BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION

Petition of West Penn Power Company for Amendment of the Orders Approving Energy Efficiency and Conservation Plan and Petition for Approval of Amended Energy Efficiency and Conservation Plan	:	**Docket No. M-2009-2093218**

COMMENTS OF PENNSYLVANIA COMMUNITIES
ORGANIZING FOR CHANGE ("PCOC") d/b/a ACTION United

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I. INTRODUCTION

This proceeding concerns amendments proposed by West Penn Power Company f/k/a/ Allegheny Power ("West Penn" or "company") to its Act 129 Energy Efficiency and Conservation ("EE&C") plan pursuant to the requirements of Act 129 of 2008, P.L. 1492 ("Act 129"), 66 Pa.C.S. §§2806.1-2806.2. West Penn filed its Petition to amend its EE&C Plan on August 9, 2011.

Pursuant to the Pennsylvania Public Utility Commission's ("Commission") Final Order on the Energy Efficiency and Conservation Program docket, Docket No. M-2008-2069887, adopted June 9, 2011, interested parties have thirty (30) days from the date of the filing to submit comments and/or an answer to such a petition. These comments are submitted by Pennsylvania Communities Organizing for Change d/b/a/ ACTION United ("PCOC") as an interested stakeholder and participant in the prior proceedings at this docket.[1] PCOC's interest in this proceeding derives from the impact the proposed amendments will have upon low-income customers residing in West Penn's service territory.

PCOC is comprised of low- and moderate-income Pennsylvanians working to build power through organizing communities to win changes on the issues that are important to them. PCOC thanks the Commission for this opportunity to provide these comments.

II. COMMENTS

In its Petition, West Penn states that it must amend its currently approved plan because it determined that changes were necessary to put it in a position to achieve its post-2011 statutory EE&C requirements. PCOC supports West Penn's efforts to meet its statutory Act 129 requirements. Without a doubt, reduction in energy consumption is a winning proposition for all

[1] See Final Order Re: Energy Efficiency and Conservation Program, Docket No. M-2008-2069887, (Order entered on June 10, 2011).

residential customers, particularly low-income customers whose wallets are stretched thin by increasing costs in many areas of their lives.

West Penn's proposed plan includes a portfolio of EE&C and demand response ("DR") programs. While many of the proposed changes constitute simple regrouping of programs, West Penn proposes to add 35 new measures and eliminate 3 measures. Among the measures that West Penn proposes to add is a Conservation Voltage Reduction ("CVR") program.

Because West Penn's prior plan was already set at its maximum budget limit, the addition of these 35 new measures and elimination of the 3 measures would require the reallocation of line items within the budget. While most of this proposed reallocation of the budget is intra-class reallocation, some of the reallocation proposed would occur between classes. Specifically, within the Residential/Non Low-Income class, there is a proposed budget increase of $750,894. Within the Residential Low-Income class, West Penn proposes a <u>decrease</u> of $143,276. The net residential class increase is $607,618.[2]

Within the Residential Low-Income class, West Penn proposes to rename its Residential Low Income Home Performance Check-Up Audit & Replacement Program as its Limited Income Energy Efficiency Program (LIEEP) and increase its budget from $5,494,402 to $7,315,076. This budget increase would be paid for through a reduction in the Joint Utility Usage Management Program (JUUMP) from the current $6,730,519 to $4,558,515. Of the remainder of the money freed up by West Penn's proposed reduction to JUUMP, $208,054 would be allocated to West Penn's proposed CVR, and $143,276 would be reallocated to non low-income residential programs.

PCOC is concerned about some of the amendments proposed by West Penn. First, PCOC is concerned about the proposed addition of a CVR program for residential low-income

[2] This is offset by a proposed aggregate decrease in the non-residential classes of the same amount.

customers because of the uncertain nature of savings that will be passed through to end-users from such a measure, as well as the increased risk to this customer class from the possibility that a permanent CVR combined with intermittent peak load reductions required by PJM may unduly jeopardize the provision of reliable service. Second, PCOC is concerned about the proposed reduction of $143,000 from the Residential Low-Income class. West Penn has not provided a sufficient or compelling justification for this reduction, and the addition of measures available to low-income customers does not make up for a reduction in the budget dedicated to these customers. Finally, it is important to note that during its last amendment, West Penn agreed to certain stipulations with PCOC. Among them, West Penn agreed to expand its Joint Utility Usage Management Program and to specifically target multi-family housing through its Residential Low Income Home Performance Check-Up & Appliance Replacement Program.[3] These stipulations should continue to be honored regardless of the outcome of this proceeding.

A. Conservation Voltage Reduction Program

Through its CVR Program, West Penn proposes to "strategically select[] distribution circuits that have sufficient voltage levels to accommodate [a] 1.5% voltage reduction while still remaining within the voltage parameters established in 52 Pa. Code § 57.14(b)." (West Penn Statement No. 1. at 11:12-15.) This voltage reduction will be permanent and will cost approximately $2 million to implement. West Penn has allocated $208,054 of this amount to the Residential Low-Income Class.

Generally, PCOC understands that a voltage reduction of the kind proposed by West Penn will not adversely affect its customers' end-use. However, PCOC is concerned about the

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[3] See Tr. of Proceedings, Petition of West Penn Power Company, d/b/a Allegheny Power Company, for Approval of Its Energy Efficiency and Conservation Plan, Approval of Recovery of Costs Through a Reconcilable Adjustment Clause and Approval of Matters Relating to the Energy Efficiency and Conservation Plan, at Allegheny Power-PCOC Joint Stipulation.

possibility that a permanent 1.5% voltage reduction could affect customers when coupled with emergency voltage reductions that are sometimes required by PJM as a part of its emergency operating procedures. While the PJM reductions are temporary, they are typically required when there is a shortage of operating reserve or insufficient generation supply. PCOC is concerned that a PJM mandated short-term reduction coupled with a permanent 1.5% reduction through the proposed CVR could cause customers to have their voltage reduced below the levels established in 52 Pa. Code § 57.14(b) and West Penn's tariff.

PCOC's concern is that low-income customers – particularly the elderly and infirm – are much more likely to be at home during peak load times when insufficient supply could cause PJM to require a voltage reduction. If this reduction, coupled with the implementation of a permanent CVR, were to cause supply interruptions, PCOC fears that these customers would be adversely affected. While PCOC fully appreciates the fact that implementation of a CVR program would produce energy savings through the reduction in voltage, the possible attendant risks mentioned above need to be more fully investigated before the Commission determines that the introduction of such a program is appropriate.

Furthermore, it bears mentioning that a CVR program is very different from the traditional EE&C measures that have been implemented by West Penn and other electric distribution companies. Typical EE&C measures focus on the customer's side of the meter through equipment repair, equipment replacement, or weatherization. The fact that a CVR program focuses on the utility's side of the meter does not make the measure inappropriate, but it does raise concerns. For example, although West Penn indicates that customers will see energy savings through implementation of the CVR, these savings have not been quantified by West Penn. Thus, unlike with traditional EE&C measures, where a customer can determine to a relatively high degree of accuracy how a measure will save them money, the end-user savings from CVR are less apparent. PCOC submits that prior to implementation of the CVR, West Penn should attempt to quantify the energy savings and bill impacts which might be produced.

B. Shifting of costs from JUUMP to LIEEP and the proposed reduction of $143,276 in the Residential Low-Income Class

In its proposed amended plan, West Penn would shift approximately $1.8 million in costs from its JUUMP program to its LIEEP program; shift $208,054 from its JUUMP program to its proposed CVR; and entirely eliminate $143,276 in spending from the low-income sector. In total, West Penn's proposed plan would shift nearly $2.2 million from its JUUMP program.

In its Petition and through informal discovery, West Penn has articulated that it is moving money from JUUMP to other programs that will produce the efficiency savings that it is required to attain post-2011. PCOC fully supports funding programs that effectively produce energy savings for low-income customers. To that end, the transfer of $1.8 million from JUUMP to LIEEP, a program which has been shown to be effective in the other affiliates of First Energy, West Penn's parent company, is sound and PCOC fully supports this reallocation.

That said, it is troubling that West Penn's JUUMP program has not been more successful. On July 15, 2011, West Penn filed with the Commission its Act 129 EE&C Plan Annual Report. According to the Annual Report, West Penn's JUUMP has met only 1% of its targeted gross energy savings and 0.7% of its gross demand reduction.[4] West Penn does not address in its Petition or in its revised EE&C Plan why there has been little activity in JUUMP. Furthermore, during EE&C stakeholder meetings and in informal discovery in this proceeding, West Penn

[4] Allegheny Power Act 129 EE&C Plan Annual Report for June 2010 – May 2011, Filed July 15, 2011, at 25 (available at: http://www.alleghenypower.com/EngConserv/PA/PA_PUC_Annual_Report%20PY2%204Q%20Preliminary-West%20Penn%20Power%20FINAL.pdf)

could not clearly articulate the reasons why this program has not been more effective. West Penn was similarly vague about the reasons why this program has been unsuccessful in its recent Act 129 EE&C Plan Annual Report. In that report, West Penn states that "the JUUMP Program is experiencing institutional barriers to delivery – in large part inhibited by requirements Columbia Gas must adhere to in their program delivery; however, the program is slowly gaining momentum."[5]

If the institutional barriers involve communication and other problems with a single gas utility, PCOC submits that West Penn should redouble its efforts to recruit other partners. It committed to such a course of action in its stipulation with PCOC during the settlement of its prior amendment to its EE&C plan,[6] and should recommit to it in consideration of the changes made in its proposed amendments. Reducing redundancies in weatherization work by partnering with other utilities is a cost effect way of delivering savings to all involved; this is particularly the case for those West Penn customers who may have inoperable central heating systems and therefore have become *de facto* electric heating customers. By working in conjunction with a gas utility to replace an inoperable central heating system with a high-efficiency natural gas heating system, West Penn could significantly reduce the energy load of many low-income households.[7] Even with the reductions proposed in its current amendment, the JUUMP program is projected to accrue a sizeable portion of the low-income sector's energy savings, and thus it

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[5] Id. at 62.

[6] In a stipulation entered into record on December 10, 2010, West Penn agreed to expand JUUMP for low-income customers in 2011. Specifically, it agreed that it will expand opportunities to partnership of the program during 2011 to other companies to the extent the other companies wish to participate. *See* Tr. of Proceedings, Petition of West Penn Power Company, d/b/a Allegheny Power Company, for Approval of Its Energy Efficiency and Conservation Plan, Approval of Recovery of Costs Through a Reconcilable Adjustment Clause and Approval of Matters Relating to the Energy Efficiency and Conservation Plan, at Allegheny Power-PCOC Joint Stipulation.

[7] The Universal Service Coordination Working Group Report, November 19, 2009, Docket No. M-2009-2107153, stated: Using portable space heaters for whole-house heating is a potentially unaffordable and unsafe alternate central heating source. The number of customers doing so has risen dramatically over the past several years, especially with the dramatic increase in the cost of home heating oil (at 1.)

seems reasonable for the company to more diligently and creatively pursue partnerships that will provide the energy savings projected.

While PCOC fully supports the transfer of $1.8 million from JUUMP to LIEEP, it does not support the removal of $143,276 from JUUMP that would be transferred out of the low-income sector into other residential programs. Nowhere in its Petition, its proposed amended plan, or its testimony in support of its proposed amended plan does West Penn explain its reasons for removing this money from the low-income sector. Instead, West Penn justifies the removal of these funds by stating that low-income customers will "have access to more measures that provide them with more opportunities to reduce their electric bills." (West Penn Statement No. 1. at 21:22-23.) This is not a compelling justification for the reduction in budget dedicated to low-income customers. It is certainly good that low-income customers will have access to additional measures to reduce their energy consumption and consequently their home energy bills; however, these additional measures do not sufficiently make up for a reduction in the budget.

Low-income customers typically cannot afford the cost of weatherization and energy efficiency measures on their own, and thus, it is not logical to reduce the financial incentives provided in the plan to this class of customers. To the contrary, PCOC submits that additional funding may well be essential in the coming months. Although, in the very short term, the weatherization world remains well-funded with money through ARRA this funding will disappear at the end of March 2012. Thus, a proposed reduction in funding targeted towards low-income households seems highly imprudent.

Accordingly, PCOC submits that West Penn should restore the $143,276 that is proposes to eliminate from the low-income sector and place it back into the JUUMP program. PCOC recognizes that West Penn is already at its maximum funding level and that consequently the restoration of this money will come at the expense of another residential program. Given this, West Penn should work with interested stakeholders, including the Office of Consumer Advocate and PCOC, to identify those areas in the non low-income residential sector from which money can be drawn.

C. **The prior stipulations between West Penn and PCOC should continue to be honored**.

In settling the contested elements of its previous petition to amend its Act 129 EE&C Plan, West Penn (then-Allegheny Power) agreed to certain stipulations with PCOC. Specifically, West Penn agreed, in summary, that:

1. It would target conservation services to multi-family properties providing affordable housing to low-income families, in addition to its Low Income Home performance Check-Up Audit and Appliance Replacement Program and include appliance replacements and services to the heating, ventilation and air condition (HVAC) systems. These services will be provided to multi-family properties providing affordable housing to low-income families regardless of whether the multi-family housing is classified as individual low income residential ratepayer, non-profit, governmental or commercial.

2. The elimination of its Low Income Room Air Conditioner Replacement Program will not reduce services to low income households participating in the Low Income Home Performance Check-Up Audit and Appliance Replacement Program.

3. Allegheny will expand its Joint Utility Usage Management Program for low income customers in 2011. The program will continue to grow low income customer program participation and will expand opportunities to partnership of the program during 2011 to other companies to the extent the other companies wish to participate.[8]

The Commission should require West Penn to make it clear in its plan that it will honor these stipulations in its amended plan. Furthermore, West Penn should be required to provide

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[8] *See* Tr. of Proceedings, Petition of West Penn Power Company, d/b/a Allegheny Power Company, for Approval of Its Energy Efficiency and Conservation Plan, Approval of Recovery of Costs Through a Reconcilable Adjustment Clause and Approval of Matters Relating to the Energy Efficiency and Conservation Plan, at Allegheny Power-PCOC Joint Stipulation.

updates to the progress it has made toward these stipulations either in its annual Act 129 EE&C Plan filing or a separate report to interested stakeholders.

III. CONCLUSION

PCOC thanks the Commission for the opportunity to submit these comments to West Penn's Petition to amend its Act 129 EE&C Plan, and encourages the Commission to continue its efforts to ensure low-income families receive satisfactory levels of service through the Act 129 EE&C plans.

Respectfully submitted,
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