

COMMONWEALTH OF PENNSYLVANIA



OFFICE OF CONSUMER ADVOCATE

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IRWINA. POPOWSKY
Consumer Advocate

December 20, 2011

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

RE: 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

Dear Secretary Chiavetta:

Enclosed please find the Office of Consumer Advocate's Prehearing Memorandum, 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: Hon. Dennis J. Buckley
Certificate of Service

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BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION

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

PREHEARING MEMORANDUM
OF THE
OFFICE OF CONSUMER ADVOCATE

Pursuant to Section 333 of the Public Utility Code, 66 Pa.C.S. § 333, and in response to the Prehearing Conference Order issued in the above-captioned matter, the Office of Consumer Advocate provides the following information:

I. Introduction and Procedural History

a. Overview

On August 9, 2011, West Penn Power Company (West Penn) filed its Petition of West Penn Power Company for Amendment of the Orders Approving Energy Efficiency and Conservation Plans and Petition for Approval of its Amended Energy Efficiency and Conservation Plans. Pursuant to the Commission's June 10, 2011 Implementation Order at Docket No. M-2008-2069887, the OCA filed Comments in response on September 11, 2011. Comments were also filed by the West Penn Power Industrial Intervenors (WPPII); Pennsylvania Communities Organizing for Change (PCOC); Pennsylvania State University (Penn State); and the Office of Small Business Advocate (OSBA).

On October 28, 2011, the Commission issued an Interim Opinion and Order in the matter and referred several issues raised in Comments to the Office of Administrative Law Judge including: (1) the Conservation Voltage Reduction (CVR) program; (2) administrative changes; (3) the proposed budget, cost allocation and surcharge, including the overall increase of the residential customer class budget of \$608,000 and the proposed \$143,000 reduction in the low-income customer budget; and (4) the deletion of the dishwasher measure.

The matter was further assigned to Administrative Law Judge Dennis J. Buckley. A Prehearing Conference Notice was issued and scheduled the Prehearing Conference for Wednesday, December 21, 2011. On December 15, 2011, a Prehearing Conference Order was issued.

b. Procedural History

Act 129 (Act) was signed into law by Governor Rendell on October 15, 2008 and became effective on November 14, 2008. Act 129 establishes an obligation for each electric distribution company (EDC) with 100,000 or more customers to achieve specified reductions in energy usage and peak demand. By May 31, 2011, each EDC was required to reduce the energy usage of its customers by 1%, and by May 31, 2013, each EDC must reduce the energy usage of its retail customers by 3%. These energy consumption reductions were based on the forecasted energy usage for the June 1, 2009 to May 31, 2010 base period. Also, by May 31, 2013, an EDC must reduce the weather-normalized demand of its retail customers by a minimum of 4.5% in the 100 hours of highest demand. The Act also provides for specific fines for an EDC's failure to achieve the standards for reduction contained in the Act.

On July 1, 2009, West Penn filed its original Energy Efficiency and Conservation (EE&C) Plan. On October 23, 2009, the Commission issued an Order, adopting in part and

rejecting in part the original EE&C Plan. On December 21, 2009, West Penn filed its Revised EE&C Plan. The Revised EE&C Plan was filed in accordance with the Commission's October 23, 2009 Order which approved, with modifications, West Penn's original July 1, 2009 EE&C Plan. On March 10, 2010, the Commission issued an order, approving in part and rejecting in part the Revised Plan. On April 29, 2010, pursuant to the March 10, 2010 Order, West Penn filed a Second Revised Plan, and on June 23, 2010, the Commission entered an Order approving the Second Revised Plan.

On November 20, 2009, the OCA filed a Petition for Review of the Commission's October 23, 2009 Order with the Commonwealth Court. The issues addressed by the Commission's Orders regarding the Revised Plan and the Second Revised Plan did not address the issues raised by the OCA's Petition for Review of the October 23, 2009 Order. After lengthy Settlement discussions, the OCA and the Company reached a Settlement Agreement in West Penn's Smart Meter case at Docket No. M-2009-2123951. Part of the Smart Meter Settlement included modifications to the Second Revised EE&C Plan. As a result of the Settlement in West Penn's Smart Meter case, on August 2, 2011, the OCA filed a Praecipe to Discontinue Petition for Review in the appeal, docketed at 28 C.D. 2010.

On September 10, 2010, West Penn filed its Petition for Approval of its Amended EE&C Plan (First Amended Plan). On January 13, 2011, the Commission adopted the Administrative Law Judges' Recommended Decision to approve the First Amended Plan as modified by the Joint Stipulations.

On February 25, 2011, West Penn Power and FirstEnergy merged, at which time West Penn became a part of the FirstEnergy Companies, which also include the Pennsylvania electric

distribution companies, Metropolitan Edison Company (Met-Ed), Pennsylvania Electric Company (Penelec) and Pennsylvania Power Company (Penn Power).

On August 9, 2011, West Penn filed its Petition of West Penn Power Company for Amendment of the Orders Approving Energy Efficiency and Conservation Plans and Petition for Approval of its Amended Energy Efficiency and Conservation Plans.

II. Issues and Sub-issues

Based upon the OCA's review and Comments, the OCA has compiled a list of issues and sub-issues. The following list sets forth the issues that the OCA anticipates it will examine the :

(1) Reasonableness of the Company's proposed Conservation Voltage Reduction (CVR) program, including its proposed 1.5% voltage reduction level, the impact on customers, and its impact on PJM Emergency Procedures;

(2) Reasonableness of the proposed \$143,000 reduction to the low-income program budget;

(3) Reasonableness of the elimination of the dishwasher incentive program;

(4) Review the reasonableness of the proposed overall increase in the residential customer class budget of \$608,000;

(5) Review whether it is appropriate to allow West Penn to change from a fixed incentive level to an incentive range without the need to file a Petition or to go through an expedited review process; and

(6) Review whether West Penn should be permitted to forego Commission approval with respect to the proposed new program measures that have been added to the Technical Resource Manual (TRM).

The OCA reserves the right to raise additional issues as may be necessary.

III. Witnesses

The OCA intends to present the direct, rebuttal and surrebuttal testimony, as may be necessary, of Mr. Geoffrey Crandall in this proceeding. Mr. Crandall will present testimony in written form and also will attach various exhibits, documents and explanatory documents which will assist in the presentation of the OCA's case. In order to expedite the resolution of this proceeding, the OCA requests that copies of all interrogatories, testimony and answers to interrogatories be mailed directly to Mr. Crandall at the following address, as well as mailing copies to counsel for the OCA.

EE&C Plan

Geoffrey Crandall
MSB Energy Associates, Incorporated
Suite 204
1800 Parmenter Street
Middleton, WI 53562-1127
E-mail: Crandall@msbnrg.com

The OCA specifically reserves the right to call additional witnesses, as necessary. As soon as the OCA has determined whether an additional witness or witnesses will be necessary for any portion of its case, all parties of record will be notified.

IV. Service on OCA

The OCA will be represented in this case by Assistant Consumer Advocate, Christy M. Appleby and Senior Assistant Consumer Advocate, Tanya J. McCloskey. Two copies of all documents should be served on the OCA as follows:

Christy M. Appleby
Assistant Consumer Advocate
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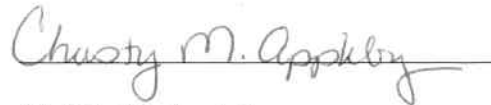
V. SETTLEMENT

The OCA is willing to participate in settlement discussions.

VI. SCHEDULE

The OCA will work with all parties to develop a mutually agreeable procedural schedule.

Respectfully submitted,



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DATE: December 21, 2011
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CERTIFICATE OF SERVICE

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

I hereby certify that I have this day served a true copy of the foregoing document, Comments of the Office of Consumer Advocate's Prehearing Memorandum, 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 20th day of December 2011.

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