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January 6, 2012

VIA HAND DELIVERY

Rosemary Chiavetta, Secretary
Pennsylvania Public Utility Commission
Commonwealth Keystone Building
400 North Street, 2nd Floor North
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 are an original and three (3) copies of a Joint Petition for Settlement of all Issues in the above-captioned proceeding. Statements in Support authored by the Joint Petitioners are also attached. Copies of this document have been served as indicated on the attached Certificate of Service.

Please contact me if you have any questions or concerns.

Very truly yours,

John F. Povilaitis

JFP/kra
Enclosure
cc: The Honorable Dennis J. Buckley (via email and First Class Mail)
Certificate of Service

BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION

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	: : : : :	Docket No. M-2009-2093218

JOINT PETITION FOR SETTLEMENT OF ALL ISSUES

I. INTRODUCTION

West Penn Power Company ("West Penn" or the "Company"), the Office of Consumer Advocate ("OCA"), the Office of Small Business Advocate ("OSBA"), Pennsylvania Communities Organizing for Change ("PCOC") and the West Penn Power Industrial Intervenors ("WPPII") (collectively the "Joint Petitioners" or "Parties") hereby join in this Joint Petition for Settlement ("Joint Petition" or "Settlement") and respectfully request that the presiding Administrative Law Judge ("ALJ") , the Honorable Dennis J. Buckley, and the Pennsylvania Public Utility Commission ("Commission") approve the Settlement as set forth below.[1] The Joint Petitioners have agreed to a settlement of all issues in the above-captioned proceeding.

The Joint Petitioners have agreed to make all reasonable efforts to obtain approval of this Settlement promptly so that all elements the Company's Amended Energy Efficiency and Conservation/Demand Response Plan ("New Plan"), as modified by the Settlement, can be placed into effect as soon as possible. West Penn requests expedited approval by the ALJ and the Commission of this unopposed Settlement.

[1] The Pennsylvania State University ("PSU") and the Bureau of Investigation and Enforcement ("BI&E"), Intervenors in this proceeding, do not object to this Joint Petition for Settlement.

II. BACKGROUND AND PROCEDURAL HISTORY

1. The Company is an electric public utility authorized to provide electric service in southwestern, south-central and northern Pennsylvania. The Company serves approximately 715,000 customers in Pennsylvania in an area of about 10,400 square miles with a population of approximately 1.5 million. The Company's headquarters are in the City of Greensburg, Westmoreland County, Pennsylvania.

2. Act 129 of 2008 ("Act 129")[2] requires electric distribution companies ("EDCs") with at least 100,000 customers in Pennsylvania to adopt a plan to reduce energy consumption and demand in their service territories.[3] On June 30, 2009, the Company filed its initial EE&C/DR Plan with the Commission. The Company filed amended initial EE&C/DR Plans with the Commission on December 21, 2009 and April 29, 2010. The Company's initial EE&C/DR Plan was approved by the Commission in Orders entered on October 23, 2009, March 1, 2010 and June 23, 2010 at Docket No. M-2009-2093218. The Company filed an amended EE&C/DR Plan with the Commission on September 10, 2010. Modifications of this filing were achieved by stipulation and an amended Plan was approved by the Commission on January 13, 2011. Further amendments to the Plan were submitted by the Company on August 9, 2011 and represent the New Plan under consideration in this Joint Petition. Comments on the August 9, 2011 filing were submitted by OCA, WPPII, PSU, and PCOC.

3. After comments were submitted, a period of informal discovery and settlement discussions ensued among the parties. In an Order adopted and entered on October 28, 2011, the Commission addressed the comments filed by OCA, WPPII, PSU, and PCOC. Some issues were adjudicated and others were set for further proceedings. Specifically, the Commission approved

[2] Act 129 became effective November 14, 2008.

[3] Act 129 requires a 1% reduction in energy consumption by May 31, 2011, a 3% reduction in energy consumption by May 31, 2013, and a 4.5% peak demand reduction by May 31, 2013.

West Penn's proposal to rename and reorganize its programs and measures to allow the Company to better focus its resources in a manner that should help it meet the Act 129 mandates. West Penn's proposal to add thirty-five new measures to the New Plan was also approved. West Penn proposed that some measures be deleted as part of the New Plan. The Company's proposals to remove the clothes dryer and programmable thermostat measures were approved; however West Penn's proposed discontinuation of the dishwasher measure was referred to the ALJ for disposition. The Commission's Order referred other specific elements of the New Plan to the Office of Administrative Law Judge ("OALJ") for development of an evidentiary record: 1) the Conservation Voltage Reduction ("CVR") Program, 2) administrative changes, specifically use of incentive ranges rather than fixed incentive amounts and adding new measures to programs as measures are approved for inclusion in the Technical Reference Manual ("TRM"), and 3) the new budget, cost allocation and surcharge, all resulting from the proposed changes to measures and programs. To the extent the Commission did not refer issues to OALJ, the New Plan was approved and authorized to be implemented.[4]

4. On November 16, 2011, the Commission issued a Notice setting an Initial Prehearing Conference in this matter for December 21, 2011 in Harrisburg. ALJ Buckley was assigned to preside over this proceeding. In a Prehearing Conference Order dated December 15, 2011, the ALJ directed all parties to submit Initial Prehearing Conference Memoranda on or before Tuesday, December 20, 2011.

5. On Tuesday, December 20, 2011, ALJ Buckley was advised that an uncontested Settlement of all issues had been reached in principle. The ALJ excused from filing a Prehearing Memorandum any Party that had not at that point already submitted one, and converted the Prehearing Conference set for December 21, 2011 to a telephonic Prehearing Conference. At

[4] Order of October 28, 2011 at 12-15.

that Conference, all active Parties to the case confirmed that an uncontested Settlement of all issues had been reached. It was proposed that a Joint Petition for Settlement with Supporting Statements be submitted by January 6, 2012. ALJ Buckley accepted that proposal. This Joint Petition is submitted consistent with that determination by ALJ Buckley. The terms of the Settlement are as follows.

III. SETTLEMENT TERMS

6. The Company shall be permitted to implement the CVR Program at the proposed 1.5% voltage level, subject to the following conditions:

a. The Company will complete a detailed engineering work-up before it deploys CVR on any circuit. CVR will not be deployed on any circuit unless the Company's analysis concludes that voltages to all customers on the circuit can be maintained within the Commission's current voltage standard for customers with the 1.5% voltage reduction. The detailed engineering work-up will include:

i. Evaluation of multi-points along the entire line, including distribution equipment, circuit configuration, wire size, distance and the end points.

ii. Evaluation at peak load conditions.

iii. Assessment and modeling (using accepted industry standards, e.g. consistent with 52 Pa. Code § 57.14(b) (Voltage Requirements), and ANSI C84 standard of the individual distribution circuit candidates for the reduction).

b. As part of the mitigation strategy, the Company will monitor and evaluate circuit performance and voltage levels across the CVR circuits on a regular basis during the course of the program. If voltage levels outside Commission parameters are experienced across the circuits in the CVR Program during the evaluation and monitoring process, the Company will promptly resolve the problems or suspend CVR on the impacted circuits until problems are adequately resolved. Should voltage level problems on a circuit where CVR was implemented not be readily and promptly resolvable, CVR on that circuit will be suspended. If multiple instances of CVR circuits with unresolved voltage problems accrue, the Company will reassess whether continued deployment of the CVR Program should occur. In the event the CVR Program is suspended and the Company determines that funds are required elsewhere in the Plan in order to meet statutory energy efficiency or peak demand reduction requirements, those funds will be allocated to other Plan programs, consistent with Commission procedures.

c. Prior to the deployment of the CVR Program, the Company will install metering equipment at seven (7) customer locations for WPPII members and ten (10) small business customer locations that will allow delivered voltage to be monitored on a continuous basis. With respect to the small business customer locations, Company field engineers will determine the location of the metering equipment based on circuit configuration and any special or unique customer characteristics. Voltage information will be accessible to WPPII member customers at those locations on a quarterly basis. Voltage information from the small business customer locations will be accessible to OSBA on a quarterly basis. The metering equipment will remain in place at least until May 2013, or when the current CVR Program is suspended or concluded, whichever is sooner, with the exception of metering installed in customer equipment. With respect to metering installed in customer equipment, unless the Company and the customer mutually agree to extend the voltage monitoring, the Company may unilaterally determine whether it should be removed after the current CVR Program is suspended or concluded or May 2013, whichever is sooner. The metering equipment will be installed and maintained at the Company's initial expense, and is recoverable as a Program expense through the EE&C

Surcharge tariff rider through direct assignment to the rate schedule(s) under which electric service is delivered to the customer locations that receive the metering equipment. If any new metering equipment is installed in customer equipment, rather than at the current meter installation, to monitor the CVR Program, the Company will negotiate an agreement with the customer for each meter installation that addresses liability relating to operation of the meter, meter location, meter connection issues and safety standards. Agreement on these issues shall not be unreasonably withheld by the customer. Should voltage monitoring at the aforementioned seventeen (17) locations indicate that voltage is not being delivered within Commission voltage standards, the Company will promptly take all necessary steps to remedy the voltage problem. The Company will meet with and discuss the need for any additional voltage monitoring of WPPII member service locations or small business customers impacted by the CVR Program on an as-needed basis.

d. The Company shall take all steps required to maintain voltage levels consistent with the service voltage requirements in the Commission's regulations at 52 Pa. Code § 57.14.

e. Currently unresolved voltage issues on circuits that have been identified for the CVR Program will be resolved prior to CVR Program implementation on these circuits.

f. To the extent that CVR Program implementation causes any voltage fluctuation outside the range permitted by PUC regulations and such fluctuation damages customer equipment or interrupts service, the Company's liability for damages shall be in accordance with the Commission-approved Rules and Regulations of the Company's Tariff. Said liability is not modified by the Commission's approval of the CVR Program.

g. The Company will provide an annual assessment of the impact of the CVR Program for all circuits in the CVR Program in a given year during the reporting period in its annual reports as required for the approved EE&C/DR Plan. Such an annual assessment will include the following:

i. An assessment of the impact of the program on customer voltage levels by circuit.

ii. A description of mitigation strategies implemented and the performance of such strategies.

iii. Non-confidential information about any customer issues raised or any formal ALJ or informal Commission Bureau of Consumer Services customer complaints received ("Complaints"), including a description of the nature of the Complaint, actions taken on the Complaint and how the matter was resolved, if it was resolved. The Company will provide information on any impacts or harmful effects raised by customer Complaints, including, but not limited to, Complaints about motors running hotter than normal or failing prematurely; unexplained equipment malfunctions; equipment damages; loss of production and output; voltage related power quality issues; dim incandescent light; batteries failing to recharge properly; and/or random equipment failures resulting from voltage drops outside the Voltage Requirements previously mentioned.

iv. Information regarding the impact of any PJM 5% emergency voltage reductions with the Conservation Voltage Reduction program. Within 60 days of PUC approval of the Company's amended EE&C/DR Plan, the Company will review the CVR Program with PJM representatives. The Company will propose to the Commission any CVR Program revisions necessary to resolve any issues or concerns identified by PJM in a manner that complies with the Commission's service voltage requirements. The Company shall provide the settling parties with notice of the Company's meeting(s) with PJM, concerns identified by PJM, and actions by the Company to address PJM's concerns. Any dialogue between PJM and the Company on this subject shall be summarized and included in the annual assessment of the impact of the CVR Program.

v. The EM&V methodology, custom protocol and other means used to calculate and verify CVR-related energy savings and demand reductions. This will include a statement reporting the status of implementation of the custom protocol and any EM&V results that have been produced.

h. The Company shall include a description of its CVR Program on its website listing of residential EE&C Programs.[5] In addition, Company service representatives in the call centers, as well as field representatives to Large C&I customers, will be trained on the operation of the CVR Program. Call Center representatives, field representatives, and the Company's engineers will be informed of the implementation of the CVR Program, and the circuits affected thereby, so that they are positioned to discuss the Program with customers and can incorporate the CVR Program into their analysis of any reported customer problems.

7. In the event the Company decides to exercise its ability to modify incentive levels pursuant to the ranges approved by the Commission, it will first provide parties to this case and its stakeholder group with notice of those plans and, if requested, meet via conference call with those parties and other interested stakeholders to discuss changes in incentive levels. A defined

[5] The description included on the website will be as follows: "Conservation Voltage Reduction - As part of its compliance with Act 129 requirements, West Penn Power has implemented a Conservation Voltage Reduction program. Under this program, West Penn strategically reduces voltage across designated portions of its distribution system, within regulatory guidelines. This helps achieve energy and demand savings in a cost-effective manner, thereby helping customers lower their energy costs."

process will be established for stakeholders to be informed of the modifications to incentive levels, timeframes for responses by stakeholders, and implementation procedures.

8. The Company will reinstate $143,000 to the low income residential sector budget, moving the funds from other non-low income residential programs.

9. The Company will retain the dishwasher rebate measure within the Residential Energy Efficient Products Program.

10. In its annual EE&C/DR filings, the Company will calculate on a segregated basis an estimate of the EE&C/DR Surcharge revenues for small commercial customers and government customers.

11. The Company will continue to honor all commitments made to PCOC in the December 2, 2010 stipulation at this docket.

12. Regardless of their support or non-opposition to the CVR Program, the parties preserve all arguments relative to any cost recovery the Company may seek in the future for claims paid to customers relating to voltage issues that result from the CVR Program.

13. Regarding the addition of new measures approved by the Technical Resource Manual (TRM), the Company will follow the Commission's procedures established in the June 11, 2011 Implementation Order. However if, subsequent to this case, the Commission approves for any electric distribution company the use of new measures approved by the TRM without further filings and approvals being required, the Company is permitted to request the same procedural treatment for the same type of measures and the parties to this case agree not to oppose such a request by the Company.

IV. THE SETTLEMENT IS IN THE PUBLIC INTEREST

14. This Settlement was achieved by the Joint Petitioners after an extended informal discovery process and numerous settlement discussions. All issues set for determination by the ALJ have been specifically addressed in the Settlement and have been resolved in a manner mutually acceptable to the Parties or they have ceased to be concerns based upon further discussions and additional information provided to the Parties. Approval of the Settlement will conserve all Parties' resources, as well as those of the ALJ and Commission.

15. The Joint Petitioners have submitted, along with this Settlement Petition, Statements in Support of the Settlement setting forth the basis upon which they believe the Settlement is lawful, fair, just and reasonable and therefore in the Public Interest. The Joint Petitioners' Statements in Support are attached hereto as Attachments 1, 2, 3, 4, and 5.

V. CONDITIONS OF SETTLEMENT

16. This Settlement is conditioned upon the Commission's approval of the terms and conditions contained herein without modification. If the Commission modifies the Settlement, then any Joint Petitioner may elect to withdraw from this Settlement and may proceed with litigation and, in such event, this Settlement shall be void and of no effect. Such election to withdraw must be made in writing, filed with the Secretary of the Commission and served upon all Joint Petitioners within five (5) business days after the entry of an order modifying the Settlement.

17. The Joint Petitioners acknowledge and agree that this Settlement, if approved, shall have the same force and effect as if the Joint Petitioners had fully litigated this proceeding.

18. This Settlement is proposed by the Joint Petitioners to settle all issues in the current proceedings. The Settlement is made without any admission against, or prejudice to, any

position which any Joint Petitioner may adopt in the event of any subsequent litigation in these proceedings.

19. This Settlement may not be cited as Commission precedent in any future proceeding, except to the extent required to implement this Settlement.

20. The Commission's approval of the Settlement shall not be construed to represent approval of any Joint Petitioner's position on any issue, except to the extent required to effectuate the terms and agreements of the Settlement in these and future proceedings involving the Company.

21. It is understood and agreed among the Joint Petitioners that the Settlement is the result of compromise, and does not necessarily represent the position(s) that would be advanced by any Joint Petitioner in these proceedings if they were fully litigated.

22. This Settlement is being presented only in the context of these proceedings in an effort to resolve the proceedings in a manner which is fair and reasonable. The Settlement is the product of compromise. This Settlement is presented without prejudice to any position which any of the Joint Petitioners may have advanced and without prejudice to the position any of the Joint Petitioners may advance in the future on the merits of the issues in future proceedings except to the extent necessary to effectuate the terms and conditions of this Settlement. This Settlement does not preclude the Joint Petitioners from taking other positions in proceedings of other public utilities, or any other proceeding.

23. A copy of the Joint Petition has been served upon the active parties to the proceedings.

24. All active parties to this proceeding either support the Joint Petition or do not object to its approval by the Commission. Expedited approval of the Settlement by the

Commission is requested so that West Penn can comply with its Act 129 responsibilities in a timely manner.

25. The Joint Petitioners have agreed that the Joint Petition may be executed in one or more counterparts, each of which shall be considered an original, and all of which taken together shall constitute one and the same instrument.

WHEREFORE, the Joint Petitioners, by their respective counsel, respectfully request that the Commission approve on an expedited basis this unopposed Joint Petition for Settlement including all terms and conditions herein.

Dated: January 6, 2012

Respectfully submitted,

John F. Povilaitis, Esq.
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On behalf of West Penn Power Company

and

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On behalf of West Penn Power Company

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Tanya J. McCloskey, Esq.
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On behalf of Office of Consumer Advocate

Harry S. Geller, Esquire
Patrick M. Cicero, Esquire
Pennsylvania Utility Law Project
118 Locust Street
Harrisburg, PA 17101
On behalf of Pennsylvania Communities Organizing for Change

Susan E. Bruce, Esquire
Vasiliki Karandrikas, Esquire

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Christy M. Appleby

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On behalf of West Penn Power Industrial Intervenors

ATTACHMENT 1

BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION

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	:	Docket No. M-2009-2093218

WEST PENN POWER COMPANY'S STATEMENT IN SUPPORT OF THE JOINT PETITION FOR SETTLEMENT OF ALL ISSUES

TO THE HONORABLE ADMINISTRATIVE LAW JUDGE DENNIS J. BUCKLEY:

West Penn Power Company ("West Penn" or the "Company"), the Office of Consumer Advocate ("OCA"), the Office of Small Business Advocate ("OSBA"), Pennsylvania Communities Organizing for Change ("PCOC") and the West Penn Power Industrial Intervenors ("WPPII") (hereinafter collectively referred to as the "Joint Petitioners"), have reached a Settlement regarding West Penn's proposed August 9, 2011 amendments to the Company's Energy Efficiency and Conservation Demand Response Plan ("EE&C/DR Plan").[1] The Settlement has been presented to the Administrative Law Judge ("ALJ") in the form of a Joint Petition for Settlement ("Joint Petition").[2] This Statement in Support of the Settlement, which resolves all outstanding issues, is submitted on behalf of West Penn. The Settlement should be approved by the ALJ and the Pennsylvania Public Utility Commission ("Commission") for the following reasons:

[1] The two remaining active parties in this proceeding, the Pennsylvania State University ("PSU") and the Bureau of Investigation and Enforcement ("BI&E") have indicated they do not oppose the Settlement.

[2] The procedural history of this docket has been outlined in paragraphs 2-5 of the Joint Petition.

1. This Settlement was achieved after extensive informal discovery was conducted and numerous informational and settlement discussions were held between and among the active parties to this case. West Penn has agreed as part of the Settlement to implement numerous actions relating to the portfolio of Programs and measures it proposed on August 9, 2011 as the latest iteration of its EE&C/DR Plan. However, the presentation of additional testimony and evidence that would occur through full litigation of this case is unnecessary because all the fundamental elements of the new proposed Programs and measures, as well as the great majority of the budget changes proposed by the Company are left intact under the Settlement.

2. The issues set for review by the ALJ in this proceeding were limited by the Commission in scope and nature. Thus the Commission has already approved West Penn's proposal to rename and reorganize its programs and measures to allow the Company to better focus its resources in a manner that should help it meet the Act 129 mandates. West Penn's proposal to add thirty-five new measures to the New Plan was also approved. The Company's proposals to remove the clothes dryer and programmable thermostat measures were approved, however West Penn's proposed discontinuation of the dishwasher measure was referred to the ALJ for disposition. The Commission's Order referred other specific elements of the New Plan to the Office of Administrative Law Judge ("OALJ") for development of an evidentiary record.: 1) the Conservation Voltage Reduction ("CVR") Program, 2) administrative changes, specifically use of incentive ranges rather than fixed incentive amounts and adding new measures to programs as measures are approved for inclusion in the Technical Reference Manual ("TRM"), and 3) the new budget, cost allocation and surcharge, all resulting from the proposed changes to measures and programs. These concerns were presented in the form of parties' comments in response to the EE&C/DR Plan proposed amendments. To the extent the Commission did not refer issues to the ALJ, the New Plan was approved and authorized to be

implemented.[3] The Settlement's resolution of the specific issues set for hearing in this proceeding is as follows.

3. **Proposed elimination of the dishwasher measure** - The Joint Petition proposes that at paragraph 9 that the Company will retain the dishwasher measure within the Residential Energy Efficient Products Program. Retention of this measure satisfies certain Parties' concern that a valid efficiency measure was being prematurely terminated. In the Company's view, withdrawing this proposal will not materially change the overall results of the EE&C/DR Plan or the Residential Energy Efficient Products Program.

4. **Concerns regarding the Conservation Voltage Reduction ("CVR") Program** - These concerns are addressed by paragraph 6 of the Joint Petition. First the Company has committed to a detailed process that describes how it will evaluate a circuit for inclusion in the CVR Program. After selecting a circuit for inclusion in the Program, any previously unresolved voltage issues on that circuit will be resolved and West Penn will monitor and evaluate circuit performance and voltage levels during the course of the Program. Provision is made for resolution of any voltage problems that arise while the CVR Program is in effect. Should any voltage problem persist, suspension of the circuit from the CVR Program will ensue. In addition, metering equipment that will continuously monitor customer voltage levels will be installed at select large and small business customer locations and voltage information from these monitoring locations will be shared with customers. The cost of the monitoring equipment will be at the Company's initial expense, and ultimately recovered through the EE&C Surcharge tariff rider through direct assignment to the rate schedules under which electric service is delivered to the customer locations where the monitoring equipment is installed. In addition to these actions, the Company will provide an annual assessment of the impact of the CVR Program during the

[3] Order of October 28, 2011 at 12-15.

reporting period in its annual reports to the Commission as required for its approved EE&C/DR Plan. Non-confidential information relating to any customer concerns that may arise will be included in these reports, as well as any information relating to discussions the Company will have with PJM representatives on the impact of the CVR Program with any PJM 5% emergency voltage reductions. Finally, the Company will include information on the CVR Program on its website listing of residential EE&C/DR Programs. Company call center service representatives will be trained on the operation of the CVR Program, and together with West Penn field representatives will be positioned to discuss the CVR Program and incorporate that Program into their analysis of any reported customer problems. Due to the engineering analysis that the Company will complete prior to implementing CVR on a circuit, the Company does not anticipate that the CVR Program will lead to any customer voltage problems on circuits where it is implemented. Nevertheless, these comprehensive monitoring, planning, remedial, review and reporting measures as agreed to under the Settlement will further ensure that customers receive service from any circuit included in the CVR Program that meets or exceeds the Company's regulatory requirements.

5. **Concerns regarding administrative changes, specifically use of incentive ranges rather than fixed incentive amounts and adding new measures to programs as measures are approved for inclusion in the Technical Reference Manual ("TRM")** - The Settlement at paragraphs 7 and 13 specifically address these issues. Paragraph 7 indicates that in the event the Company decides to exercise its ability to modify incentive levels pursuant to the ranges approved by the Commission, it will first provide Parties to this case and its stakeholder group with notice of those plans and, if requested, meet via conference call with those parties and other interested stakeholders to discuss changes in incentive levels. The Settlement also indicates a process will be defined for stakeholders to be informed of the modifications to

incentive levels, timeframes for responses by stakeholders, and implementation procedures. Paragraph 13 states that the Company will follow the Commission's existing direction on adding TRM-approved measures, however should the Commission approve for any electric distribution company the use of new TRM-measures, without further filings and approvals being required, West Penn may request and Parties may not oppose such a request. These are reasonable compromises of opposing positions on these issues that satisfy all Parties concerns and which honors Commission precedent on the TRM-related issue.

6. **Concerns regarding new budget, cost allocation and surcharge, all resulting from the proposed changes to measures and programs** - The Settlement at paragraph 8 eliminates the proposed reduction of $143,000 of budget funds to the low income sector budget that would have resulted by moving funds to other non-low income residential programs. In addition, the Settlement at paragraph 10 requires West Penn to calculate on a segregated basis an estimate of the EE&C/DR Plan surcharge revenues for small commercial customers and government customers. This satisfies OSBA's specific concern about this component of the Company's revenue collections raised in its comments. Finally, the Joint Petition acknowledges in paragraph 11 that the Company will continue to honor the commitment made in its December 2, 2010 stipulation at this docket. That stipulation largely concerned budget and funding issues.

7. This Settlement is in the public interest because it harmonizes the Company's proposals with the specific concerns raised by the active Parties in their comments filed in response to the Petition that opened this phase of the docket. At the same time the Joint Petition implements important amendments to the Company's EE&C/DR Plan that will improve its ability to meet the energy and demand reduction mandates required under Act 129. The Joint Petition thus fulfills the important public interest objective of reducing energy and demand consumption by customers, which will provide them with opportunities to lower their electric

bills. Resolving this case by settlement before hearings were required to be conducted is also in the public interest because it conserves Commission and Party resources, and allows all elements of the proposed EE&C/DR Plan amendments to be placed in effect sooner than would otherwise be the case under a litigation scenario, which also improves the Company's ability to meet the energy and demand reduction mandates required under Act 129.

WHEREFORE, West Penn respectfully requests that the Administrative Law Judge find that the Settlement is in the public interest and expeditiously recommend approval of the Joint Petition for Settlement of All Issues by the Pennsylvania Public Utility Commission.

Dated: January 6, 2012

Respectfully submitted,

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ATTACHMENT 2

BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION

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	: : : : :	Docket No. M-2009-2093218

STATEMENT
OF THE
OFFICE OF CONSUMER ADVOCATE
IN SUPPORT OF JOINT PETITION FOR SETTLEMENT

The Office of Consumer Advocate (OCA), one of the signatories to the Joint Petition for Settlement (Settlement), in the above-referenced docket, respectfully requests that the Pennsylvania Public Utility Commission (Commission) find the Settlement to be in the public interest and approve the Settlement for the following reasons.

I. Introduction and Procedural History

a. Overview

On August 9, 2011, West Penn Power Company (West Penn) filed the 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 12, 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).

In its September 12, 2011 Comments, the OCA raised several issues with the Company's proposed EE&C Plan. West Penn proposed a new Conservation Voltage Reduction (CVR) program in its EE&C Plan. The OCA expressed concerns with respect to the proposed 1.5% voltage reduction level for the CVR program, the impact of the CVR program on the PJM 5% emergency reduction procedures, and the impact of the CVR program on customers. Comments at 4-9. West Penn also proposed several administrative changes, and the OCA made recommendations regarding West Penn's proposal to change from fixed incentive levels to an incentive range and to implement new program measures that have been added to the Technical Resource Manual (TRM) without prior Commission approval. Comments at 9-12. The OCA also addressed West Penn's 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. Comments at 12-15. Finally, the OCA addressed the Company's proposal to eliminate its dishwasher measure. Comments at 13.

On October 28, 2011, the Commission issued an Interim Opinion and Order in the matter and referred several issues raised in Comments of the parties 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; 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 the Prehearing Conference was scheduled for Wednesday, December 21, 2011. On December 15, 2011, a Prehearing Conference Order was issued.

In the interim between the Company's filing and the Prehearing Conference, the parties took part in informal discovery and settlement discussions to achieve the Settlement in this matter.

On December 20, 2011, the parties informed ALJ Buckley that an uncontested Settlement in principle of all issues had been reached. A telephonic Prehearing Conference was held on December 21, 2011. At that time, the parties stated for the record that a unanimous Settlement had been reached in the matter, and the parties agreed to file a Joint Petition for Settlement of All Issues with Statements in Support by no later than Friday, January 6, 2012.

The Settlement addresses the issues raised by the OCA in its Comments. As set forth below, the terms and conditions of the Settlement are in the public interest and in the best interest of West Penn's residential customers.

II. Terms and Conditions of the Settlement

A. Introduction

The OCA submits that the proposed Settlement is in the public interest and in the interest of West Penn's residential ratepayers. The Settlement satisfactorily resolves all issues with respect to the September 12, 2011 Comments filed by the OCA in this docket.

B. Conservation Voltage Reduction (CVR) Program (Settlement at ¶¶ 6(a)-(h))

1. Introduction

In its filing, West Penn proposed a Conservation Voltage Reduction (CVR) program. The CVR program is designed to effectuate a permanent reduction in the voltage of 1.5% on specific distribution circuits to achieve system energy savings and demand reductions. The Company estimates achieving 45,000 MWh of energy savings and 5 MW of peak demand reductions from the program. The Company stated in its filing that the program was designed to be similar to the CVR program that was approved for PECO Electric Company's (PECO) EE&C Plan at Docket No. M-2009-2093215.

In its Comments, the OCA expressed concerns regarding the proposed 1.5% voltage reduction level; the impact of the program on PJM Emergency Procedures; and the impact of the program on customers. OCA Comments at 4-7. The OCA recommended that, if West Penn was permitted to implement the program, West Penn's program should require evaluations of the operational aspects of the program, including an assessment of the impact of the program on customer voltage levels. The OCA also recommended the consideration of mitigation strategies such as those implemented by PECO. PECO EE&C Plan Order, Docket No. M-2009-2093215 at 44-45 (Order entered August 28, 2009).

Under the Settlement, West Penn has agreed to several conditions that will address the OCA concerns raised in its Comments. The Settlement provides the following conditions under which the Company may implement the CVR Program at the proposed 1.5% voltage level on selected circuits.

2. Monitoring and Evaluation of the Proposed Circuits (Settlement at ¶¶ 8(a)-(f))

In its Comments, the OCA expressed concerns regarding the lack of a mitigation plan or any on-going evaluation of the impacts of the voltage reduction. The OCA was also concerned about the criteria for the selection of circuits to be included in the program, particularly evaluation of whether voltage would be maintained within the regulatory requirements. The OCA recommended that, at a minimum, the CVR program should include evaluations and mitigation plans. OCA Comments at 9. The Settlement provides for a mitigation plan, circuit analysis, and an on-going evaluation of the impacts of the 1.5% voltage reduction.

Under the Settlement, CVR will not be deployed on any circuit unless West Penn's analysis concludes that the voltages to all customers, including the 1.5% reduction, on the circuit can be maintained within the Commission's current voltage regulations at 52 Pa. Code § 57.14. Settlement at ¶ 8(a),(d). The OCA submits that this condition maintains the Commission's standards for voltage levels and requires that the CVR will not cause the voltage levels to fall below Commission regulation requirements.

West Penn will also complete a detailed engineering work-up before it deploys CVR on any circuit. The detailed engineering work-up will include the following:

> i. Evaluation of multi-points along the entire line, including distribution equipment, circuit configuration, wire size, distance and the end points.
> ii. Evaluation at peak load conditions.
> iii. Assessment and modeling (using accepted industry standards, e.g. consistent with 52 Pa. Code § 57.14(b)(Voltage Requirements), and ANSI C84 standard of the individual distribution circuit candidates for the reduction).

Settlement at ¶ 8(a)(i)-(iii). Currently identified but unresolved voltage issues on the circuits will be resolved prior to the CVR program deployment on these circuits. Settlement at ¶ 8(e). Prior to implementation of the CVR program, the OCA submits that it is important for West Penn to fully understand the conditions of the circuits where the program is being deployed and to ensure that the program is not being deployed on circuits which have identified, but unresolved problems. These provisions will help to ensure that the program does not negatively impact customers on the selected circuits and that voltage levels remain within regulatory requirements.

The Company will also implement a mitigation strategy to monitor and to evaluate the circuit performance and voltage levels on a regular basis during the course of the program. Settlement at ¶ 8(b). For example, the Company will install metering equipment at seven WPPII member locations and ten small business customer locations to allow delivered voltage to be monitored on a continuous basis. Settlement at ¶ 8(c). This condition will provide another layer of monitoring for these locations on a quarterly basis and will allow the parties to understand whether particular locations have been negatively impacted by the CVR program.

If problems arise on the circuit that cannot promptly be resolved, the Company will suspend the CVR program on that circuit. Settlement at ¶ 8(b). If multiple instances occur across CVR circuits, the Company will reassess whether continued deployment of the CVR program should occur. If the CVR program is suspended, those program funds will be re-allocated to other Plan programs, consistent with Commission procedures for measure changes. Id. This ensures that problems will be addressed promptly, and changes will be made as conditions require.

The OCA submits that the proposed detailed engineering work-up and the proposed mitigation strategy are necessary conditions to include in the CVR program.

3. Annual Assessment (Settlement at ¶¶ 8(g)(i)-(iv))

As an additional layer of monitoring and evaluation, West Penn will provide an annual assessment of the CVR Program for all circuits in the CVR program in a given reporting year in its annual EE&C/DR Plan. The assessment will include: (1) an assessment of the impact of the program on customer voltage levels by circuit; (2) a description of mitigation strategies implemented and the performance of such strategies; (3) non-confidential information about customer issues raised in any formal ALJ or informal Commission Bureau of Consumer Services (BCS) customer complaint proceedings, including a description of the nature of the Complaint, actions taken on the Complaint and how the matter was resolved; (4) information on the impact of any PJM 5% emergency voltage reductions on the CVR program; and (5) the EM&V

methodology, custom protocol and other means used to calculate and to verify CVR-related energy savings and demand reductions. Settlement at ¶ 8(g)(i)-(v).

The OCA submits that this annual assessment will allow the settling parties and the Commission to understand the impacts of the proposed program on West Penn's system, PJM and customers and to make informed recommendations going-forward.

4. PJM Emergency Voltage Reduction (Settlement at ¶¶ 8(g)(iv))

In its Comments, the OCA raised an additional concern with the proposed CVR program regarding the impact of the CVR on PJM's 5% emergency voltage reduction procedures. The OCA recommended that West Penn develop and implement a plan with PJM about how a PJM 5% emergency voltage reduction will be integrated with the CVR program. The Settlement provides that within 60 days of Commission approval of the EE&C Plan, West Penn must review the CVR program with PJM representatives. West Penn will implement any measures necessary to resolve any concerns expressed by PJM representatives. Additionally, the Company will provide the settling parties with notice of the meeting(s) and inform the settling parties of concerns identified by PJM and actions taken by the Company to address these concerns. Settlement at ¶ 8(g)(iv). West Penn will also include information about this issue in its annual assessments. The OCA submits that the Settlement adopts the OCA's recommendation for coordination with PJM and should assist in mitigating potential conflicts between PJM's 5% emergency voltage reduction and the CVR program.

5. Customer Impact (Settlement at ¶¶ 8(g)(iii), (h))

In its Comments, the OCA was concerned about the potential CVR program impact on customers. The OCA stated in its Comments that the Company's only mitigation plan for customers without sophisticated metering was for the customer to contact the Company with any service issues. OCA Comments at 8. The OCA was concerned that customers, without knowledge of the voltage decrease, would not be able to express a potential voltage-related problem to a customer service representative in a manner that the customer service representative would understand and could diagnose as a service quality problem triggered by the voltage decrease.

The Settlement provides for several ways to address this problem. First, the Company will provide a description of the CVR program on its website listing of all of the residential EE&C programs. Settlement at ¶ 8(h). Therefore, residential customers will have access to information about the existence of the CVR program. Second, West Penn will train its Call Center representatives and its field representatives for large C&I customers, on the operation of the program and the circuits where the program is deployed. These representatives and the Company's engineers will be positioned to identify potential problems, discuss the program with customers, and to incorporate the CVR Program into their analysis of the customer's reported problems. Id. The customer service representative training will be important in helping to identify whether customers are experiencing voltage-related problems.

The annual assessment also will include non-confidential information about any issues raised through the Formal Complaints or informal BCS Complaints, including the nature of the Complaint, actions taken on the Company and how the matter was resolved. West Penn will include a list of the following impacts raised by Complaints, including but not limited to, "motors running hotter than normal or failing prematurely; unexplained equipment malfunctions; equipment damages; loss of production and output; voltage related power quality issues; dim incandescent light; batteries failing to recharge properly; and/or random equipment failures resulting from voltage drops." Settlement at ¶ 8(g)(iii).

The OCA submits that these measures will provide the parties with information about reported customer impacts of the program. It will also provide for additional customer education about the program through the website.

C. Administrative Changes to Range of Incentives and New Program Measures (Settlement at ¶¶ 7, 13)

1. Introduction

West Penn proposed two administrative changes to the EE&C Plan. The first was to change from a fixed incentive level to an incentive range. In the second administrative change, West Penn proposed to offer new measures within the existing programs and approved budgets as the new measures were approved for inclusion in the Technical Resource Manual (TRM).

2. Changes to Incentive Levels (Settlement at ¶ 7)

West Penn requested to change from a fixed incentive level to an incentive range in order to adjust to market conditions without further Commission approval. The OCA recommended in its Comments that if the incentive ranges were found to be reasonable by the Commission, West Penn should be required to apply those ranges in an even-handed manner and through a defined process. OCA Comments at 10-11. Under the Settlement, the Company will first provide parties to this case and its stakeholder group with notice of the plan to change the incentive level, and if requested, will meet via conference call with interested stakeholders. A defined process will be established for stakeholders to be informed of changes to the incentive levels; timeframes for responses; and implementation procedures. Settlement at ¶ 7. The OCA supports this proposed change because it will provide stakeholders with information about the changes, a process to address any concerns with the proposed change, and a defined implementation procedure.

3. Program Measure Changes (Settlement at ¶ 13)

West Penn also requested permission to implement new program measures that have been added to the Technical Resource Manual (TRM) without prior Commission approval. The Settlement provides that the Company will follow the Commission's procedures established in the June 11, 2011 Implementation Order. Settlement at ¶ 13. If the Commission approves for any other electric distribution company the use of new measures by the TRM without further filings, the Company would be permitted under the Settlement to request the same procedural treatment for the same types of measures, without opposition from the parties in the case. Id. The OCA agrees that this is a reasonable resolution of the issue.

D. Residential Program Design Changes (Settlement at ¶¶ 8-9)

1. Low-Income Program Budget Reduction (Settlement at ¶ 8)

Under the Settlement, West Penn has agreed to not decrease the low-income sector program by $143,000 as the Company had originally proposed in its Plan. Settlement at ¶ 8. In Comments to the Commission on the proposed Plan, the OCA and PCOC both opposed the proposed reduction for the low-income programs. OCA Comments at 12-13; PCOC Comments at 7. The OCA submits that low-income customers could most benefit from these types of energy efficiency programs, as these customers have the most challenges paying their bills. These customers will benefit from increased energy efficiency programs and lower overall bills through this Settlement provision. The OCA supports the reinstatement of the $143,000 to the low-income program budget.

2. Elimination of Dishwasher Incentive (Settlement at ¶ 9)

Under the Settlement, West Penn will continue the dishwasher incentive measure. Settlement at ¶ 9. In its original Petition, the Company proposed to eliminate the dishwasher incentive measure in order to streamline channels and to create synergies and benefits by making the program offerings of the FirstEnergy Companies more uniform. The OCA opposed this proposed change in its Comments because it is an ENERGY STAR rated measure and could provide valuable energy efficiency savings. The OCA supports the continuation of the dishwasher incentive measure for these reasons.

III. Conclusion

The OCA submits that the terms and conditions of the Settlement are in the public interest and in the interest of West Penn's ratepayers. Based upon the above reasons, the OCA submits that the Settlement should be approved.

Respectfully submitted,

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ATTACHMENT 3

BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION

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	: : : : :	Docket No. M-2009-2093218

PENNSYLVANIA COMMUNITIES ORGANIZING FOR CHANGE ("PCOC")
STATEMENT IN SUPPORT
OF
JOINT PETITION FOR SETTLEMENT

General Statement:

Pennsylvania Communities Organizing for Change ("PCOC"), a signatory party to the Joint Petition for Settlement ("Settlement") in the captioned proceeding, through counsel, the Pennsylvania Utility Law Project, respectfully requests that the terms and conditions of the Settlement be approved by the presiding Administrative Law Judge ("ALJ"), the Honorable Dennis J. Buckley, and the Pennsylvania Public Utility Commission ("Commission".) PCOC submits that the proposed Settlement is in the public interest.

The Petitioner, PCOC, is a not-for-profit membership-based advocacy organization incorporated in Pennsylvania. Its application for 501(c)(4) status is pending. An aspect of PCOC's mission is to advocate on behalf of low and lower income persons on numerous consumer issues, including access to and affordability of utility service. In this proceeding, PCOC intervened on behalf of its low-income members who are customers of West Penn Power Company f/k/a/ Allegheny Power ("West Penn" or "Company") one of the First Energy companies.

Although this Settlement reflects a compromise and does not necessarily reflect the attainment of each of positions advanced by PCOC in this proceeding, it represents an agreement which is fair and reasonable, avoids the necessity and uncertainty of outcome inherent in further administrative and potential appellate proceedings, and arrives at a negotiated outcome which is in the public interest.

History of the Proceeding:

On August 9, 2011, West Penn filed a petition to amend 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. On September 8, 2011, comments to the Petition were filed by the multiple parties including PCOC.

By Interim Opinion and Order dated October 28, 2011, the Pennsylvania Public Utility Commission's ("Commission") referred several elements of the Petition to the Office of Administrative Law Judge ("OALJ") for expedited consideration and preparation of Recommended Decision.

The Company, the Office of Consumer Advocate ("OCA"), the Office of Small Business Advocate ("OSBA"), the Bureau of Investigation & Enforcement ("BI&E"), PCOC and the West Penn Power Industrial Intervenors ("WPPII") (collectively the "Joint Petitioners" or "Parties") have a reached a Joint Settlement of all issues in the above-captioned proceeding and respectfully request that the presiding ALJ , the Honorable Dennis J. Buckley, and the Commission approve the Settlement..[1]

[1] The Pennsylvania State University ("PSU"), an Intervenor in this proceeding, does not object to this Joint Petition for Settlement.

Reasons For Support of The Settlement as Being in The Public Interest:

The Commitment to Low-Income Energy Efficiency Measures is Retained.

The Settlement, at paragraph 8, provides that the Company will reinstate $143,000 to the low- income residential sector budget, moving the funds from other non-low- income residential programs.

PCOC supports the reinstatement of funds designated to the low-income residential sector as in the public interest. PCOC was specifically concerned that the proposed transfer of $143,000 out of the low-income sector into other residential programs was unwarranted and would have resulted in a diminution of essential energy reduction measures to this vulnerable population. Act 129 requires that the Company implement a plan that:

> shall include specific energy efficiency measures for households at or below 150% of the federal poverty income guidelines. The number of measures shall be proportionate to those households' share of the total energy usage in the service territory. The electric distribution company shall coordinate measures under this clause with other programs administered by the commission or another federal or state agency. The expenditures of an electric distribution company under this clause shall be in addition to expenditures made under 52 Pa. Code Ch. 58 (relating to residential Low Income Programs). 66 Pa. C.S. §2806.1(b)(1)(I)(G).

The reinstatement of $143,000 dedicated to low- income households will ensure that low-income energy efficiency and conservation efforts remain in compliance with Act 129.

Energy efficiency and conservation efforts specifically directed to low-income utility consumers are a cost effective means of reducing the monthly energy costs of those households least able to afford them; therefore advancing the public policy goals of promoting affordable energy service to low-income customers. Furthermore, the reduction in energy use by those low-income customers participating in the Company's Customer Assistance Program ("CAP") will control those costs of the program borne by other residential ratepayers; thereby promoting the public policy goals of maintaining cost efficient universal service programs.

1. The Settlement, at paragraph 11, also specifically provides that the Company will continue to honor all commitments made to PCOC in the December 2, 2010 stipulation at this docket. The honoring of those commitments, which were previously approved by the Commission on January 13, 2011, continues to be in the public interest. In summary, the commitments provide that:

   - The Company will target conservation services to multi-family properties providing affordable housing to low-income families. These services may be 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.
   - 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.
   - West Penn will continue efforts to expand its Joint Utility Usage Management Program for low income customers. The program will continue the Company's efforts

to partner with other companies, particularly natural gas companies within its service territory, to the extent the other companies wish to participate.

The Conservation Voltage Reduction ("CVR") program contains appropriate safeguards.

In its comments, PCOC expressed concern that a permanent CVR combined with intermittent peak load reductions required by PJM may unduly jeopardize the provision of reliable service. 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. These concerns have been addressed within the terms of the Settlement and those provisions are in the public interest.

The Settlement, at Paragraph 6d., provides that the Company shall be permitted to implement the CVR Program at the proposed 1.5% voltage level, subject to the requirement that it shall take all steps required to maintain voltage levels consistent with the service voltage requirements in the Commission's regulations at 52 Pa. Code § 57.14. The assurance and commitment of the Company to take all steps to maintain service voltage at levels in accord with current regulations will promote the continued provision by the Company of reliable service to its customers and is in the public interest.

The Settlement, at paragraph 6f., provides that to the extent that CVR Program implementation causes any voltage fluctuation outside the range permitted by PUC regulations and such fluctuation damages customer equipment or interrupts service, the Company's liability for damages shall be in accordance with the Commission-approved Rules and Regulations of the Company's Tariff. Said liability is not modified by the Commission's approval of the CVR Program.

Although the Company commits to adherence of PUC voltage service requirements, it is in the public interest that it be held liable in the event of any voltage fluctuation outside of accepted limits which may produce service interruptions or damage to customer equipment. This provision will serve as a deterrent to the Company against lax service and as a protection for the public in the event of unexpected loss. Conditioning the Company liability to Commission-approved Rules and Regulations of the Company's Tariff, ensures that the public interest is met through the establishment of reasonable and recognized parameters for the determination of the extent of liability.

The Settlement, at paragraph 6g. iv, is in the public interest in that it establishes a mechanism for promoting and monitoring the effectiveness of the Company's efforts to maintain safe and reliable service. The settlement specifically requires that within 60 days of PUC approval of the Company's amended EE&C/DR Plan, the Company will review the CVR Program with PJM representatives. The Company will propose to the Commission any CVR Program revisions necessary to resolve any issues or concerns identified by PJM in a manner that complies with the Commission's service voltage requirements. The Company shall provide the settling parties with notice of the Company's meeting(s) with PJM, concerns identified by PJM, and actions by the Company to address PJM's concerns. Any dialogue between PJM and the Company on this subject shall be summarized and included in the annual assessment of the impact of the CVR Program.

A review by the company of its CVR plan with PJM representatives and an annual assessment intended to measure the actual impact of the CVR Program is an effective means of ensuring reliability of service and is thus in the public interest. Such an annual assessment will include the information regarding the impact of any PJM 5% emergency voltage reductions with the Conservation Voltage Reduction program and will require review by PJM and the taking of swift action to resolve concerns arising from the assessment.

Conclusion

In conclusion, the Settlement allows West Penn to amend its EE&C Plan and move forward with its CVR program, while retaining the level of essential funding for low-income energy efficiency and conservation efforts, reaffirming prior commitments to multi-family, low-income housing efficiency efforts and coordination with other utility companies and promotes the continued provision of safe and reliable electric service. Accordingly, PCOC believes that the Settlement represents a reasonably balanced resolution of the numerous issues in this proceeding, is in the public interest and requests that the ALJ and the Commission approve the Settlement without modification.

Respectfully submitted,

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ATTACHMENT 4

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 Costs through a Reconcilable Adjustment Clause and Approval of Matters Relating to the Energy Efficiency and Conservation Plan	:	**DOCKET NO. M-2009-2093218**

OFFICE OF SMALL BUSINESS ADVOCATE
STATEMENT IN SUPPORT

I. Introduction

The Small Business Advocate is authorized and directed to represent the interests of the small business consumers of utility services in the Commonwealth of Pennsylvania under the provisions of the Small Business Advocate Act, Act 181 of 1988, 73 P.S. §§ 399.41 - 399.50.

On August 9, 2011, West Penn Power Company ("West Penn" or "Company") filed a petition at Docket No. M-2009-2093218, seeking Commission approval for amendment of the orders approving both West Penn's Energy Efficiency and Conservation Plans and also West Penn's Amended Energy and Conservation Plans. The Office of Small Business Advocate ("OSBA") filed a notice of intervention and public statement in that proceeding on July 10, 2009.

The OSBA issued discovery and filed Comments in response to the August 9, 2011 filing pursuant to the Commission's June 10, 2011 Implementation Order at Docket No. M-2008-

2069887. Comments were also filed by the Office of Consumer Advocate ("OCA"), the West Penn Industrial Intervenors ("WPII"), The Pennsylvania State University ("PSU"), and Pennsylvania Communities Organizing for Change ("PCOC").

In its Comments, the OSBA raised concerns about the subsidies provided to government customers by small and medium commercial customer classes, and also the Company's introduction of a Conservation Voltage Reduction ("CVR") program.

The Commission issued and Interim Opinion and Order on October 28, 2012 which disposed of certain issues raised in the Comments and referred the remaining open issues to the Office of Administrative Law Judge ("OALJ"). Those issues referred to OALJ included the following: (1) CVR program; (2) administrative changes; and (3) cost allocation and cost recovery.

Administrative Law Judge ("ALJ") Dennis Buckley was assigned to the proceeding. A Prehearing Conference Notice was issued and the Prehearing Conference was scheduled for December 21, 2011.

The parties engaged in settlement discussions which resulted in a settlement of the remaining issues prior to the date of the scheduled Prehearing Conference.

The OSBA actively participated in the negotiations that led to the filing of the Joint Petition for Settlement of All Issues and is a signatory to the Settlement. The OSBA submits this statement in support of the Settlement.

II. <u>OSBA's Principal Concern</u>

In its Comments, the OSBA outlined its concerns about the Company's failure to identify potential damage to small commercial customer equipment as a risk of the CVR program.

III. Settlement

The Settlement sets forth a comprehensive list of issues which were resolved through the negotiation process. The OSBA does not object to the resolution of any of those issues. Of particular interest to the OSBA are the monitoring provisions and metering equipment to be installed at designated small business customer locations that will allow the delivered voltage to be monitored on a continuous basis. (Settlement at Para. 6c.) Voltage information from this monitoring equipment will be made available to the OSBA for small business customers on a quarterly basis. In addition, the Company will monitor and remedy undue voltage fluctuations in the event that the voltage delivered is not within the Commission's voltage standards (Settlement at Para. 6c and d). The Company will also meet with the small business customers impacted by the CVR program should there be a need for additional monitoring. The Company will also include a detailed evaluation of the technical impact of the CVR in its annual EE&C/DR plan reports (Settlement at Para. 6g).

OSBA's participation in this Settlement cannot be construed as agreement that the Company's proposal is technologically sound, because the cost of a detailed technological review of this proposal would exceed OSBA's resources. While OSBA believes that the Settlement contains reasonable protection for ratepayers, OSBA takes the position that the Company retains responsibility for the technological efficacy of this program and for any damages to customer property caused by unreasonable implementation of this program. The Company's responsibility in this respect is explicitly recognized in the Settlement (at Para. 6f).

VII. Conclusion

For the reasons set forth in the Settlement, as well as the additional factors that are enumerated in this statement, the OSBA supports the Settlement and respectfully requests that the ALJ and the Commission approve the Joint Petition in its entirety.

Respectfully submitted,

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Dated: January 6, 2012

ATTACHMENT 5

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

STATEMENT OF THE WEST PENN POWER INDUSTRIAL INTERVENORS IN SUPPORT OF THE JOINT PETITION FOR SETTLEMENT

The West Penn Power Industrial Intervenors ("WPPII"), by and through its counsel, submit that the terms of the Joint Petition for Settlement ("Joint Petition" or "Settlement") filed in the above-captioned proceeding with the Pennsylvania Public Utility Commission ("PUC" or "Commission") on January 6, 2012, reflects a global settlement of all outstanding issues in the above-referenced proceeding among West Penn Power Company ("West Penn" or "Company"), WPPII, the Bureau of Investigation and Enforcement ("BI&E"), the Office of Consumer Advocate ("OCA"), the Office of Small Business Advocate ("OSBA"), and Pennsylvania Communities Organizing for Change, Inc. ("PCOC") (collectively, the "Joint Petitioners"), with respect to the Company's August 9, 2011, filing of a Petition to amend its Energy Efficiency and Conservation ("EE&C") Plan. WPPII offers this Statement in Support to further demonstrate that the Settlement is in the public interest and should be approved without modification.

I. BACKGROUND

1. On August 9, 2011, West Penn filed with the Pennsylvania Public Utility Commission ("PUC" or "Commission") a Petition seeking to amend its EE&C Plan ("Amended

Petition") to be more consistent with its sister FirstEnergy Companies' EE&C Plans.[1] West Penn's proposed revisions included: (1) increasing the cost allocation to large commercial and industrial ("C&I") customers by $8,000; (2) implementing a Conservation Voltage Reduction ("CVR") Program; (3) replacing fixed EE&C program incentives with incentive ranges; and (4) shifting funding from the Customer Resources Demand Response ("CRDR") Program to the Customer Load Response Program.

2. On August 19, 2011, WPPII filed an Answer in the above-captioned proceeding. In addition, on September 12, 2011, WPPII filed Comments to the Amended Petition. As noted in the Answer, WPPII members purchase service from West Penn primarily under Rate Schedules 30, 40, 41, 44, and 46, and electricity costs comprise a significant portion of operational costs for all WPPII members. As a result, WPPII members were concerned that the proposed revisions may have an adverse impact upon their operational processes.

3. On October 28, 2011, the PUC issued an Interim Opinion and Order approving West Penn's Amended Petition in part, and referring the remaining elements of the Amended Petition to the Office of Administrative Law Judge for the scheduling of proceedings and the issuance of a Recommended Decision on an expedited basis. The elements of West Penn's Amended Petition that were scheduled for hearing included: (1) whether the CVR Program, under which West Penn would reduce voltage levels by 1.5% on strategic distribution circuits, should be added to the EE&C Plan; (2) whether incentive ranges should be adopted in place of fixed incentives; and (3) whether the change in funding for the large C&I demand response program is appropriate.

[1] On February 25, 2011, the FirstEnergy/Allegheny Energy Merger was completed. As of that date, West Penn became part of the FirstEnergy corporate family, which originally included Metropolitan Edison Company, Pennsylvania Electric Company, and Pennsylvania Power Company.

4. In accordance with the Commission's policy encouraging negotiated settlement of contested proceedings, the Joint Petitioners engaged in discussions to resolve the issues raised by the various parties. These negotiations resulted in the Settlement, which proposes a resolution of all outstanding issues between the Joint Petitioners in this proceeding as set forth below.

II. STATEMENT IN SUPPORT

5. The Commission has a strong policy favoring settlements. As set forth in the Commission's regulations, "[t]he Commission encourages parties to seek negotiated settlements of contested proceedings in lieu of incurring the time, expense and uncertainty of litigation." 52 Pa. Code § 69.391; see also 52 Pa. Code § 5.231. Consistent with the Commission's policy, the Joint Petitioners engaged in negotiations in an effort to settle the issues raised by the parties. These ongoing discussions produced the foregoing Settlement.

6. The Joint Petitioners agree that approval of the proposed Settlement is overwhelmingly in the best interest of the parties involved.

7. The Joint Petition is in the public interest for the following reasons:

a. As a result of the Joint Petition, expenses incurred by the Joint Petitioners and the Commission for completing this proceeding will be less than they would have been if the proceeding had been fully litigated.

b. Uncertainties regarding further expenses associated with possible appeals from the Final Order of the Commission are avoided as a result of the Joint Petition.

c. The Joint Petition reflects compromises on all sides presented without prejudice to any position any Joint Petitioner may have advanced so far in this proceeding.

d. The Joint Petition is presented without prejudice to any position any party may advance in future proceedings involving the Company.

8. In addition, the Joint Petition specifically satisfies the concerns of WPPII by:

a. Adopting measures to address WPPII's concerns regarding West Penn's proposed CVR Program implementation, including: (i) the installation of delivered voltage metering equipment at seven customer locations for WPPII members with documented reliability concerns; (ii) WPPII members' quarterly access to delivered voltage information; and (iii) the Company's commitment to "promptly take all necessary steps" to remedy any voltage problem and "meet with and discuss the need for any additional voltage metering equipment of WPPII member service locations...impacted by the CVR Program on an as needed basis;"

b. Limiting the increase in the allocation of costs to large C&I customers to $8,000; and

c. Agreeing to develop a defined process for providing Joint Petitioners with advance notice of any proposed changes to the Company's incentive levels and an opportunity to discuss such changes.

9. WPPII supports the foregoing Joint Petition because it is in the public interest; however, in the event that the Joint Petition is rejected by the Administrative Law Judge or the Commission, WPPII will resume its litigation position, which differs from the terms of the Joint Petition.

10. As set forth above, WPPII submits that the Settlement is in the public interest and adheres to Commission policies promoting negotiated settlements. The Settlement was achieved after extensive negotiations. While Joint Petitioners have invested time and resources in the negotiation of the Joint Petition, this process has allowed the parties, as well as the Commission, to avoid expending the substantial resources that would have been required to fully litigate this proceeding while still reaching a just, reasonable, and non-discriminatory result. Joint

Petitioners have thus reached an amicable resolution to this dispute as embodied in the Settlement. Approval of the Settlement will permit the Commission and Joint Petitioners to avoid incurring the additional time, expense and uncertainty of further current litigation in this proceeding. See 52 Pa. Code § 69.391.

WHEREFORE, the West Penn Power Industrial Intervenors respectfully request that Administrative Law Judge Buckley, and the Pennsylvania Public Utility Commission, approve the foregoing Joint Petition for Settlement without modification.

Respectfully submitted,

McNEES WALLACE & NURICK LLC

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Dated: January 6, 2012

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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 Amended	:	
Energy Efficiency and Conservation Plans	:	

CERTIFICATE OF SERVICE

I hereby certify that I have this day served a true and correct copy of the foregoing document upon the individuals listed below, in accordance with the requirements of 52 Pa. Code § 1.54 (relating to service by a participant).

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