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March 14, 2013

M-2009-2092222

Ms. Kathy J. Kolich, Esquire

FirstEnergy Service Company

76 South Main Street

Akron, OH 44308

**Re:** **Petition of Metropolitan Edison Company for Expedited Approval of Proposed Minor EE&C Plan Changes Pursuant To the Commission’s Expedited Review Process**

**Docket No. M-2009-2092222**

Dear Ms. Kolich:

 On February 13, 2013, Metropolitan Edison Company (Met-Ed) filed a *Petition of Metropolitan Edison Company’s Request for Expedited Approval of Proposed Minor EE&C Plan Changes Pursuant to the June 10, 2011 Final Order in Docket No. M-2008-2069887* (Petition). The Petition seeks approval of minor changes to the programs contained in its amended Act 129 Energy Efficiency and Conservation Plan (EE&C Plan) through the Commission’s expedited process set forth in its June 10, 2011 Final Order at Docket No. M-2008-2069887 (Expedited Process Order). Met-Ed served the Petition on all parties of record. For the reasons discussed below, Staff will grant Met-Ed’s Petition.

 Comments were due by March 1, 2013. The Office of Consumer Advocate (OCA) filed comments. Reply comments were due by March 11, 2013. No reply comments were filed.

 In its Expedited Process Order, the Commission delegated its authority to review and approve minor EE&C Plan changes, as defined below, to staff of the Bureau of Technical Utility Services (Staff), with assistance from staff of the Law Bureau.[[1]](#footnote-1) The Commission defined minor plan changes as follows:

* 1. The elimination of a measure that is underperforming, no longer viable for reasons of cost-effectiveness, savings or market penetration or has met its approved budgeted funding, participation level or amount of savings;
	2. The transfer of funds from one measure or program to another measure or program within the same customer class; and
	3. Adding a measure or changing the conditions of a measure, such as its eligibility requirements, technical description, rebate structure or amount, projected savings, estimated incremental costs, projected number of participants, or other conditions so long as the change does not increase the overall costs to that customer class.[[2]](#footnote-2)

 In its Petition, Met-Ed proposes changes to its Residential Energy Efficient Products Program, Residential Behavioral Modification & Education Program, Residential Direct Load Control Program, and Home Energy Audits & Outreach Program. Specifically, Met-Ed proposes the expansion of the Residential Energy Efficient Products Program by increasing the Program’s budget by $966,000, to a total budget of $11,352,373. Met-Ed proposes to transfer these additional funds from another Residential program. In particular, Met-Ed proposes to decrease the funding for the Residential Behavioral Modification & Education Program by $966,000 and transfer those funds to the Residential Energy Efficient Products Program.[[3]](#footnote-3)

 Met-Ed also proposes the expansion of the Residential Direct Load Control Program by increasing the Program’s budget by $700,000, to a total budget of $16,078,504. Met-Ed proposes to transfer these additional funds from another Residential program. Specifically, Met-Ed proposes to decrease the funding for the Home Energy Audits & Outreach Program by $700,000 and transfer those funds to the Residential Direct Load Control Program.[[4]](#footnote-4)

 Met-Ed asserts that these proposed changes meet the definition of minor plan changes as delineated in the Expedited Process Order. In particular, Met-Ed asserts that the proposed changes involve the transfer of funds from two programs to two other programs within the same customer class, namely the Residential Customer Class.[[5]](#footnote-5)

In support of the proposed changes, Met-Ed asserts the following based on its experience to date:

* The Residential Energy Efficient Products Program has exceeded Met-Ed’s projections and has exhausted its approved program budget. The proposed increase in budget will allow the program to continue through May 31, 2013, and to exceed its May 31, 2013 program energy savings target.
* The Residential Behavioral Modification & Education Program is projected to be under budget in excess of $966,000 on May 31, 2013.
* The Residential Direct Load Control Program ended operations in September of 2012. Met-Ed estimates that operations and contract termination expenses will be in excess of the approved program budget. The transferred funding of $700,000 would provide for the termination of the program.
* The Home Energy Audits & Outreach Program is projected to be under budget in excess of $700,000 on May 31, 2013.
* The changes will have no effect on the remainder of Met-Ed’s current EE&C Plan or the Residential rate reflected in Met-Ed’s Rider EEC-C.
* The changes will have negligible impact on the cost-effectiveness of the programs.
* The changes will allow Met-Ed to continue program operations and will best position Met-Ed to achieve its May 31, 2013 energy savings targets.[[6]](#footnote-6)

The OCA submits that Met-Ed’s proposed changes meet the definition in the Expedited Process Order because they seek to transfer funds from one program to another within the same customer class. The OCA avers that transferring funds from under-performing programs to programs with nearly exhausted or exhausted budgets is a more efficient use of ratepayer funds. The OCA expresses disappointment that Met-Ed’s Residential Direct Load Control Program is expiring on May 31, 2013, after only one summer, but recognizes that the Commission has made a ruling on the continuance of such programs.[[7]](#footnote-7)

It is permissible for electric distribution companies to seek approval under the expedited review process for the transfer of funds from one measure or program to another measure or program within a customer class as long as the change does not increase the overall costs to that particular customer class.[[8]](#footnote-8) Staff finds that the changes proposed by Met-Ed in the instant Petition meet the definition of minor EE&C plan changes established in the Expedited Process Order. In addition, Staff agrees with the OCA that transferring funds from under-performing programs to programs with nearly exhausted or exhausted budgets is a more efficient use of ratepayer funds. Staff, therefore, approves Met-Ed’s proposal to increase the budget for its Residential Energy Efficient Products Program by $966,000, to a total budget of $11,352,373. Staff also approves the reduction in funding of the Residential Behavioral Modification & Education Program by $966,000 and the transfer of that amount to the Residential Energy Efficient Products Program.

Staff also approves Met-Ed’s proposal to increase the budget for its Residential Direct Load Control Program by $700,000, to a total budget of $16,078,504. Staff approves the reduction in funding of the Home Energy Audits & Outreach Program by $700,000 and the transfer of that amount to the Residential Direct Load Control Program.

Staff recognizes, based on its analysis of Met-Ed’s EE&C Plan and the documentation provided with this filing, that the changes proposed herein do not significantly alter the overall cost-effectiveness of Met-Ed’s portfolio of programs or have an impact on the Plan’s budget. As such, Staff approves the changes Met-Ed proposed in the instant Petition.

 In view of the above, the Staff has determined that the *Petition of Metropolitan Edison Company’s Request for Expedited Approval of Proposed Minor EE&C Plan Changes Pursuant to the June 10, 2011 Final Order in Docket No. M-2008-2069887*, filed on February 13, 2012, at Docket No. M-2009-2092222, satisfies the requirements of Act 129 and the prior related Orders of the Commission. Staff finds that the minor changes proposed in the Petition should enable Met-Ed to meet or exceed the energy consumption and demand reduction requirements of Act 129 in a cost-effective manner. Therefore, Staff grants Met-Ed’s Petition. Metropolitan Edison Company is directed to file with the Secretary a revised plan, consistent with this Secretarial Letter, within 30 days of the date of this Letter and post the same on its website.

 As directed in the Commission’s Expedited Process Order, petitions for appeal from this Staff action must be filed within ten (10) days after service of this Secretarial Letter in accordance with 52 Pa. Code § 5.44.[[9]](#footnote-9)



 Sincerely,

 Rosemary Chiavetta

 Secretary

cc: Chairman Powelson

 Vice Chairman Coleman

 Commissioner Gardner

 Commissioner Cawley

 Commissioner Witmer

Parties of Record

 Paul Diskin, TUS

 Darren Gill, TUS

 Megan Good, TUS

 Kriss Brown, LAW

 Cheryl Walker Davis, OSA

 Jonathan Nase, OSA

1. In the Expedited Process Order, the Commission delegated its authority to staff of the Bureau of Conservation, Economics and Energy Planning, with assistance from staff of the Bureau of Fixed Utility Services and the Law Bureau. Expedited Process order at 22. In a Final Procedural Order entered on August 11, 2011, at Docket No. M-2008-2071852, the Commission transferred the staff and the functions of Bureau of Fixed Utility Services and the Bureau of Conservation, Economics and Energy Planning to the Bureau of Technical Utility Services. *See Implementation of Act 129 of 2008 Organization of Bureaus and Offices*, Final Procedural Order at 4. [↑](#footnote-ref-1)
2. Expedited Process Order at 20. [↑](#footnote-ref-2)
3. Petition at 4 and 5. [↑](#footnote-ref-3)
4. *Id*. at 5 [↑](#footnote-ref-4)
5. *Id*. at 4. [↑](#footnote-ref-5)
6. *Id*. at 4-6. [↑](#footnote-ref-6)
7. OCA Comments at 3 and 4. [↑](#footnote-ref-7)
8. Expedited Process Order at 20. [↑](#footnote-ref-8)
9. Expedited Process Order at 19. [↑](#footnote-ref-9)