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November 8, 2010

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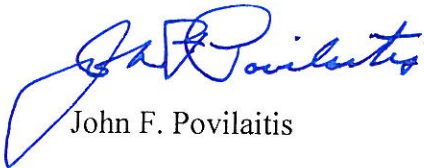
Rosemary Chiavetta, Secretary
Pennsylvania Public Utility Commission
400 North Street – 2nd Floor
Commonwealth Keystone Building
Harrisburg, Pennsylvania 17120

Re: Petition of West Penn Power Company d/b/a Allegheny Power for Approval of its Energy Efficiency and Conservation Plan, Approval of Recovery of its 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 Chiavetta:

Attached is the Prehearing Memorandum on behalf of West Penn Company, d/b/a Allegheny Power submitted for filing in the above-referenced proceeding. Copies are being served as indicated in the attached Certificate of Service.

Very truly yours,



John F. Povilaitis

JFP/ck
Enclosures

- c. Certificate of Service
The Honorable Dennis J. Buckley
The Honorable Mark A. Hoyer
The Honorable Elizabeth Barnes

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

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

**PREHEARING MEMORANDUM OF WEST PENN POWER COMPANY
D/B/A ALLEGHENY POWER**

TO THE HONORABLE DENNIS J. BUCKLEY AND ELIZABETH H. BARNES:

Pursuant to the Prehearing Order of the Presiding Officers, West Penn Power Company d/b/a Allegheny Power, by and through its counsel, submits this Prehearing Memorandum:

I. Name and Address of Allegheny Power's Legal Representation

Attorneys representing Allegheny Power in this proceeding authorized to accept service are:

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II. History of the Proceeding

On September 10, 2010, Allegheny Power filed an amended Energy Efficiency and Conservation and Demand Response Plan ("EE&C/DR Plan") for approval of the Pennsylvania Public Utility Commission ("Commission") to meet the energy and demand

reduction targets of Act 129 of 1008 (“Act 129”). The amended EE&C/DR Plan was submitted pursuant to the Commission’s Order entered October 23, 2009, describing procedures for amending approved plans, and pursuant to the Secretarial Letter dated September 1, 2010, which also described amendment procedures. The Plan was filed along with a supporting Petition. As stated in the Petition, Allegheny Power’s amended EE&C/DR Plan proposes to address the concerns cited by the Commission in its Orders entered October 23, 1009, March 1, 2010, and June 23, 2010 approving the Company’s original EE&C/DR Plan. In particular, the Commission expressed concerns about the Company’s reliance on the rapid deployment of smart meters and encouraged Allegheny Power to develop an alternative EE&C/DR Plan less reliant on smart meters. The amended EE&C/DR Plan utilizes the additional experience the Company has obtained since the filing of its original EE&C/DR Plan, to develop an alternative Plan which deemphasizes the deployment of smart meters while emphasizes other, non-smart meter programs to meet the requirements of Act 129.

On September 20, 2010, the Pennsylvania State University filed an Answer to the Company’s Petition to amend its EE&C/DR Plan. On September 30, 2010, the Office of Small Business Advocate (“OSBA”) and the West Penn Power Industrial Intervenors (“WPPII”) filed their respective Answers to the Petition. In addition, WPPII and Pennsylvania Communities Organizing for Change (“PCOC”) filed comments to the Company’s amended EE&C/DR Plan on October 12, 2010, and October 18, 2010, respectively. On November 1, 2010, the Company filed its replies to the Answers or comments received in response to its amended EE&C/DR Plan.

By Prehearing Order dated November 4, 2010, the Presiding Officers scheduled a prehearing conference for Tuesday, November 9, 2010 at 10:00 a.m.

III. Issues, Witnesses, and Subject Matter of Testimony

At this time Allegheny Power anticipates the following individuals would respond to Intervenor testimony in the following areas:

- Edward C. Miller (800 Cabin Hill Drive, Greensburg, PA 15601-1689, Tel No. (724) 838-6119), to discuss the development of the amended Plan, the reductions in electricity consumption and demand that will be obtained by the Plan, within expense limits, and the cost effectiveness of the Plan;
- Raymond E. Valdes (800 Cabin Hill Road, Greensburg, PA 15601-1689, Tel. No. (724) 830-5483), to discuss the determination of the amended EE&C Plan costs, the allocation of those costs to customer classes, and the proposed cost recovery tariff mechanism.

Allegheny Power reserves the right to respond to any issues that may be raised by other parties. At this time, Allegheny Power anticipates potentially addressing the following issues:

- The increase in administrative costs in the Amended EE&C/DR Plan as compared to the original EE&C/DR Plan;
- Specific program changes which result in cost shift from Residential programs to Commercial and Industrial;
- Changes in the Company's Heating, Ventilating and Air Conditioning Efficiency ("HVAC") Program and the resulting program costs;
- Incentives for customer participation in the amended HVAC program;
- Determination of incentive payments for new measures;
- Expansion of programs in the amended Plan to target additional customer participation assign costs amongst customer classes;
- Updates in the Company's modeling of the time-of-use ("TOU") with Critical Peak Pricing rate resulting a reduction of the cost effectiveness of the program in the amended EE&C/DR Plan;
- Changes in Custom Technology Applications and Custom Applications Programs;
- Program outreach for multi-family properties in the amended EE&C/DR Plan;
- Participation of low income customers in the Company's Joint Utility Usage Management Program.

The Company's direct evidence in this proceeding consists of the amended EE&C/DR Plan and Petition for Approval of same filed with the Commission on September 10, 2010.

IV. Proposed Procedural Schedule

By Secretarial Letter issued on November 4, 2010, the Commission directed the ALJ to issue a Recommended Decision in this matter by December 20, 2010, with Exceptions due no later than January 5, 2011.¹

Also on November 4, 2010, ALJs Buckley and Barnes issued a Prehearing Conference Order proposing the following litigation schedule:

November 9, 2010	Initial Prehearing Conference
November 16, 2010	Initial and further Hearing (beginning at 10:00 a.m.)
November 18, 2010	Record Closes.
November 30, 2010	All parties file and serve (in hand) Main Briefs.

Allegheny Power believes that the compressed time frame for resolution set forth in the Secretarial letter and the ALJs' Prehearing Conference Order does not allow the parties in this matter to conduct necessary discovery and prepare and submit direct and rebuttal testimony of their witnesses. For this reason, the Company proposes the following procedural schedule, with the understanding that it will discuss the proposed schedule dates with the Public Advocates and Intervenors.

¹ No Reply Exceptions will be accepted.

The following schedule is proposed for consideration:

November 9, 2010	Initial Prehearing Conference (Start of Discovery Period)
November 17, 2010	Direct Intervenor Testimony served.
November 24, 2010	Rebuttal Testimony by Company and Intervenors served.
November 24, 2010	Record Closes. ²
December 3, 2010	All parties file and serve (in hand) Main Briefs.


In view of what is anticipated to be a limited number of disputed issues, Allegheny Power proposes the Commission waive the Initial and further Hearing tentatively scheduled for November 24, 2010, and close the record immediately after the filing of Rebuttal Testimony. Allegheny Power's hope is to present the ALJs with a schedule agreeable to all participants at the November 9, 2010 Prehearing Conference.

V. Discovery

Allegheny Power will cooperate with both formal and informal discovery, consistent with any procedures set forth in the Presiding Officers' prehearing order.

Respectfully submitted,

Dated: November 8, 2010



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² The parties will strive to stipulate the admission of testimony and unobjectionable discovery responses into the evidentiary record, eliminating the need for a hearing.

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CERTIFICATE OF SERVICE

I hereby certify that I have this day served a copy of the foregoing documents in accordance with the requirements of 52 Pa. Code § 1.54 et seq. (relating to service by a participant).

VIA FIRST CLASS AND
ELECTRONIC MAIL

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Date: November 8, 2010



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