus more on long-lasting energy efficiency improvements. *Id.* at 24. These concerns applied to both residential and low-income home energy reports.

The Settlement addresses these concerns by targeting "an increase in energy savings from the residential direct installation low-income subprograms in the aggregate by 10% over the proposed plan targets, based on the available program budget." Joint Petition at ¶ 19. The Companies will achieve this increased energy savings from direct install measures. *Id.* In addition, the Companies have agreed to work with the stakeholders on targeted messaging to consumers to make the home energy reports more useful to consumers. *Id.* at ¶ 20.

These Settlement terms help to ensure that the Companies' resources are reasonably balanced between programs that provide assistance with direct install measures to reduce consumption while still providing useful educational information to consumers as well as continuing the home energy reports. The OCA supports the use of the home energy reports as a

component of a well balanced portfolio and will work with the Companies to assure that the messaging is appropriately targeted to individual consumers. The Settlement strikes an appropriate balance between consumer education and tangible energy efficiency measures, and as such the OCA submits that it serves the public interest.

2. Targeted messaging in the Home Energy Reports

The OCA also expressed concern about the messaging included in the home energy reports, specifically that the messaging may not be sufficiently individualized and targeted enough to be useful to consumers. In a more individualized messaging program, OCA witness Crandall stated that the CSP-customer feedback loop is in place and usage information can be compared to neighbors to spur the competitive challenge continuously. OCA St. 1 at 22. Mr. Crandall testified that behavioral and broad education programs help to build customer awareness of energy efficiency measures. *Id.* at 23. Mr. Crandall recommended that the Companies should work with the CSP and stakeholders to enhance and to customize the messaging for enhanced customer education and acceptance. *Id.* Providing more customized messages to both residential and low-income customers would allow the Companies to generate more targeted marketing and home energy tips than it may currently be providing in the Home Energy Reports.

The Settlement addresses these issues with the HER program. The Settlement provides that no later than September 1, 2016, the Companies will host a meeting for interested parties to provide messaging recommendations for the residential behavioral programs for the Companies to consider including in the HER reports. Settlement at ¶ 20. At least once per year, prior to the beginning of the next program year, the Companies will include a review of the content of the HER reports as an agenda item for a stakeholder meeting and provide opportunities for

comments from interested stakeholders. Id. These stakeholder meetings will provide interested parties, such as the OCA, the opportunity to review the Home Energy Reports and provide feedback aimed at greater personalization and usefulness of these reports.

This Settlement term provides a valuable process for ensuring that home energy reports are targeted and useful to individual customers. As such, the OCA submits that these Settlement terms are in the public interest.

3. Evaluation, Measurement and Verification Process (Joint Petition at ¶ 21)

OCA witness Crandall expressed a concern regarding the independence of the Evaluation, Measurement and Verification (EMV) process. OCA St. 1 at 27-29. The parties have stipulated that the Residential Home Energy Reports program will be evaluated by the Companies' Phase III independent EMV Conservation Service Provider (CSP) and that the CSP has not previously been involved in the substantive design of any of the programs nor is the CSP's compensation tied to program performance. Joint Petition at ¶ 21. The OCA submits that the stipulation ensures the independence of the evaluation process and resolves the OCA's concerns identified in OCA witness Crandall's testimony.

D. Multifamily Housing (Joint Petition, ¶¶ 18, 20-22)

I. Scope of Multifamily Housing Measures (Joint Petition, ¶¶ 22, 26)

OCA witness Colton provided testimony as to the scope of the multifamily housing measures included in the Companies' Plans. Mr. Colton identified concerns that the Companies' Plans will exclude a large portion of multifamily housing, such as smaller buildings and individually metered units. OCA St. 2 at 4-7. He also identified a concern that the definition of low-income would be overly broad if it was applied to the buildings instead of the individual low-income customers. Id. at 7-11. Mr. Colton recommended that the Plans include the full

range of multifamily housing, including both small units and large buildings, as well as individually and master-metered buildings. OCA St. 2 at 7. He also questioned whether the Companies were too broadly defining low-income customers. *Id.* at 11.

The Settlement addresses the OCA's concerns regarding the scope of multifamily housing in a number of ways. The Settlement provides that the Low Income Energy Efficiency Program will be applicable to all individually-metered multifamily buildings and open to income qualified tenants up to 150% of the Federal Poverty Income Guidelines (FPIG). Joint Petition at ¶ 22. This provision will allow for greater participation in energy efficiency programs from individuals living in multifamily housing and will ensure that the low-income programs are targeted towards customers with incomes at or below 150% of the FPIG. Additionally, the Settlement provides for stakeholder meetings to address energy efficiency measures related to the development of affordable housing. *Id.* at ¶ 26. These stakeholder meetings will allow interested parties, including the OCA, to work toward greater deployment of energy efficiency measures in multifamily housing. The OCA recognizes that the Companies have limited budgets and submits that these Settlement terms will allow the Companies to more efficiently target a larger set of multifamily housing for energy efficiency measures, and thus is in the public interest.

2. Coordination of low-income programs (Joint Petition, ¶¶ 25)

OCA witness Colton also testified regarding the coordination of federal and ratepayer dollars towards the low-income New Homes Construction program. OCA St. 2 at 11-13. The Settlement provides that the Companies will agree to coordinate with the Pennsylvania Housing Finance Authority in order "to align incentives with their Qualified Allocation Plan to target incentives for energy efficiency measures to incent projects to move forward and to work with

affordable multi-family developers in completion of the Energy Rebate Analysis.” Joint Petition at ¶ 25. The Companies will also work with interested stakeholders to ensure that utility funds are not otherwise substituted for funds provided through other assistance programs. *Id.* These efforts would also include coordination with other CSPs to support efficient program delivery. *Id.*

The OCA submits that these Settlement terms will ensure that the Companies will maximize the use of ratepayer dollars in conjunction with available federal funds and other energy efficiency programs. The OCA submits that these coordination efforts will tend to maximize the effectiveness of the New Homes Construction program to the benefit of both ratepayers and low-income customers.

III. Conclusion

The OCA submits that the terms and conditions of the proposed Settlement of the FirstEnergy Companies' EE&C proceedings represent a fair and reasonable resolution of the issues and claims arising in this matter. If approved, the proposed Settlement will benefit the Commission and all Parties by foregoing the additional costs of litigation and will provide consumers with a reasonable EE&C Plan. For the foregoing reasons, the Office of Consumer Advocate submits that the proposed Settlement is in the public interest and in the interest of each of the FirstEnergy Companies' respective customers, and therefore should be approved.

Respectfully Submitted,



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DATE: February 8, 2016
216462

BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION

Petition of Metropolitan Edison Company	:	
for Approval of its Act 129 Phase III	:	M-2015-2514767
Energy Efficiency and Conservation Plan	:	
	:	
Petition of Pennsylvania Electric Company	:	
For Approval of its Act 129 Phase III	:	M-2015-2514768
Energy Efficiency and Conservation Plan	:	
	:	
Petition of Pennsylvania Power Company	:	
For Approval of its Act 129 Phase III	:	M-2015-2514769
Energy Efficiency and Conservation Plan	:	
	:	
Petition of West Penn Power Company	:	
For Approval of its Act 129 Phase III	:	M-2015-2514772
Energy Efficiency and Conservation Plan	:	

STATEMENT OF THE OFFICE OF SMALL BUSINESS
ADVOCATE IN SUPPORT OF THE JOINT PETITION
FOR FULL SETTLEMENT OF ALL ISSUES

I. INTRODUCTION

The Small Business Advocate is authorized and directed to represent the interests of small business consumers in proceedings before the Pennsylvania Public Utility Commission (“Commission”) under the provisions of the Small Business Advocate Act, Act 181 of 1988, 73 P.S. §§ 399.41 - 399.50. In order to discharge this statutory duty, the Office of Small Business Advocate (“OSBA”) is participating as a party to this proceeding to ensure that the interests of small commercial and industrial (“Small C&I”) customers of Metropolitan Edison Company (Met-Ed), Pennsylvania Electric Company (Penelec), Pennsylvania Power Company (Penn Power), and West Penn Power Company (West Penn) (collectively “the Companies”) are adequately represented and protected.

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II. PROCEDURAL BACKGROUND

On November 30, 2015, the Companies filed a Joint Petition for Consolidation of Proceedings and Approval of Energy Efficiency and Conservation Plans Phase III (“Phase III Plans”).

On December 18, 2015, the OSBA filed a Notice of Intervention and Public Statement in each proceeding.

A Notice of Intervention and Public Statement was also filed by the Office of Consumer Advocate (“OCA”) on December 10, 2015.

Petitions to Intervene were filed by Coalition for Affordable Utility Services and Energy Efficiency in Pennsylvania (“CAUSE-PA”), The Pennsylvania State University (“PSU”), the Industrial Customer Groups (Met-Ed Industrial Users Group (“MEIUG”), Penelec Industrial Customer Alliance (“PICA”), Penn Power Users Group (“PPUG”) and West Penn Power Industrial Intervenors (“WPPII”), and EnerNOC, Inc. (“EnerNOC”).

By Notice in the Pennsylvania Bulletin on December 12, 2015, responsive pleadings were directed to be filed within 20 days of publication, or January 4, 2015. The OSBA filed an Answer on that date.

Administrative Law Judge (“ALJ”) Elizabeth H. Barnes was assigned to this proceeding. On December 8, 2015, a Prehearing Conference Notice was issued scheduling a prehearing conference for January 5, 2016. ALJ Barnes issued a Prehearing Conference Order on December 18, 2015. A Prehearing Conference was held on January 5, 2016, before ALJ Barnes, at which time procedural matters were addressed, including consolidation of the Companies’ petitions and the OSBA and OCA complaints and granting of the Petitions to Intervene.

Direct Testimony was served by OCA, CAUSE-PA, and EnerNOC on January 12, 2016.

Prior to the date to serve Rebuttal Testimony, the parties reached a settlement on January 22, 2016, and requested that the procedural schedule be suspended. An evidentiary hearing was held on January 27, 2016, for the purpose of entering pre-served testimony and exhibits into the record.

The OSBA actively participated in the negotiations that led to the proposed settlement, and is a signatory to the Joint Petition for Full Settlement of All Issues (“Joint Petition”). The OSBA submits this statement in support of the Joint Petition.

III. STATEMENT IN SUPPORT

The Joint Petition sets forth a comprehensive list of issues that were resolved through the negotiation process. The following issues were of particular significance to the OSBA when it concluded that the Joint Petition was in the best interests of the Companies’ small business customers.

A. Multi-Family Master Metered Buildings (Joint Petition, para. 23)

Under the Companies’ Commission-approved tariffs, certain master-metered multi-family residences take service under the Companies’ general service tariff schedules. As such, *EE&C subsidies to these customers are borne by other small business customers, and vice versa.* Any load reductions from these customers provides a direct benefit to the landlord who pays the electric bills, and it is generally unknown whether any such savings get passed on to tenants. At least some of these multi-family buildings house a majority of tenants who are qualified as low-income residents. As filed, the Companies’ Plans included a Multi-Family program for multi-family customers within its Small C&I Plan. These programs included appliance replacement and audits. As filed, the appliance replacements required zero contributions from the customers to costs incurred by the utility, and the Companies’ description of its audit program indicated that

rebates would be awarded at up to 100 percent of the cost of audit-recommended measures. (See, for example, West Pen Plan at page 61 and Appendix D4 page 10.)

In general, the OSBA believes that the EE&C plans are both more effective and more equitable when customers contribute a significant share of the costs for the specific programs from which they benefit. Moreover, the OSBA believes that the percentage subsidies in EE&C plans for different market segments within the Small C&I rate class group should be reasonably similar, in order to mitigate undue discrimination. Therefore, the OSBA objected to the multi-family aspect of the Companies' Plans, because the subsidies to these owners appeared to be much greater than the subsidies to other Small C&I customers. However, as part of the settlement process, the OSBA acknowledged that some of the landlords who house low-income customers, some of whom are not-for-profit entities, may need enhanced subsidies to participate. The Joint Petition addresses these concerns and considerations in two ways.

First, for multi-family master-metered buildings where 66% or more of the of the units are occupied by income qualified tenants up to 150% of the FPIG, the OSBA agreed to a minimum 20% contribution from owners. The Joint Petition also provides for the 20% contribution to be adjusted to a lesser percentage after the first two Plan years if the Companies have been unable to mover projects forward because of financial barriers, but this provision of the plan cannot be changed without notice to and input from stakeholders on the appropriate percentage change, if any. While this customer contribution is generally lower than that required from other participating Small C&I customers, the OSBA deemed that it was a reasonable provision for this particular market.

Second, if the building does not meet the 66% low-income threshold, the Joint Petition clarifies that the landlord would be eligible for all regular small commercial rebates as prescribed

in the Companies' Phase III Plans for the applicable measures for other Small C&I customers. This provision requires that the Companies obtain a landlord contribution for all projects targeted at master-metered multi-family residences that do not qualify as more than 66 percent low-income that is commensurate with the contributions required from other Small C&I customers for similar programs.

The OSBA believes that the Joint Petition provides a reasonable compromise that is in the interest of the Companies' Small C&I customers.

B. CFLs (Joint Petition, para. 27-28)

The OSBA also supports the Joint Petition which modifies the Companies' Plans to substitute LED lamps for CFL lamps in EE Kits, and to accelerate the phase-out of subsidies for CFLs. Both of these provisions apply to the Small C&I Plans as well as the Residential Plans.

In general, the OSBA agrees with the OCA testimony that the CFL technology (a) is relatively mature, (b) is well known to customers, (c) is generally less attractive to customers than LEDs, and (d) provides less overall energy savings. (See, for example, OCA Statement No. 1 (Met-Ed), pages 26-27.) As such, the OSBA does not believe that this technology merits substantial program costs and significant ratepayer cross-subsidies. Nevertheless, the OSBA is well aware that the technical parameters adopted by the Commission for EE&C programs make the CFL technology relatively attractive to EDCs, because it can provide energy savings quite cost effectively.

The OSBA therefore concludes that the Joint Petition reflects a reasonable balance between the Companies' practical needs to achieve their energy reduction targets in a cost-effective manner, which unfortunately includes continued subsidization of CFLs, with the recognition that the LED technology, at least currently, appears to be both the superior

technology and the one more deserving of EE&C subsidies.

C. Judicial Efficiency

Lastly, settlement of this proceeding avoids the litigation of complex, competing proposals and saves the possibly significant costs of further administrative proceedings. Such costs are borne not only by the Joint Petitioners, but ultimately by the Companies' customers as well. Avoiding further litigation of this matter will serve judicial efficiency, and will allow the OSBA to more efficiently employ its resources in other areas.

IV. CONCLUSION

For the reasons set forth in the Joint Petition, as well as the additional factors enumerated in this statement, the OSBA supports the proposed Joint Petition and respectfully requests that the Commission approve the Joint Petition in its entirety without modification.

Respectfully submitted,


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Attorney ID No. 306921

For:

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Small Business Advocate

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Dated: February 8, 2016

BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION

Petition of Metropolitan Edison Company for Approval of its Act 129 Phase III Energy Efficiency and Conservation Plan	:	
	:	M-2015-2514767
	:	
	:	
Petition of Pennsylvania Electric Company For Approval of its Act 129 Phase III Energy Efficiency and Conservation Plan	:	
	:	M-2015-2514768
	:	
	:	
Petition of Pennsylvania Power Company For Approval of its Act 129 Phase III Energy Efficiency and Conservation Plan	:	
	:	M-2015-2514769
	:	
	:	
Petition of West Penn Power Company For Approval of its Act 129 Phase III Energy Efficiency and Conservation Plan	:	
	:	M-2015-2514772
	:	

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PA PUBLIC UTILITY COMMISSIO
SECRETARY'S BUREAU

**STATEMENT OF THE COALITION FOR AFFORDABLE UTILITY SERVICES
AND ENERGY EFFICIENCY IN PENNSYLVANIA
IN SUPPORT OF THE JOINT PETITION FOR FULL SETTLEMENT OF ALL ISSUES**

The Coalition for Affordable Utility Services and Energy Efficiency in Pennsylvania (“CAUSE-PA”), one of the signatory parties to the Joint Petition for Full Settlement of All Issues (“Joint Petition” or “Settlement”), believes that the terms and conditions of the Settlement are in the public interest and, through its counsel at the Pennsylvania Utility Law Project, submits this statement in support.

I. INTRODUCTION

CAUSE-PA intervened in this proceeding to address, among other issues, whether the proposed Phase III Energy Efficiency and Conservation (EE&C) Plans of the Metropolitan Edison Company, the Pennsylvania Electric Company, the Pennsylvania Power Company, and

West Penn Power Company (collectively “the Companies”) adequately ensure that the Companies’ low income customers, as defined in the Act, are correctly targeted; whether those low income customers will obtain a share of the total energy savings that is in accord with the Commission’s Phase III Implementation Order; and whether the measures employed, and methods of coordination and education, are appropriate and comport with and satisfy the requirements of Act 129 and Commission Orders. Although not all of CAUSE-PA’s positions have been fully adopted, the settlement was arrived at through good faith negotiation and thoughtful compromise to reach an appropriate resolution of the parties’ concerns.

The Settlement is in the public interest in that it addresses the issues of concern to CAUSE-PA (namely, that the low income programs are appropriately targeted to reach the deepest levels of cost and energy savings for low income households), balances the interests of the parties, and resolves a number of important issues fairly. Substantial litigation and associated costs will be avoided; and if approved, the Settlement will eliminate the possibility of further Commission litigation and appeals in this case, along with their attendant costs.

II. BACKGROUND

CAUSE-PA accepts and adopts the Background statement as it appears in Section I of the Joint Petition.

III. REASONS FOR CAUSE- PA SUPPORT OF THE JOINT PETITION

Section II.A of the Joint Petition sets out the specific settlement provisions. Many of these provisions address issues presented in testimony and negotiated by the parties concerning aspects of the Companies’ Act 129 Phase III Plans affecting low income customers. The resolution of these issues, through this settlement, furthers the goals of Act 129 and Commission Orders regarding the energy efficiency and conservation services and measures to be provided to

low- income households within First Energy Companies service territory and is in the public interest.

1. In Paragraph 19 of the Joint Petition, the Companies agree to increase the proposed savings derived from low income residential direct installation by 10%, and to decrease the savings proposed from energy efficiency kits and behavioral / school education subprograms by an equivalent amount. The Companies' commitment in this paragraph to shift savings targets away from indirect measures, and to focus more intently on driving savings from direct installation programs, is a critical feature of the Settlement, and is consistent with the Commission's stated priority in Phase III for enhanced direct installation measures for low income households: "The Commission believes that low-income savings should primarily come from measures that are directly provided to low-income households."¹ Mr. Mitchell Miller expounded on the reason for enhanced focus on direct installation in his direct testimony, explaining:

For almost every low-income household the primary motivation for reducing usage is out of economic necessity. ... Low-income households tend to live in older and less well-maintained housing with older, less efficiency heating and cooling systems. These factors contribute to a greater inability to simply reduce usage. ...[L]ow-income households must make greater use of their heating or cooling appliances, not out of ignorance of the consequences to their bill, but rather out of necessity to keep their homes adequately heated or cooled because their building is not weather-tight or the heating/cooling system is deficient or both. Educating these households that one means of reducing bills and overall energy usage is to adjust their thermostat and not providing adequate remediation of the reason why the thermostat was turned up in the first place is a particularly inefficient use of Act 129 resources.²

The Companies' enhanced direct installation commitment and decreased emphasis on kits and education is important to ensure that low income programs drive meaningful bill discounts and enhance household control over energy usage.

¹ Phase III Implementation Order at 69-70.

² CAUSE-PA Statement 1 at 22-23.

2. Paragraph 20 of the Joint Petition requires the Companies to host an initial and annual follow-up meetings to gather and consider recommendations for messaging to drive home energy report participants to engage in other residential energy efficiency and conservation programs. This provision further enhances the focus on direct installation by ensuring that home energy reports, which alone produce limited lifetime energy or bill savings,³ are leveraged to achieve long-term savings through participation in programs which offer deeper, more lasting bill and energy saving impacts.
3. Paragraphs 22 and 23 of the Joint Petition take important steps toward addressing the energy efficiency needs of single and master metered affordable multifamily buildings. Low income tenants in individually-metered multifamily buildings will have access to no-cost direct installation and appliance replacement programs. In addition, master metered buildings and common areas within individually metered buildings which have a low income occupancy rate of at least 66% will have access to direct installation and appliance replacement programs with a 20% owner contribution. In its Phase III Implementation Order, the Commission emphasized the importance of energy efficiency programming for affordable multifamily homes, and noted that enhanced programming for affordable multifamily buildings was supported unanimously amongst stakeholders.⁴ The Commission ultimately chose not to adopt a specific savings target for multifamily housing in Phase III, but nonetheless encouraged EDCs to offer programming for multifamily buildings as part of their Phase III portfolio. CAUSE-PA strongly supports the availability of no or low cost

³ CAUSE-PA Statement No. 1 at 22.

⁴ Phase III Implementation Order at 76-77.

direct installation programming for affordable multifamily housing, as it has multifaceted and far-reaching benefits for all customer segments.⁵

4. Paragraphs 24-26 of the Joint Petition are focused on multifamily program coordination and leveraging. Paragraph 24 specifically requires the Companies to coordinate the various types of multifamily programming amongst the conservation service providers to ensure consistency, support, and collective promotion of the programs. Paragraph 25 leverages existing affordable multifamily programming by requiring the Companies to align available multifamily measures with the Pennsylvania Housing Finance Agencies' (PHFA) Qualified Allocation Plan, and to work with owners to complete PHFA's energy rebate analysis. Finally, paragraph 26 requires the Companies to host a stakeholder meeting with the Pennsylvania Housing Alliance and other interested stakeholders, which will allow real-time adjustments to the programming based on a multitude of stakeholder input. Together, these three provisions of the settlement will help to streamline and leverage existing infrastructure and networks to effectively design and deliver meaningful programming to affordable housing providers across the First Energy service territory. Each of these provisions was specifically suggested by CAUSE-PA witness Mr. Miller in his direct testimony.⁶
5. Paragraphs 27-28 each address the need to update lighting technology through the gradual replacement of LEDs for CFLs in energy efficiency kits and upstream lighting incentive programs. All energy efficiency programs should strive to implement the most efficient measures available on the market; however, it is important that the incremental adoption of improved technology for a single measure does not subsume a program. For example,

⁵ See CAUSE-PA Statement No. 1 at 24.

⁶ See CAUSE-PA Statement No. 1 at 25-28.

Phase III should not be focused on simply replacing installing LEDs in place of the CFLs installed in Phases I and II. The settlement provisions adopt an incremental approach to the replacement of lighting technology, which will help to bring an appropriate balance between lighting and other energy savings measures.

IV. CONCLUSION

The Joint Petition avoids extended litigation with potentially uncertain outcome, actively addresses low-income concerns and satisfies the Commission's requirements of Act 129 Phase III in regard to those matters.

The Joint Petitioners arrived at the Settlement after a number of meetings, discussions, discovery and extensive negotiations. The Settlement terms and conditions constitute a carefully crafted package representing reasonable negotiated compromises on the issues addressed herein. Thus, the Settlement is consistent with the Commission's rules and practices encouraging negotiated settlements (*see* 52 Pa. Code §§ 5.231, 69.391, and 69.401).

WHEREFORE, CAUSE-PA submits this Statement of Support and respectfully requests that the Commission find the settlement to be in the public interest and approve it in its entirety without modification.

Respectfully submitted,
PENNSYLVANIA UTILITY LAW PROJECT
Counsel for CAUSE-PA



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February 8, 2016

BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION

Joint Petition for Consolidation of Proceedings :
and Approval of Energy Efficiency and : Docket Nos. M-2015-2514767
Conservation Plans Phase III of Metropolitan : M-2015-2514768
Edison Company, Pennsylvania Electric : M-2015-2514769
Company, Pennsylvania Power Company, and : M-2015-2514772
West Penn Power Company :

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PA PUBLIC UTILITY COMMISSION
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STATEMENT IN SUPPORT OF
THE MET-ED INDUSTRIAL USERS GROUP,
THE PENELEC INDUSTRIAL CUSTOMER ALLIANCE,
THE PENN POWER USERS GROUP, AND
THE WEST PENN POWER INDUSTRIAL INTERVENORS

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"), by and through its counsel, submit that the Joint Petition for Full Settlement of All Issues ("Settlement") filed in the above-captioned proceeding is in the public interest and represents a fair, just and reasonable resolution of the Metropolitan Edison Company ("Met-Ed"), Pennsylvania Electric Company ("Penelec"), Pennsylvania Power Company ("Penn Power"), and West Penn Power Company ("West Penn") (collectively, "Companies") Joint Petition for approval of their Phase III Energy Efficiency and Conservation ("EE&C") Plans ("Joint Petition" or "Phase III EE&C Plans"). As a result of settlement discussions, the Companies; the Industrial Customer Groups; the Office of Consumer Advocate ("OCA"); the Office of Small Business Advocate ("OSBA"); the Coalition for Affordable Utility Services and Energy Efficiency in Pennsylvania ("CAUSE-PA"); and EnerNOC, Inc. ("EnerNOC") (collectively, "Settling Parties") have agreed upon the terms embodied in the foregoing Settlement. The Industrial Customer Groups offer this Statement in

Support to further demonstrate that the Settlement is in the public interest and should be approved without modification.

I. BACKGROUND

1. On November 23, 2015, the Companies filed with the Commission the aforementioned Joint Petition. Specifically, the Joint Petition outlined the Companies' proposals to address the requirements of Act 129, the Commission's Phase III Implementation Order entered on June 19, 2015, at Docket No. M-2014-2424864, and the Commission's peak demand reduction targets that will be in place during Program Years 2 through 5 of Phase III.¹

2. On January 4, 2016, the Industrial Customer Groups filed a Joint Petition to Intervene and Answer to the Companies' Joint Petition. The Industrial Customer Groups are *ad hoc* associations of energy-intensive commercial and industrial ("C&I") customers receiving electric service in Met-Ed's, Penelec's, Penn Power's, and West Penn's service territories. 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.

3. A Prehearing Conference was held on January 5, 2016, before presiding Administrative Law Judge ("ALJ") Elizabeth H. Barnes. A procedural schedule was established for discovery, written testimony, settlement discussions, and hearings.

4. On January 22, 2016, the Parties informed the ALJ that a settlement had been reached on all of the issues in these proceedings.

¹ Consistent with the Implementation Order, the Companies' Joint Petition does not include a demand reduction target for Penelec during Phase III.

II. STATEMENT IN SUPPORT

5. The Commission has a strong policy favoring settlements. As set forth in the Commission's regulations, "[t]he Commission encourages parties to seek negotiated settlements of contested proceedings in lieu of incurring the time, expense and uncertainty of litigation." 52 Pa. Code § 69.391; *see also* 52 Pa. Code § 5.231. Consistent with the Commission's policy, the Settling Parties engaged in several negotiations to resolve the issues raised by the various parties. These ongoing discussions produced Settlement in these proceedings.

6. The Settling Parties agree that approval of the proposed Settlement is overwhelmingly in the best interest of the parties involved.

7. The Joint Petition is in the public interest for the following reasons:

- a. As a result of the Settlement, expenses incurred by the Settling Parties and the Commission for completing these proceedings will be substantially less than they would have been if the proceedings had been fully litigated.
- b. Uncertainties regarding further expenses associated with possible appeals from the Final Order of the Commission are avoided as a result of the Settlement.
- c. The Settlement results in terms and provisions that present a just and reasonable resolution of the Companies' proposed Phase III EE&C Plans.
- d. The Settlement reflects compromises on all sides presented without prejudice to any position any Settling Party may have advanced so far in these proceedings. Similarly, the Settlement is presented without prejudice to any position any party may advance in future proceedings involving the Companies.

8. In addition, the Settlement satisfies the specific concerns of the Industrial Customer Groups by providing: (a) for any future Phase IV Plans, a commitment by the Companies to consider additional Residential Demand Response ("DR") programs in order to reduce the Large C&I DR budget, *see* Settlement, ¶ 29; and (b) a commitment by the Companies

to meet with representatives of the Industrial Customer Groups to develop a system for providing quarterly rate impact projections for the Industrial class, *see id.* ¶ 30.

9. The Industrial Customer Groups support the Settlement because it is in the public interest; however, in the event the Settlement is rejected by the ALJ or the Commission, the Industrial Customer Groups will resume their litigation position.

10. As set forth above, the Industrial Customer Groups submit that the proposed Settlement is in the public interest and adheres to the Commission's policies promoting negotiated settlements. The Settlement was achieved after settlement discussions. While the Settling Parties have invested time and resources in the negotiation of the Settlement, this process has allowed the Settling Parties and the Commission to avoid expending the substantial resources that would have been required to fully litigate these proceedings while still reaching a just, reasonable and non-discriminatory result. The Settling Parties have thus reached an amicable resolution to this dispute as embodied in the proposed Settlement. Approval of the Settlement will permit the Commission and the Settling Parties to avoid incurring the additional time, expense and uncertainty of further litigation of issues in these proceedings. *See* 52 Pa. Code § 69.391.

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 request that the Pennsylvania Public Utility Commission approve the Joint Petition for Settlement submitted in these proceedings.

Respectfully submitted,

McNEES WALLACE & NURICK LLC

By 

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Counsel to the Met-Ed Industrial Users Group, the
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Industrial Intervenors

Dated: February 8, 2016

BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION

Joint Petition for Consolidation of Proceedings
And Approval of Energy Efficiency and
Conservations Plans Phase III of Metropolitan
Edison Company, Pennsylvania Electric
Company, Pennsylvania Power Company Plan
And West Penn Power Company

Docket No. M-2015-2514767
Docket No. M-2015-2514768
Docket No. M-2015-2514769
Docket No. M-2015-2514772

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STATEMENT OF EnerNOC, INC.
IN SUPPORT OF THE JOINT PETITION FOR SETTLEMENT

EnerNOC, Inc., (EnerNOC) one of the signatory parties to the Joint Petition for Partial Settlement (Settlement), finds the terms and conditions of the Settlement to be in the public interest for the following reasons:

I. INTRODUCTION

On November 14, 2008, Act 129 of 2008 (Act 129) became effective. Act 129 contains a requirement for the Pennsylvania Public Utility Commission (Commission) to implement an Energy Efficiency and Conservation Program for Electric Distribution Companies (EDCs) with more than 100,000 customers. *See* 66 Pa.C.S. § 2806.1 *et seq.*

On June 19, 2015, the Commission entered an Implementation Order regarding the *Energy Efficiency and Conservation Program* at Docket No. M-2014-2424864. With this Implementation Order, the Commission tentatively adopted additional incremental reductions in electric consumption and peak demand for the period of June 1, 2016 through May 31, 2021. The Implementation Order set forth an expedited litigation schedule so the Commission can

approve or reject energy efficiency and conservation (EE&C) Phase III plans within 120 days of the filing date of the plans.

Metropolitan Edison Company (Met-Ed), Pennsylvania Electric Company (Penelec), Pennsylvania Power Company (Penn Power), and West Penn Power Company (West Penn) jointly filed a Joint Petition for Consolidation of Proceedings and Approval of Energy Efficiency and Conservation Plans Phase III on November 23, 2015. The Joint Petition was assigned four separate docket numbers by the Secretary's Bureau as follows: 1) M-2015-2514767 (Met-Ed); 2) M-2015-2514768 (Penelec); 3) M-2015-2514769 (Penn Power); and 4) M-2015-2514772 (West Penn).

Notice of the petitions was published in the *Pennsylvania Bulletin* on December 12, 2015, with a comment period ending January 4, 2016. 45 *Pa.B.* 7078. The petitions were assigned to Administrative Law Judges Elizabeth H. Barnes by Notice dated December 8, 2015. An Initial Prehearing Conference was held on January 5, 2016, at which time the parties agreed to a scheduling order. At the prehearing conference the parties also agreed to consolidate the four dockets to one hearing in the interest of judicial efficiency, with a hearing to be held on January 27, 2016.

Consistent with the Pre-hearing Order of Judge Barnes, direct testimony of the parties was filed in this matter on January 12, 2016. The parties participated in settlement discussions leading to a Joint Petition for Settlement.

On January 22, 2016, Judge Barnes issued an Order Suspending Procedural Schedule upon receipt of correspondence from counsel for Metropolitan Edison Company (Met-Ed), Pennsylvania Electric Company (Penelec), Pennsylvania Power Company (Penn Power), and

West Penn Power Company (West Penn) indicating that the Companies and other parties had reached a settlement resolving all issues in the above-captioned consolidated proceedings.

A hearing was held on January 27, 2016, for purposes of admitting testimony and exhibits into the record. The parties were given leave until February 10, 2016, within which time to submit a Joint Stipulation for Admission of Evidence and Copies of Statements and Exhibits as well as the Joint Petition for Approval of Settlement. The record was to be certified by Judge Barnes for Commission review on or about February 12, 2016.

The Settlement provides for the approval of the Joint Petitioner's Phase III EE&C Plan with certain clarifications and modifications to specific energy efficiency programs. As discussed below, EnerNOC submits that the Settlement is in the public interest and should be adopted.

II. TERMS OF SETTLEMENT

A. Low Income Programs

The settlement provides several terms related to First Energy's Low Income Programs, including:

1. The Companies agree to target an increase in energy savings from the residential direct installation low-income subprograms in the aggregate by 10% over the proposed plan targets, based on having available program budget. The Companies agree to decrease the energy savings proposed from EE Kits, Behavioral and School Education low-income subprograms in the aggregate by an equivalent amount of MWhs.

2. No later than September 1, 2016, the Companies will host an initial meeting for parties interested in providing messaging recommendations for the residential behavioral

programs to consider for inclusion in the home energy reports provided to participants in this program. At least once per year, prior to the commencement of the program year, the Companies will include a review of the content of the Home Energy Reports as an agenda item for a stakeholder meeting. The Companies agree that they will listen to and consider comments from the stakeholders regarding the content of these reports.

3. The Companies stipulate, and the other parties accept, that the Residential Home Energy Reports program will be evaluated by the Companies' Phase III independent Evaluation, Measurement and Verification ("EM&V") Conservation Service Provider ("CSP") and will further stipulate and accept that said CSP was not involved in the substantive design of any of the programs included in the proposed EE&C Plans, or that the EM&V CSP's compensation is related to program performance.

4. The Companies agree that the multifamily subprogram included as part of their Low Income Energy Efficiency Program will be applicable to all individually-metered multifamily buildings. Under this program, income qualified tenants up to 150% of the Federal Poverty Income Guidelines (FPIG) residing in dwelling units within the multifamily building will receive the direct installation measures and qualified appliance replacement at no additional cost to the tenant.

B. Multi Family New Construction

The settlement provides several terms related to First Energy's New Construction Programs:

1. The Companies agree that their multifamily subprogram included as part of their C/I Energy Solutions for Business Program – Small, will be applicable to all master-metered multifamily buildings and for common areas of individually-metered properties. The Companies will require a 20% customer contribution by the building owner for all properties where at least 66% of the units are occupied by income qualified tenants up to 150% of the FPIG for the direct installation measures, qualified appliance replacement and for other eligible building measures. If the properties do not meet this 66% threshold then the building owner is eligible for all regular small commercial rebates as prescribed in the Companies' EE&C plans for the applicable measures. If the Companies are unable to move projects forward at this incentive level for program years 2016 and 2017 because of financial barriers, the Companies may adjust the incentive to a lesser percentage between zero and 20% for the remainder of Phase III, provided that the Companies provide notice to their stakeholder group and afford their stakeholder group an opportunity to make recommendations about the appropriate percentage adjustment prior to making any such change.

2. The Companies will require that their Conservation Service Providers for their multifamily programs coordinate with each other to support efficient program delivery and collectively promote multifamily building energy efficiency measures.

3. To the extent practical, the Companies agree to coordinate with PHFA to align incentives with their Qualified Allocation Plan to target incentives for energy efficiency measures to incent projects to move forward and to work with affordable multi-family

developers in completion of the Energy Rebate Analysis. The Companies will work with interested stakeholders in an effort to ensure that the funds provided through the Companies' EE&C Plans are not substituted for funds otherwise provided through other assistance programs.

4. No later than December 1, 2016, the Companies agree to conduct a stakeholder meeting with interested multifamily housing owners, developers, and other interested stakeholders. The Companies will work with the Housing Alliance of Pennsylvania and other interested trade groups, as well as the Companies' CSP, to identify these owners and developers. The purpose of this stakeholder meeting is to solicit feedback about the Companies' multifamily offering and to coordinate and tailor the measures targeted to affordable housing developments.

C. Residential Lighting

The settlement provides several terms related to First Energy's Residential Lighting Programs:

1. The Companies agree to initially substitute one LED lamp for one CFL lamp in all EE Kits (both residential and small C&I) and to further substitute additional LED lamps for CFL lamps, provided that such substitution does not jeopardize the Companies' ability to meet their respective EE targets within their respective subprogram budgets.

2. The Companies will accelerate the elimination of CFL lamps incented under the EE&C Plans (all market sectors) to the end of Plan Year 3, provided that, at the end of

Plan Year 3, such elimination does not jeopardize the Companies' ability to meet their respective EE targets within their respective subprogram budgets.

D. Residential Demand Response

The settlement provides several terms related to First Energy's Residential Demand Response Program:

1. The Companies will implement the Residential Behavioral Demand Response subprogram as a pilot program for Plan Years 2 & 3. The Companies will review with their stakeholders the findings and results from the pilot no later than 100 days after each summer period. If the program is not substantially meeting its demand reduction targets across the Companies, the Companies will propose for Commission approval, either a peak time rebate program or an alternative residential demand response program type that is acceptable to the parties to this settlement, to be run as a pilot program at one or more of the Companies in Plan Years 4 and 5, subject to Commission approval. In the development of any Phase IV EE&C plans, the Companies commit to consider additional residential demand response programs, to the extent adequate funding is available, in an effort to reduce the Large C&I demand response budget.

III. CONCLUSION

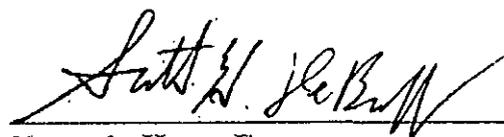
EnerNOC supports the Companies' efforts to comply with the stated energy efficiency and demand response goals. Our experience with commercial, industrial and utility customers, as a leading provider of cloud-based energy intelligence software and demand response services,

indicates engagement is a key element to successful implementation of all elements of the Companies' plan.

Accordingly, EnerNOC submitted testimony in this case to encourage the Companies to maximize the value of programs for commercial and industrial customers through the application of technologically advanced software solutions. The Companies' deployment of smart meters provides an excellent data source, allowing the software solutions to cost-effectively engage commercial and industrial customers with up-to-date analysis specific to their business. It is our conclusion that the Companies are taking appropriate steps to engage customers and incorporate advanced technologies into their Phase III plans. EnerNOC looks forward to exploring ways to maximize the return on customers' smart meter investments with the Commission, stakeholders and the Companies as we move forward through Phase III.

EnerNOC submits that the terms and conditions of the proposed Settlement of this EE&C proceeding represent a fair and reasonable resolution of the issues and claims arising in this proceeding. If approved, the proposed Settlement will benefit the Commission and all Parties by foregoing the additional costs of litigation. For all of the foregoing reasons, EnerNOC, Inc. submits that the proposed Settlement is in the public interest and the interest of the customers of Metropolitan Edison Company (Met-Ed), Pennsylvania Electric Company (Penelec), Pennsylvania Power Company (Penn Power), and West Penn Power Company (West Penn, and should be approved.

Respectfully submitted,



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COUNSEL FOR EnerNOC, INC.

February 10, 2016

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February 8, 2016

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

Re: Petition of Metropolitan Edison Company For Approval of its Act 129 Phase III Energy Efficiency and Conservation Plan; Docket No. M-2015-2514767
Petition of Pennsylvania Electric Company For Approval of its Act 129 Phase III Energy Efficiency and Conservation Plan; Docket No. M-2015-2514768
Petition of Pennsylvania Power Company For Approval of its Act 129 Phase III Energy Efficiency and Conservation Plan; Docket No. M-2015-2514769
Petition of West Penn Power Company For Approval of its Act 129 Phase III Energy Efficiency and Conservation Plan; Docket No. M-2015-2514772

Dear Secretary Chiavetta:

This letter is submitted on behalf of Wal-Mart Stores East, LP, and Sam's East, Inc. (collectively, "Walmart") in order to formally indicate that Walmart does not object to the Joint Petition for Settlement filed by Metropolitan Edison Company, Pennsylvania Electric Company, Pennsylvania Power Company, and West Penn Power Company, on behalf of themselves and other parties, in the above-referenced proceedings.

Please contact me if you have any questions concerning this filing.

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SECRETARY'S BUREAU

Sincerely,

SPILMAN THOMAS & BATTLE, PLLC

By

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February 10, 2016

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PA PUBLIC UTILITY COMMISSION
SECRETARY'S BUREAU

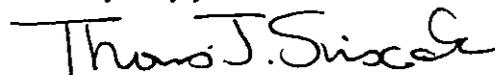
Re: Joint Petition for Consolidation of Proceedings and approval of Energy Efficiency and Conservation Plans Phase III of Metropolitan Edison Company, Pennsylvania Electric Company, Pennsylvania Power Company, and West Penn Power Company; Docket Nos. M-2015-2514767, M-2015-2514768, M-2015-2514769 and M-2015-2514772; **PSU LETTER OF NON-OPPOSITION OF JOINT PETITION FOR SETTLEMENT.**

Dear Secretary Chiavetta:

The Pennsylvania State University (PSU) is a party to the above-captioned matter and has reviewed the terms and conditions of the Joint Petition for Settlement filed today by certain parties. Please be advised that PSU does not oppose the Settlement as filed.

Please address any questions to the undersigned.

Very truly yours,



Thomas J. Sniscak
Christopher M. Arfaa
William E. Lehman
Counsel for
The Pennsylvania State University

TJS /das

cc: The Honorable Elizabeth H. Barnes
Per Certificate of Service

CERTIFICATE OF SERVICE

M-2015-2514767, M-2015-2514768, M-2015-2514769 and M-2015-2514772

I hereby certify that I have this day served a true copy of the foregoing document upon the parties, listed below, in accordance with the requirements of 52 Pa. Code § 1.54 (relating to service by a party).

VIA ELECTRONIC AND FIRST CLASS U.S. MAIL

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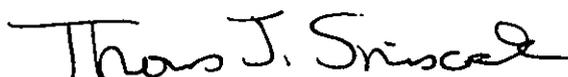
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Thomas J. Sniscak
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Dated this 10th day of February, 2016

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February 8, 2016

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FEB 10 2016

PA PUBLIC UTILITY COMMISSION
SECRETARY'S BUREAU

Re: Joint Petition for Consolidation of Proceedings and Approval Of Energy Efficiency and Conservation Plans Phase III of Metropolitan Edison Company, Pennsylvania Electric Company, Pennsylvania Power Company and West Penn Power Company;
Docket Nos. M-2015-2514767, M-2015-2514768, M-2015-2514769 and M-2015-2514772

Dear Ms. Kolich:

The purpose of this correspondence is to notify you that the Retail Energy Supply Association takes no position on the Joint Petition for Settlement reached in the above-referenced proceeding.

Please feel free to contact me if you have any questions.

Sincerely,



Sarah C. Stoner

SCS/dsc

cc: Parties of Record (via email)

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

**Joint Petition for Consolidation of Proceedings:
and Approval of Energy Efficiency and
Conservation Plans Phase III of Metropolitan
Edison Company, Pennsylvania Electric
Company, Pennsylvania Power Company and
West Penn Power Company** : **Docket No. M-2015-2514767
: Docket No. M-2015-2514768
: Docket No. M-2015-2514769
: Docket No. M-2015-2514772
:**

CERTIFICATE OF SERVICE

I hereby certify that I have this day served a true copy of the foregoing Joint Petition for Settlement upon the parties, listed below, in accordance with the requirements of §1.54 (relating to service by a party).

Via Email and First-Class Mail

The Honorable Elizabeth H. Barnes
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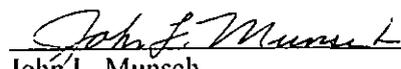
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PA PUBLIC UTILITY COMMISSION
SECRETARY'S BUREAU


John L. Munsch
Date: February 10, 2016

Express



CMPC

To: CHIAVETA, R. PUC

Agency PUC

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External Carrier: FEDEX

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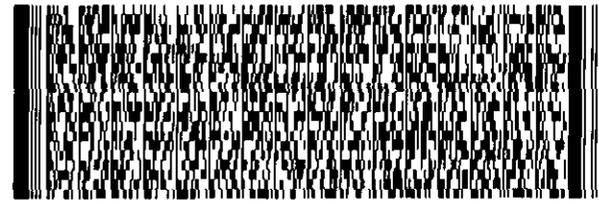
ORIGIN ID:CVAA (724) 838-6210
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UNITED STATES US

SHIP DATE: 10FEB16
ACTWGT: 3.00 LB
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BILL SENDER

TO ROSEMARY CHIAVETTA, SECRETARY
PENNSYLVANIA PUBLIC UTILITY COMMISS
400 NORTH ST
COMMONWEALTH KEYSTONE BUILDING
HARRISBURG PA 17120

(717) 772-7777 REF: 503001
INV. PO DEPT:

540J18707R2F



THU - 11 FEB 3:00P
STANDARD OVERNIGHT

TRK# 7756 2015 3984
0201

XH MDTA

17120
PA-US MDT

