COMMONWEALTH OF PENNSYLVANIA

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July 12, 2011

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

RE: Joint Petition of Metropolitan Edison Company, Pennsylvania Electric Company and Pennsylvania Power Company for Amendment of the Orders Approving Energy Efficiency and Conservation Plans and Petition for Approval of First Amended Energy Efficiency and Conservation Plans
Docket Nos. M-2009-2092222
M-2009-2112952
M-2009-2112956

Dear Secretary Chiavetta:

Enclosed for filing please find the Main Brief Office of Consumer Advocate, in the above referenced proceeding.

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

Respectfully Submitted,

Aron J. Beatty
Assistant Consumer Advocate
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Enclosure
cc: Hon. Dennis J. Buckley/ALJ
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BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION

Joint Petition of Metropolitan Edison Company, Pennsylvania Electric Company and Pennsylvania Power Company for Amendment of the Orders Approving Energy Efficiency and Conservation Plans and Petition for Approval of First Amended Energy Efficiency and Conservation Plans	:	Docket Nos. M-2009-2092222 M-2009-2112952 M-2009-2112956

MAIN BRIEF
OF THE
OFFICE OF CONSUMER ADVOCATE

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Dated: July 12, 2011
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TABLE OF CONTENTS

I. INTRODUCTION

On February 18, 2011, the Metropolitan Edison Company, Pennsylvania Electric Company, and Pennsylvania Power Company (the FirstEnergy Companies) filed a Joint Petition concerning their Energy Efficiency and Conservation (EE&C) Plans. In their Petition, the Companies requested Commission approval to modify their EE&C Plans. The Office of Consumer Advocate (OCA) filed an Answer to the Petition on March 10, 2011. Answers were also filed by the Met-Ed Industrial Users Group (MEIUG), the Penelec Industrial Customer Alliance (PICA), the Penn Power Users Group (PPUG) (collectively, "MEIUG, et al."). The Office of Small Business Advocate (OSBA) did not file an Answer to the March 10 Petition, however the OSBA filed a Prehearing Memorandum in which it anticipated briefing legal questions arising from the Petition.

This Petition was assigned to the Office of Administrative Law Judge and was further assigned to Administrative Law Judge (ALJ) Dennis J. Buckley for investigation and the scheduling of hearings. On June 28, 2011, ALJ Buckley presided over evidentiary hearings in Harrisburg. The OCA submits this Main Brief in accordance with the procedural schedule established by ALJ Buckley.

II. STATEMENT OF THE CASE

The FirstEnergy Companies have proposed changes in their EE&C Plans for all customer groups. The proposed changes for large C&I programs include an increase in the existing budget. For all other programs, the Companies are proposing to shift funds from under-performing programs to other programs or components of programs within the rate class and budgets established for these programs. Companies' Exh. 1 at ¶20. The OCA supports the Companies' efforts to modify and adjust the residential program offerings in order to gain the greatest benefit for customers while achieving the mandated reductions. To this end, the OCA has participated in the FirstEnergy Commission-approved stakeholder process (see Companies' Exh. 1 at ¶18).

The Companies' Petition includes a number of changes, some significant and some minor. For Residential Customers, the Companies propose to:

- Consolidate the Residential Whole Building Comprehensive Program with the Home Energy Audit and Outreach Program;
- Add a new Behavioral Modification Program;
- Increase incentives for residential air conditioner and heat pump tune-ups;[1]
- Alter the upstream incentives for CFLs to increase market penetration;
- Add Energy Conservation Kits for multi-family residential and master-metered facilities; and
- Replace the Pump and Motor Single Speed with a Variable Speed Pool Pump and increase the incentive level.

Companies' Exh. 1 at ¶29.

For Large C&I customers, the Companies propose to:

- Increase the Companies' budgets for Large C&I customers primarily to make up the 11% deficit in peak demand reduction savings created by the loss factor adjustment and to add funds to the Large C&I Equipment Program;
- Consolidate the Industrial Motors and Variable Speed Drive Program with the Large C&I Equipment Program; and
- Alter the incentive structure and incentive level for the Large C&I lighting component of the C&I Equipment Program.

Companies' Exh. 1 at ¶¶23-26.

For Small C&I customers, the Companies propose to:

- Expand the peak load reduction program to include the Small C&I class;
- Alter the incentive structure and incentive level for the Small C&I lighting component of the C&I Equipment Program;
- Add a direct install component to the Small C&I Equipment Program that will target strip malls, small grocery stores and certain restaurants;

[1] This measure was the subject of an expedited Petition accompanying this Petition and supported by the Direct Testimony of Companies' witness George Fitzpatrick, admitted as Met-Ed/Penelec/Penn Power Statement 1 in this proceeding. The Commission approved this proposed change by Order entered March 18, 2011, at the above-captioned dockets.

- Consolidate the Energy Audi and Technical Assessment Program with the Small C&I Equipment Program; and
- Add a new energy conservation kit to the Small C&I Equipment Program through opt-in distribution.

Companies' Exh. 1 at ¶¶27-28.

For Government customers, the Companies propose to:

- Increase incentive levels consistent with the levels offered to Large C&I customers and Small C&I customers.[2]

Companies' Exh. 1 at ¶30.

In addition to these changes, the Companies propose changes to the EEC-C Rider and the Companies are proposing "changes to streamline administration" of their Plans. Companies' Exh. 1 at ¶¶32-40. As part of this process, the Companies are proposing modifications that would allow for "future changes to programs without the need to seek further Commission approval." Id. Of particular note, the Companies propose to re-define the approved incentive levels as ranges, rather than set dollar amounts. Companies' St. 1 at 20 (Section 1.1.1(D) of the First Amended Plans).

III. SUMMARY OF THE ARGUMENT

The OCA supports the Companies' proposed changes for the Residential class. The Companies' Residential program modifications are designed to improve plan performance based on actual experience. The Residential modifications would not increase the budget for Residential customers. Rather, it would focus resources into more cost effective measures.

The OCA does not take a position with regard to the correct application of funding for other customer classes. The OCA is opposed, however, to the recommendation of MEIUG et

[2] This measure was also the subject of an expedited Petition accompanying this Petition and supported by the Direct Testimony of Companies' witness George Fitzpatrick, admitted as Met-Ed/Penelec/Penn Power Statement 1 in this proceeding. The Commission approved this proposed change by Order entered March 18, 2011, at the above-captioned dockets.

al.'s witness Mark Chasse that the Companies increase the energy efficiency and conservation measures and budget of the Residential customers. The Companies have provided ample evidence that Residential programs and measures are currently receiving adequate funding, and simply increasing the Residential budget will not provide the energy and demand reductions in a cost-effective manner that are necessary to meet the Companies' goals. The OCA supports maintaining the current residential budget while targeting those funds in as efficient a manner as possible as the Companies propose.

Lastly, the OCA expressed concerns in its Answer to the Companies' Petition that under the amended plans the Companies could maintain too much discretion in how they make future changes. In particular, the Companies propose to create ranges, rather than set dollar amounts, for incentives. After further review, and through the testimony and responses of the Companies' witness to further examination, the OCA submits that a level of ranges is reasonable provided that the Companies apply those ranges in an even-handed manner and through a defined process. Finally, the OCA submits that modifications in rebate levels within the ranges should be presented in the Commission-approved stakeholder process.

IV. ARGUMENT

A. Introduction.

The OCA is limiting its discussion to two issues in this proceeding concerning Residential customers. First, the Companies propose to shift funds from under-performing Residential programs to other programs or components of programs for residential customers. Companies' Exhibit 1 at ¶20. The OCA supports the Companies' efforts to make modifications to Residential programs within the existing approved budget. The second issue concerns the level of discretion afforded the Companies when making future adjustments to residential programs. The Company is seeking the authority to change rebate levels and credits without having to file a Petition with the Commission. Companies' Exh. 1 at ¶30; Companies' St. 1 at 20. The OCA does not oppose the Companies' request to make prospective changes in a timely manner. To that end, the Companies should ensure that future changes are applied in an even-handed way, through a defined process, after such proposals are addressed through the Commission-approved stakeholder process.

B. The Companies' Proposed Modifications To The Residential Program, Within The Existing Residential Budget, Are Reasonable.

As detailed above, the Companies have proposed a series of changes to their EE&C plans. The OCA supports the Companies' efforts to modify and adjust the program offering in order to gain the greatest benefit for customers while achieving the mandated reductions. The OCA has participated in the FirstEnergy Commission-approved stakeholder process (see FirstEnergy Exhibit 1 at Paragraph 18) and supports the Companies continued focus on improving their EE&C plans. The Companies have assessed the need for changes and determined that the Residential customer budget should not be increased in order to meet its energy efficiency goals but that certain program modifications within that budget are necessary.

The Companies have requested an increase in the Large C&I budget. The OCA does not take a position on the appropriateness of raising the Large C&I budget at this time. The OCA does not, however, support the shifting of the proposed Large C&I budget increase to the Residential class as MEIUG, et al. witness Chasse suggests. MEIUG, et al. has recommended that the Commission reject Met-Ed's EE&C proposal in this case, and instead "focus its efforts on increasing the energy efficiency and conservation measures that could be undertaken by Residential and Small C&I customers." MEIUG, et al. St. 1 at 9. The OCA disagrees with this recommendation. The modifications contained in the Companies' filing for Residential customers are reasonable and should be adopted. The MEIUG, et al. proposal to increase Residential measures and budgets is vague and should not be accepted by the Commission.

At the outset, it is important to note that the Companies' originally filed EE&C plans placed a heavy emphasis on obtaining reductions from Residential customers. The great majority of the overall EE&C budget was allocated to Residential customers. Attached to this Main Brief as Appendix A are the relevant pages of the Commission's Order approving the Companies' EE&C Plans concerning the distribution of measures and the associated budget between customer classes. Joint Petition of Metropolitan Edison Company, Pennsylvania Electric Company and Pennsylvania Power Company for Amendment of the Orders Approving Energy Efficiency and Conservation Plans and Petition for Approval of First Amended Energy Efficiency and Conservation Plans, Docket Nos. M-2009-2092222 M-2009-2112952 M-2009-2112956, pp. 26-28 (Order Entered October 28, 2009). Appendix A shows the magnitude of the difference between the customer classes. For example, Met-Ed's original budget provided that Residential customers be responsible for 70% of total EE&C Plan costs. Id. at 26. For Penelec, the original budget provided that residential customers be responsible for 67% of total EE&C Plan costs. Id. at 27. The OCA submits that the lion's share of the costs imposed by the Companies' EE&C Plans were, and are, placed on Residential customers, and it is not reasonable to add costs to the Residential class at this time as MEIUG, et al. witness Chasse suggests.

The Companies' distribution of measures and the associated budgets between the customer classes was based on their judgment as to how to best achieve the reductions mandated by Act 129 while staying within the statutory budget caps. The Companies' witness, George Fitzpatrick, explained that the initial limited budget amounts for Large C&I customers were based on assumptions that have not been borne out by experience. During re-direct examination, in response to issues elicited by the questioning of ALJ Buckley, Companies' witness Fitzpatrick explained the original funding levels as follows:

> Q. Mr. Fitzpatrick, when the original plan was developed, was the C&I program funded to the levels that they otherwise normally would have or did you factor in the recession at the time and the economic conditions?
>
> A. No, we did not fund – I had a great deal to do with that original plan and we did not put as much dollars and programs into the large C&I because we were concerned about the economy, we were concerned about that customer class. And we also mentioned in the report that should we see that large C&I customers, you know, seek participation in this program or participation is better than we anticipated in the original plans, we would go back and perhaps increase that program, and that's exactly what has happened. That was specifically mentioned in our original plan.

Tr. at 121.

Mr. Fitzpatrick explained in his Rebuttal Testimony that simply earmarking additional funds for other classes in order to spur energy reductions is not a practical approach. Companies' St. 1-R at 3. Mr. Fitzpatrick explained that increasing Residential funding will not automatically increase the targeted savings levels. Mr. Fitzpatrick further explained:

> The success of an EE&C program is not solely a function of how many dollars are allocated to it. Rather, one must look at the popularity of the program and how much energy and/or peak demand reduction can realistically be achieved. In the case of the large C&I equipment program, both Met-Ed's and Penelec's initial budget has been fully subscribed.

Companies' St. 1-R at 4.

As Mr. Fitzpatrick testified, the Large C&I equipment program has been well received and is currently fully subscribed, producing 58,000 MWhs of energy efficiency for Met Ed and Penelec. Id. Mr. Fitzpatrick further testified that the Companies have had to turn down funding requests to participate in the large C&I equipment program. Mr. Fitzpatrick testified as follows:

> In addition, there are 43 Met-Ed large C&I customers and 111 Penelec large C&I customers already in the queue for similar benefits once additional funds are approved. By allocating additional funds for the large C&I equipment program, the Companies are assured of achieving additional savings, simply by fulfilling what is already in the pipeline.

Companies' St. 1-R at 4.

Mr. Fitzpatrick then testified that there are no similarly situated customers being denied participation in the Residential class. As a result, simply adding more money to Residential programs would be ineffective. Mr. Fitzpatrick testified as follows:

> In contrast, because none of the residential or small C&I programs are fully subscribed, funding is still available for future participants. If the Companies adopted the recommendation of the Industrial Witnesses and focused their efforts on residential/small C&I programs instead, there is no assurance, as there is in the large C&I equipment program, of achieving additional savings beyond that forecasted in the Original Plans.

Companies' St 1-R at 4.

As explained by Mr. Fitzpatrick, simply increasing residential funding for already under-subscribed programs will not do anything to increase energy efficiency. The OCA submits that the Residential class funding should not be increased at this time.

C. The Companies' Proposed Rebate Ranges Are Reasonable Provided They Are Applied In An Even-Handed Manner Through A Defined Process And Presented Through The Stakeholder Process.

The Companies have proposed modifications that would allow for prospective changes to programs without first receiving Commission approval. Companies' Exh. 1 at ¶32. The OCA expressed concerns in its Answer to the Companies' Petition that under the amended Plans the Companies' could maintain too much discretion in how it makes future changes. In particular, the Companies proposed to create ranges, rather than set dollar amounts, for incentives. Companies' St. 1 at 20.

After further review, and through the testimony and responses of the Companies' witness to further examination, the OCA submits that ranges for incentive levels are reasonable provided that the Companies apply those ranges in an even-handed manner and through a defined process so that no discrimination results. See, Tr. at 114.

Finally, the OCA submits that modifications in ranges should be presented in the Commission-approved stakeholder process. In its Order approving the Companies' original EE&C plan, the Commission explained the merits of the Stakeholder process as follows:

> Using a collaborative process during the development of the Plan was beneficial for the Companies and other interested parties. Similarly, we believe the use of a collaborative process during the implementation of the Plan will be beneficial for expeditiously identifying and resolving issues that arise during the period covered by the Plan. For these reasons, we find merit in the recommendation for an on-going stakeholder process.

Order at 55.

The OCA submits that the stakeholder process provides a reasonable venue for presenting changes in program incentive levels and for the participants to discuss the effectiveness and appropriateness of such changes. As such, the OCA supports the Companies' use of the stakeholder process for prospective changes made within Commission-approved ranges.

D. Conclusion.

The Companies' proposed modifications to Residential programs are reasonable. The changes proposed by the Companies do not increase the overall budget for Residential customers. The OCA submits that the Commission should maintain existing Residential budget levels and approve the changes as filed and reject any proposal to increase the Residential budget. In addition, the Companies' proposal to allow some discretion in making changes to incentive levels is reasonable provided any changes are applied prospectively and in an even-handed manner through a defined process. The Companies should access the stakeholder process to help ensure that such changes are reasonable.

V. CONCLUSION

As explained in this Main Brief, the OCA supports the Companies' proposed changes to their Residential EE&C plans. The Residential changes are designed to improve the performance of the programs and measures offered to Residential customers – without increasing the overall Residential budget. For the reasons detailed above, the Commission should reject the MEIUG, et al. proposal to increase energy efficiency program costs on Residential customers.

Respectfully Submitted,

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Dated: July 12, 2011
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BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION

Joint Petition of Metropolitan Edison Company, Pennsylvania Electric Company and Pennsylvania Power Company for Amendment of the Orders Approving Energy Efficiency and Conservation Plans and Petition for Approval of First Amended Energy Efficiency and Conservation Plans	:	Docket Nos. M-2009-2092222 M-2009-2112952 M-2009-2112956

APPENDIX A TO THE
MAIN BRIEF
OF THE
OFFICE OF CONSUMER ADVOCATE

PENNSYLVANIA
PUBLIC UTILITY COMMISSION
Harrisburg, PA 17105-3265

Public Meeting held October 22, 2009

Commissioners Present:

James H. Cawley, Chairman
Tyrone J. Christy, Vice Chairman, Statement
Kim Pizzingrilli, Statement
Wayne E. Gardner
Robert F. Powelson, Statements

Joint Petition of Metropolitan Edison Company, Pennsylvania Electric Company and Pennsylvania Power Company for Consolidation of Proceedings and Approval of Energy Efficiency and Conservation Plans	Docket Nos. M-2009-2092222, M-2009-2112952 and M-2009-2112956

b. Disposition

We find that the Plans project total energy savings that will meet or exceed the 4.5% peak demand reduction target by September 30, 2012, as mandated by the Act and the *Implementation Order*. Nevertheless, for the reasons set forth below, we will require the Companies to recalculate the projected energy savings and resubmit the Plans in accordance with this Opinion and Order.

3. Requirements for a Variety of Programs Equitably Distributed

The Commission's EE&C Program must include "standards to ensure that each plan includes a variety of energy efficiency and conservation measures and will provide the measures equitably to all classes of customers." 66 Pa. C.S. § 2806.1(a)(5). Each EDC is required to demonstrate that its plan "provides a diverse cross section of alternatives for customers of all rate classes." 66 Pa. C.S. § 2806.1(b)(1)(i)(I).

a. Positions of the Parties

The Companies' Plans contain nineteen different programs distributed across all customer classes. The Companies assert that they have provided at least one energy efficiency program and one demand response program for each class in accordance with the Commission's *Implementation Order*, and in fact, they offer multiple programs for each customer class, with the exception of low-income customers as discussed below. *See* FirstEnergy's September 21, 2009 Plans at Tables 4a, b and c.

The OCA reviewed the required Budget and Parity Analysis found in PUC Table 5 of the Companies' Plans and the information following PUC Table 5 in evaluating whether the portfolio proposed by the Companies achieved a reasonable and equitable balance. The OCA conducted this review keeping in mind the specific requirements of the Act for low-income customers and government/non-profit customers, as well as the requirement in the Act for the Plans to be cost-effective under the TRC Test. The OCA compiled information from the Companies' Initial Plans for spending, revenues and consumption by class for each Company. OCA MB at 17.

MET-ED

Plan Spending As Compared To Revenues By Class

	Revenue by Class	Class Revenue % of Total	EE&C Plan Budget	Increase in Spending	% of Total Plan
Residential	543,000,000	43.7%	16,917,339	3.1%	70.2%
Commercial	293,000,000	23.6%	2,991,204	1%	18.8%
Industrial	406,000,000	32.7%	1,300,046	0.3%	11.0%

Consumption Reduction By Class

	mWh by class	% of total usage	mWh saved per plan	% of Commission goal
Residential	5,255,025	38.2%	241,124	54.96%
Commercial	2,832,960	20.6%	172,306	39.27%
Industrial	5,657,535	41.2%	31,548	7.19%

*For purposes of this chart, all of the government/non-profit consumption reductions have been attributed to the Commercial class.
See Met-Ed's Initial Plan at PUC Table 5; PUC Table 2; FirstEnergy St. 3, Exh. 4, page 3. See also FirstEnergy Petition at 12.

Total Bill Impact Of Proposed EEC-C

	Average kWh Usage	Dollar Increase	% Increase Total Bill
RS	910	3.21	2.95%
GSVF (volunteer fire)	3290	11.60	3.12%
GS-S	470	0.89	1.55%
GS-M	8400	15.87	1.99%
GP	520000	233.81	0.56%
TP	6050000	2720.32	0.58%

See OCA St. 1 at 41; OCA Cross Exam Exh. 1.[21]

[21] The proposed EEC-C rate was modified in the Companies' Rebuttal testimony provided at the evidentiary hearings. As a result, the bill impact will be slightly different than those shown here. As Companies' witness Parrish testified, the rates would "change slightly based on my exhibit RIP-5." Tr. at 163. The overall magnitude of the increases would not change in any significant manner.

For Met-Ed, as the above tables illustrate, over 70% of the total Plan budget was to be spent on residential programs that produce a cost/benefit ratio of 2.08 (excluding programs for low-income residential customers, which have a cost/benefit ratio of 2.48). Much of that spending was related to the Residential Direct Load Control Program. The OCA contended that the Initial Plan included spending for the Residential Direct Load Control Program that would not occur during the period covered by that Plan. The OCA recommended that Met-Ed consider redirecting some of the funding that was incorrectly included in the Residential Direct Load Control Program budget to achieve a better balance and better targeting of the efficiency dollars. OCA MB at 18.

PENELEC

Plan Spending As Compared To Revenues By Class

	Revenue by Class	Class Revenue % of Total	EE&C Plan Budget	Increase in Spending	% of Total Plan
Residential	438,000,000	38.1%	14,991,244	3.4%	67.16%
Commercial	358,000,000	31.2%	3,110,446	0.9%	20.1%
Industrial	353,000,000	30.7%	1,502,097	0.4%	12.7%

Consumption Reduction By Class

	mWh by class	% of total usage	mWh saved per plan	% of Commission goal
Residential	4,313,618	31.1%	219,298	50.8%
Commercial	3,653,546	26.4%	183,556	42.5%
Industrial	5,889,237	42.5%	39,928	9.2%

*For purposes of this chart, all of the government/non-profit consumption reductions have been attributed to the Commercial class
See Penelec's Initial Plan at PUC Table 5; PUC Table 2; FirstEnergy St. 3, Exh. 4, page 3. See also FirstEnergy Petition at 12

Total Bill Impact Of Proposed EEC-C

	Average kWh Usage	Dollar Increase	% Increase Total Bill
RS	730	2.76	3.62%
GSVF (volunteer fire)	1700	6.44	3.86%
GS-S	440	0.62	1.45%
GS-M	8800	12.47	1.86%
GP	431500	206.71	0.82%
LP	5125000	2455.08	0.83%

See OCA St. 1 at 41; OCA Cross Exam Exh. 1.

For Penelec, as the above tables illustrate, over 67% of the total Plan budget was to be spent on residential programs that produce a cost/benefit ratio of 2.07 (excluding programs for low-income residential customers, which have a cost/benefit ratio of 2.49). Much of that spending was related to the Residential Direct Load Control Program. Again, the OCA contended that the Initial Plan included spending for the Residential Direct Load Control Program that would not occur during the period covered by that Plan. The OCA recommended that Penelec consider redirecting some of the funding that was incorrectly included in the Residential Direct Load Control Program budget to achieve a better balance and better targeting of the efficiency dollars. OCA MB at 19.

PENN POWER

Plan Spending As Compared To Revenues By Class

	Revenue by Class	Class Revenue % of Total	EE&C Plan Budget	Increase in Spending	% of Total Plan
Residential	137,000,000	41.0%	3,316,668	2.4%	51.79%
Commercial	99,000,000	29.8%	983,920	1.0%	20.3%
Industrial	97,000,000	29.2%	588,682	0.6%	27.9%

Consumption Reduction By Class

	mWh by class	% of total usage	mWh saved per plan	% of Commission goal
Residential	1,617,204	34.6%	67,086	46.9%
Commercial	1,282,701	27.4%	64,190	44.8%
Industrial	1,778,405	38.0%	13,088	9.1%

*For purposes of this chart, all of the government/non-profit consumption reductions have been attributed to the Commercial class

See Penn Power's Initial Plan at PUC Table 5; PUC Table 2; St. 3, FirstEnergy Exh. 4, page 3. See also FirstEnergy Petition at 12.

Total Bill Impact Of Proposed EEC-C

	Average kWh Usage	Dollar Increase	% Increase Total Bill
RS	870	1.95	1.48%
GSVF (volunteer fire)	2400	5.36	1.54%
GS	2250	2.59	1.32%
GM	58200	67.04	1.33%
GT	2772000	2943.32	1.18%

See OCA St. 1 at 42; OCA Cross Exam Exh. 1.

For Penn Power, as the above tables illustrate, nearly 52% of the total Plan budget was to be spent on residential programs that produce a cost/benefit ratio of 1.95 (excluding programs for low-income households, which have a cost/benefit ratio of 2.05). Much of that spending, though, was related to the Residential Direct Load Control Program. Again, the OCA contended that the Initial Plan included spending for the Residential Direct Load Control Program that would not occur during the period covered by that Plan. The OCA recommended that Penn Power consider redirecting some of the funding that was incorrectly included in the Residential Direct Load Control Program budget to achieve a better balance and better targeting of the efficiency dollars. OCA MB at 20.

The Companies accepted the adjustment of OCA witness Hill (with minor modifications) and removed from their budgets the costs associated with the Residential Direct Load Control Program from the years 2014 to 2024. OCA St. 1 at 31; FirstEnergy St. 2-R at 4-5. The Companies have reduced the budget for Residential Direct Load Costs for the Plan period by approximately $12 million for Met Ed, approximately $12.5 million for Penelec and approximately $1 million for Penn Power. FirstEnergy St. 2-R at 4-5. The Companies state that the funds have been reallocated for additional low-income programs; enhanced evaluation, measurement and verification processes; and a contingency reserve for unforeseen events that may arise during the period in which the Plans are in effect. FirstEnergy RB at 3.

b. Disposition

We conclude that the Companies' Plans meet the requirement of the Act to provide a variety of measures to all customer classes in an equitable manner. The record evidence shows that the Plans contain nineteen different programs distributed across all customer classes. The Companies have provided at least one energy efficiency program and one demand response program for each class in accordance with the Commission's *Implementation Order*. Further, we find that the reallocation of funds by the Companies sufficiently addresses the concerns outlined by the OCA concerning the Residential Direct Load Control Program. Therefore, we conclude that the Companies' Plans comply with the provisions of 66 Pa. C.S.§ 2806.1(a)(5).

4. Ten Percent Government/Non-Profit Requirement

The Act requires that "a minimum of 10% of the required reductions in consumption . . . shall be obtained from units of federal, state and local government, including municipalities, school districts, institutions of higher education and nonprofit entities." 66 Pa. C.S. § 2806.1(b)(1)(i)(B).

a. Positions of the Parties

Each of the Companies' Plans includes programs to address the requirement that a minimum of 10% of the reductions in consumption come from governmental and non-profit entities. Included in the Plans is PUC Table 2: Summary of Portfolio Energy and Demand Savings, which shows that the Companies anticipate their Plans will exceed the targeted goals for the government/non-profit sector for 2011 and 2013. FirstEnergy's September 21, 2009 Plans at Appendix G, Table 2.

Programs for the governmental/non-profit sector include the following: (1) the Federal Facilities Program, which involves a feasibility study to identify energy savings opportunities and provides for the implementation of measures through a CSP; (2) the Street Lighting Program, which is offered to municipalities for the conversion of street lights to high pressure sodium; (3) the Traffic Signal Program, which enables the conversion of traffic signals to LED technology; (4) the Governmental Buildings and Schools Program, which provides diagnostic assistance and technical support from a CSP

CERTIFICATE OF SERVICE

Joint Petition of Metropolitan Edison Company, Pennsylvania Electric Company and Pennsylvania Power Company for Amendment of the Orders Approving Energy Efficiency and Conservation Plans and Petition for Approval of First Amended Energy Efficiency and Conservation Plans	:	Docket Nos.	M-2009-2092222 M-2009-2112952 M-2009-2112956

I hereby certify that I have this day served a true copy of the foregoing document, the Main Brief 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 12th day of July 2011.

SERVICE BY E-MAIL and FIRST CLASS MAIL

John F. Povilaitis, Esquire
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