**PENNSYLVANIA**

**PUBLIC UTILTY COMMISSION**

**Harrisburg, PA 17105-3265**

Public Meeting held February 28, 2013

Commissioners Present:

Robert F. Powelson, Chairman

John F. Coleman, Jr., Vice Chairman

Wayne E. Gardner

James H. Cawley

Pamela A. Witmer

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| Petition of West Penn Power Company for Waiver of Regulations at 52 Pa. Code §§ 54.74 and 54.76 and to Establish New Due Dates for Universal Service and Energy Conservation Plan and Third-Party Impact Evaluation | P-2013-2342756 |

**ORDER**

**BY THE COMMISSION:**

Before the Commission is the January 11, 2013 Petition of West Penn Power Company (WPP) for partial waivers of Commission regulations at 52 Pa. Code §§ 54.74 and 54.76. WPP, an affiliate of three other jurisdictional electric distribution companies (EDCs), is requesting that we establish new due dates for WPP’s Universal Service and Energy Conservation Plan (USECP) and its third-party impact evaluation, which are currently due February 28, 2013, and October 31, 2015, respectively. We shall grant the request; the new due dates will be February 28, 2014, for WPP’s USECP and October 31, 2016, for WPP’s third-party impact evaluation.

**Background**

WPP, a Pennsylvania EDC, is a subsidiary of FirstEnergy Corp (FE). The other FE EDC subsidiaries in Pennsylvania are Metropolitan Edison Company (Met-Ed), The Pennsylvania Electric Company (Penelec), and Pennsylvania Power Company (Penn Power).

Section 54.74 of the Commission’s regulations, 52 Pa. Code § 54.74, provides that EDCs shall submit to the Commission for approval an updated USECP every three years. Section 54.76, 52 Pa. Code § 54.76, provides that each EDC shall have an independent third-party evaluation conducted of the EDC’s USECPs and shall provide a report of findings and recommendations to the Commission at least every six (6) years. Pennsylvania EDCs are on a staggered schedule for submitting their USECPS and third-party evaluations.

While WPP’s current amended USECP was filed on October 29, 2012, at Docket No. M-2010-2207924, WPP’s next USECP is presently due February 28, 2013, pursuant to *Reporting Requirements for USECPs*, Docket No. L-00970130 (May 1, 1998). WPP’s most recent third-party evaluation was submitted July 29, 2010, but its next third-party evaluation is due October 31, 2015. L-00970130. The USECPs and third-party evaluations for the other First Energy EDCs are due February 28, 2014, and October 31, 2016, respectively. Petition, ¶¶ 3- 6.

The WPP petition, filed pursuant to Section 5.43, 52 Pa. Code §5.43, relating to waiver of Commission regulations, requests that WPP’s USECP and third-party evaluation be aligned with and due the dates as those of the other First Energy EDCs.

WPP served its petition on the statutory advocates who have expressed no objection. The Commission’s Bureau of Consumer Services does not object to the new due dates.

On February 14, 2013, by Secretarial Letter, the parties were advised that the Commission would be acting on the Petition and that WPP should refrain from making the February 28, 2013 filing until the Commission acts on the merits of the Petition.

**Discussion**

WPP requests that we approve its request for a partial waiver of the due dates at Sections 54.74 and 54.76 to allow WPP to align its USECP and third-party evaluation due dates with the due dates for the other three FE EDCs in Pennsylvania. WPP provided notice to the statutory advocates. No answers or protests were filed. Accordingly, it is appropriate to consider the substance of the petition, consistent with Section 5.43.

WPP asserts that alignment would allow it to capture cost savings and synergies among the four FE EDCs in Pennsylvania relative to the preparation and submission of their USECPs and in the contracting of a third-party evaluator for preparation and submission of their third-party evaluations. WPP further submits that altering the due dates would also allow employee efficiency and would be consistent with the reasoning of the Commission’s Order approving the merger of FirstEnergy Corp. and WPP’s former parent corporation, Allegheny Energy, Inc. *Joint Petition for Partial Settlement of Merger of FirstEnergy Corp. and Allegheny Energy, Inc.*, Docket Nos. A‑2010‑2176520 and A-2010-2176732 (March 8, 2011) (*Merger Order*). WPP also asserts that the next third-party evaluations for the four EDCs will likely be conducted by the same independent third-party evaluator and that the concurrent due dates of the USECPs and the evaluations should enhance the administrative efficiency of the Commission in reviewing the submissions from the four EDCs.

In the *Merger Order*, we recognized that the merger could “give the combined company the operational flexibility to share best practices and to make the most productive use of all available resources.” We further stated that the merger could “generate synergies and result in overall aggregate cost saving opportunities” and that we expected that the “synergies . . . should, at least in part, offset the increasing cost of providing regulated retail utility service and, thereby, may reduce the size of future rate increase requests.” *Merger Order*, pp. 13 and 19. Clearly, aligning the due dates of the USECPs and third-party evaluations for the four EDCs would be consistent with the goals articulated in the *Merger Order*.

Further, since the current WPP USECP was last amended in October 2012, it is reasonable, in the absence of objection, to defer further consideration of WPP’s USECP for one year to accommodate a uniform filing date of February 28, 2014 for the four FE EDC USECPs, especially since the plans for the 2014 heating season were addressed in the merger proceeding and the *Merger Order*.[[1]](#footnote-1)

Deferring WPP’s third-party evaluation until October 31, 2016, puts the interval between the prior evaluation (July 29, 2010) and the next evaluation (October 31, 2016) at just slightly over the requisite six years. It also is reasonable, in the absence of objection, to defer filing of the third-party evaluation for one year, despite the fact that the extension will extend the interval slightly beyond the six years, to accommodate a uniform filing date of October 31, 2016, for the four FE EDC third-party evaluations.

Accordingly, we shall grant the Petition for partial waiver of Sections 54.74 and 54.76 and establish February 28, 2014, as the due date for WPP’s next USECP and October 31, 2016, as the due date for WPP’s next third-party evaluation.

**Conclusion**

We are granting herein partial waivers of Sections 54.74 and 57.76 of the Commission’s regulations, 52 Pa. Code §§ 54.74 and 54.76, and permitting WPP to file its next USECP on or before February 28, 2014, and its next Third-Party Impact Evaluation on or before October 31, 2016; **THEREFORE,**

**IT IS ORDERED:**

1. That the January 11, 2013 Petition of West Penn Power Company for Waiver of Regulations at 52 Pa. Code §§ 54.74 and 54.76 and to Establish New Due Dates for Universal Service and Energy Conservation Plan and Third-Party Impact Evaluation is granted, relative to due dates, consistent with this Order.

2. That the new due dates for West Penn Power Company’s nest Universal Service and Energy Conservation Plan and West Penn Power’s next Third-Party Impact Evaluation are on or before February 28, 2014, and October 31, 2016, respectively.

3. That a copy of this order be filed at *Joint Petition for Partial Settlement of Merger of FirstEnergy Corp. and Allegheny Energy, Inc.*, Docket Nos. A‑2010-2176520 and A-2010-2176732.

4. That this docket may be marked closed.



BY THE COMMISSION

Rosemary Chiavetta

Secretary

(SEAL)

ORDER ADOPTED: February 28, 2013

ORDER ENTERED: February 28, 2013

1. According to paragraph 10 of the Petition, WPP’s USECP projections for 2013 and for 2014 are:

   |  |  |  |  |
   | --- | --- | --- | --- |
   | **Program**  **Name** | **Program**  **Year** | **Projected** **Distribution Rate and Settlement** **Budgets** | **Projected Number of Participants** |
   | **LIPURP Administration and Benefits** | 2013a  2014b | $ 5,880,000  $12,519,000 | 20,500  22,500 |
   | **LIURP Administration and Measures** | 2013  2014c | $2,702,000  $3,402,000 | 1,200  1,400 |
   | **CARES** **Administration** | 2013  2014 | $65,000  $65,000 | 100  100 |
   | **Dollar Energy  Hardship Fund** **Administration** | 2013  2014 | $45,000  $45,000 | 1,000  1,000 |

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   a The 2013 projections of existing plan reflect amounts in base rates.

   b The 2014 projections reflect actual costs and participation levels per the *Merger Order* proceeding.

   c  For 2014, WPP’s LIURP weatherization program will utilize increased merger funding of $1.2 million above the $2.202 million annual level of spending, per the *Merger Order* proceeding. [↑](#footnote-ref-1)