

COMMONWEALTH OF PENNSYLVANIA



OFFICE OF CONSUMER ADVOCATE

555 Walnut Street, 5th Floor, Forum Place
Harrisburg, Pennsylvania 17101-1923
(717) 783-5048
800-684-6560 (in PA only)

FAX (717) 783-7152
consumer@paoca.org

IRWINA, POPOWSKY
Consumer Advocate

January 8, 2010

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

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

Dear Secretary McNulty:

Enclosed for filing are the Comments of the Office of Consumer Advocate, in the above-referenced proceeding.

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

Respectfully Submitted,

A handwritten signature in cursive script that reads "Christy M. Appleby".

Christy M. Appleby
Assistant Consumer Advocate
PA Attorney I.D. # 85824

Enclosures

cc: Honorable Katrina L. Dunderdale

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BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION

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

COMMENTS
OF THE
OFFICE OF CONSUMER ADVOCATE

I. INTRODUCTION

On December 21, 2009, West Penn Power Company d/b/a Allegheny Power (Allegheny Power or Company) filed its Revised Energy Efficiency and Conservation Plan (EE&C Plan) with the Pennsylvania Public Utility Commission (Commission). The Revised EE&C Plan was filed in accordance with the Commission's October 23, 2009 Order in this proceeding which approved, with modifications, Allegheny Power's originally filed July 1, 2009 EE&C Plan. On December 24, 2009, the Commission issued a Secretarial Letter extending the Comment period until January 8, 2010.

The OCA continues to have significant concerns with Allegheny Power's EE&C Plan and its reliance on Smart Meter deployment. In filing these Comments, the OCA is only reviewing the limited issue of whether Allegheny Power's Revised EE&C Plan is in compliance

with the Commission's October 23, 2009 EE&C Plan Order (EE&C Plan Order). The Comments expressed below do not address the OCA's overarching concerns with the EE&C Plan, and the OCA explicitly reserves its appellate rights to further address its concerns with the overall EE&C Plan.¹

II. COMMENTS

A. Back-up Plan

The Commission's Order "strongly encourages Allegheny to develop an alternate 'back-up' plan that is less reliant on smart meter deployment." EE&C Plan Order at 36, 106. Allegheny Power acknowledged this encouragement and stated that it was pursuing this alternative. The Company did not have the back-up plan ready for this compliance filing. The OCA submits that a cost-effective back-up plan should be developed as early as possible and submitted for review. The OCA submits that the development and vetting of such a Plan at some date in the future or by the next annual review period may not allow the Commission or the parties sufficient time to evaluate the reasonableness of the back-up plan given the need to meet the required targets.

B. Avoided Capacity Rates

Allegheny Power has indicated that its avoided capacity rates have been modified and corrected in compliance with the Commission's Total Resource Cost test on a planning year versus calendar year basis. December 21, 2009 Cover Letter at 2. Allegheny Power has not presented any workpapers or documentation in its revised EE&C Plan that would allow the Commission or the parties to verify these changes. Without this information, the OCA submits

¹ On November 20, 2009, the OCA filed a Petition for Review with the Commonwealth Court in the above-referenced docket. A Praecipe to Strike, without prejudice, was granted on December 17, 2009, pending the Commission's decision regarding the Office of Small Business Advocate's Petition for Reconsideration in this docket. On December 23, 2009, the Commission issued its Order on the Office of Small Business Advocate's Petition for Reconsideration. The OCA intends to re-file its Petition for Review with the Commonwealth Court.

that it is not possible to ascertain if the avoided cost basis and the subsequent benefit/cost analyses have been appropriately modified. Allegheny Power should provide the supporting workpapers for its avoided capacity calculation, so that the Commission and other interested parties can review these documents.

C. PUC Assessment Fee

The Commission's Order required that the PUC Assessment fees not be included in the Company's calculation of the EE&C surcharge. EE&C Plan Order at 105. Although Allegheny Power removed the PUC assessment fee asterisk from its filing in its attached Cost Calculations and Supporting Cost Documentation for Cost Recovery Mechanism and from its proposed tariff, the Company did not provide the calculation or workpapers for the removal of the PUC assessment fee. The EE&C surcharge rate in the Company's original filing and the revised filing appear to be identical. See, Company's original EE&C Plan, Calculations and Supporting Cost Documentation for Cost Recovery Mechanism at 2 and Company's revised EE&C Plan at 346. The OCA submits that these workpapers should be provided in order to allow the Commission and the parties to review the change.

D. Total Resource Cost Analysis

The Commission's Order states that Allegheny Power must provide an updated analysis of its EE&C Plan as part of its annual report to the Commission. EE&C Plan Order at 105. Allegheny Power stated in its December 21, 2009 cover letter to its revised EE&C Plan that "the Company completed the Total Resource Cost test on all programs based on the changes described herein and in accordance with the final Total Resource Cost Test adopted by the Commission." December 21, 2009 Cover Letter to Revised EE&C Plan. While the Company did update some of its TRC calculations to eliminate the 2009 costs, Allegheny Power did not

include revised TRC analyses for such programs as the revised Customer Resources Demand Response Program² in the tables and supporting documentation. The Commission and the parties cannot evaluate whether the changes to these programs should be implemented without understanding the TRC test results. The revised benefit/cost analyses need to be provided to the Commission and interested parties as soon as possible.

E. SMT Surcharge

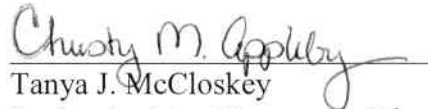
Allegheny Power should provide the supporting workpapers for its proposed SMT surcharge, so that the Commission and other interested parties can review these documents.

² The OCA notes that per the Commission's EE&C Plan Order, the Customer Resources Demand Response Program replaces the Company's proposed Distributed Generation Program and the Contracted Demand Response Program.

III. CONCLUSION

WHEREFORE, the OCA submits that the Company's EE&C Plan should be modified in accordance with these Comments in order to be compliant with the Commission's October 23, 2009 Order.

Respectfully submitted,



Tanya J. McCloskey
Senior Assistant Consumer Advocate
PA Attorney Id. No. 50044
E-Mail: TMcCloskey@paoca.org
Christy M. Appleby
Assistant Consumer Advocate
PA Attorney Id. No. 85824
E-Mail: CAppleby@paoca.org
Counsel for:
Irwin A. Popowsky
Consumer Advocate

Office of Consumer Advocate
5th Floor, Forum Place
555 Walnut Street
Harrisburg, PA 17101-1923
Phone: (717) 783-5048
Fax: (717) 783-7152
DATE: January 8, 2010
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CERTIFICATE OF SERVICE

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

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

Dated this 8th day of January 2010.

SERVICE BY E-MAIL and INTEROFFICE MAIL

Richard A. Kanaskie, Esquire
Adeoulu Bakare, Esquire
Office of Trial Staff
Pennsylvania Public Utility Commission
Commonwealth Keystone Building
400 North Street
Harrisburg, PA 17120
Counsel for: *Office of Trial Staff*

SERVICE BY E-MAIL and FIRST CLASS MAIL

John L. Munsch, Esquire
Allegheny Energy
800 Cabin Hill Drive
Greensburg, PA 15601-1689
Counsel for: *Allegheny Power Company*

John Povilaitis, Esquire
Ryan Russell Ogden & Seltzer
800 N. Third Street, Suite 101
Harrisburg, PA 17102
Counsel for: *Allegheny Power Company*

Derrick Williamson, Esquire
Adam L. Benschoff, Esquire
Shelby Linton-Keddie, Esquire
McNees Wallace & Nurick, LLC
100 Pine Street
P.O. Box 1166
Harrisburg, PA 17108-1166
Counsel for: *West Penn Power Industrial
Intervenors*

Lillian S. Harris, Esquire
Thomas J. Sniscak, Esquire
Hawke McKeon & Sniscak, LLP
P.O. Box 1778
100 North Tenth Street
Harrisburg, PA 17101
Counsel for: *UGI Utilities, Inc. and The
Peoples Natural Gas Company d/b/a Dominion
Peoples*

Mark Morrow
Senior Attorney
UGI Utilities Inc.
460 North Gulph Road
King of Prussia, PA 19406
Counsel for: *UGI Utilities, Inc.*

Harry Geller, Esquire
John Gerhard, Esquire
PA Utility Law Project
118 Locust Street
Harrisburg, PA 17101
Counsel for: *Pennsylvania Association of
Community Organizations for Reform Now*

Theodore J. Gallagher
Senior Counsel
NiSource Corporate Services Company
501 Technology Drive
Canonsburg, PA 15317
Counsel for: *Columbia Gas of Pennsylvania,
Inc.*

Lauren Lepkoski
Assistant Small Business Advocate
Office of Small Business Advocate
Commerce Building, Suite 1102
300 North Second Street
Harrisburg, PA 17101
Counsel for: *Office of Small Business Advocate*

George Jugovic, Assistant Counsel
Commonwealth of Pennsylvania
Department of Environmental Protection
400 Waterfront Drive
Pittsburgh, PA 15222-4745
Counsel for: *Department of Environmental
Protection*

Scott Perry, Assistant Counsel
Aspassia V. Staevska, Assistant Counsel
Commonwealth of Pennsylvania
RCSOB, 9th Floor
400 Market Street
Harrisburg, PA 17101
Counsel for: *Department of Environmental
Protection*

Carolyn Pengidore
President/CEO
ClearChoice Energy
180 Fort Couch Road, Suite 265
Pittsburgh, PA 15241
For: *ClearChoice Energy*

Daniel Clearfield, Esquire
Kevin J. Moody, Esquire
Eckert Seamans Cherin & Mellott, LLC
213 Market Street, 8th Floor
P.O. Box 1248
Harrisburg, PA 17108-1248
Counsel for: *Direct Energy Business, LLC*

Christopher A. Lewis, Esquire
Christopher R. Sharp, Esquire
Melanie I. Tambolas, Esquire
Blank Rome, LLP
One Logan Square
Philadelphia, PA 19103
Counsel for: *Field Diagnostic Services, Inc.*

Pamela C. Polacek, Esquire
McNees Wallace & Nurick, LLC
100 Pine Street
P.O. Box 1166
Harrisburg, PA 17108-1166
Counsel for: *ClearChoice Energy*

Scott H. DeBroff, Esquire
Rhoads & Sinon, LLP
Twelfth Floor
One south Market Square
Harrisburg, PA 17108-1146
Counsel for: *EnerNOC, Inc.*

Charles E. Thomas, Esquire
Thomas T. Niesen, Esquire
THOMAS, LONG, NIESEN & KENNARD
212 Locust Street, Suite 500
P.O. Box 9500
Harrisburg, PA 17108-9500
Counsel for: *Pennsylvania State University*

Lee E. Hartz
Assistant General Counsel
National Fuel Gas Distribution Corporation
P.O. Box 2081
Erie, PA 16512
Counsel for: *National Fuel Gas Distribution Corporation*


Christy M. Appleby
Assistant Consumer Advocate
PA Attorney I.D. # 85824
E-Mail: CAppleby@paoca.org
Tanya J. McCloskey
Senior Assistant Consumer Advocate
PA Attorney I.D. # 50044
E-Mail: TMcCloskey@paoca.org
Counsel for
Office of Consumer Advocate
555 Walnut Street
5th Floor, Forum Place
Harrisburg, PA 17101-1923
Phone: (717) 783-5048
Fax: (717) 783-7152
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