



2800 Pottsville Pike
P.O. Box 16001
Reading, PA 19612-6001

610-929-3601

Lauren M. Lepkoski, Esq.
(610) 921-6203
(610) 939-8655 (Fax)

May 14, 2013

VIA UNITED PARCEL SERVICE

Rosemary Chiavetta, Secretary
Pennsylvania Public Utility Commission
Commonwealth Keystone Building
400 North Street, 2nd Floor
Harrisburg, PA 17120

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MAY 14 2013

PA PUBLIC UTILITY COMMISSION
SECRETARY'S BUREAU

Re: *Revision to Metropolitan Edison Company Tariff Electric Pa. P.U.C. No. 51, Supplement No. 38 - Rate Changes in Compliance with Metropolitan Edison Company's Phase II Energy Efficiency and Conservation Plan;*
Docket No. M-2012-2334387

Revised Pennsylvania Electric Company Tariff Electric Pa. P.U.C. No. 80, Supplement No. 37 - Rate Changes in Compliance with Pennsylvania Electric Company's Phase II Energy Efficiency and Conservation Plan;
Docket No. M-2012-2334392

Revised Pennsylvania Power Company Tariff Electric Pa. P.U.C. No. 35, Supplement No. 97 - Rate Changes in Compliance with Pennsylvania Power Company's Phase II Energy Efficiency and Conservation Plan;
Docket No. M-2012-2334395

Revised West Penn Power Company Tariff Electric Pa. P.U.C. No. 39, Supplement No. 226 - Rate Changes in Compliance with West Penn Power Company's Phase II Energy Efficiency and Conservation Plan;
Docket No. M-2012-2334398

Revised West Penn Power Company-The Pennsylvania State University Tariff Electric Pa. P.U.C. No. 37, Supplement No. 167 - Rate Changes in Compliance with West Penn Power Company's Phase II Energy Efficiency and Conservation Plan;
Docket No. M-2012-2334398

Dear Secretary Chiavetta:

On April 30, 2013 Metropolitan Edison Company ("Met-Ed"), Pennsylvania Electric Company ("Penelec"), Pennsylvania Power Company ("Penn Power"), and West Penn Power Company ("West Penn Power") (collectively, the "Companies") filed Revisions ("April 30, 2013

May 14, 2013

Revisions”) to their Phase II Energy and Efficiency and Conservation (“EE&C”) Plans at the above-referenced dockets. The April 30, 2012 Revisions were at the direction of the Bureau of Audits to help clarify the Companies final reconciliation procedure.

On May 10, 2013, the Met-Ed Industrial User Group (“MEIUG”), the Penelec Industrial Customer Alliance (“PICA”), the Penn Power Users Group (“PPUG”), and the West Penn Power Industrial Intervenors (“WPPII”) (collectively, the “Industrial Customer Groups”) submitted a letter in response to the Companies’ April 30, 2013 Revisions. The Industrial Customer Groups were the only party in the above-docketed proceedings to respond to the Companies’ April 30, 2013 Revisions.

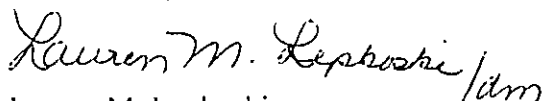
The Industrial Customer Groups have laid out two concerns in their May 10, 2013 letter. First, the Industrial Customer Groups are concerned that the Companies’ final reconciliation procedure extends Phase II cost recovery four months after the expiration of the Phase II EE&C Plans. Second, the Industrial Customer Groups are concerned that the final reconciliation would begin on January 1, 2017, when the Phase II EE&C costs and revenues will be completed on September 30, 2016.

To address the Industrial Customer Groups’ first concern, the Companies have certain program costs, such as saving measurement, administration, and consulting costs that will continue to accrue after the expiration of the Companies’ Phase II EE&C Plans. For example, each Company’s Final Evaluation Measurement and Verification Report will likely be due to the Commission in November 2016 (the same report for Phase I is due on November 15, 2013). In addition, the Companies will be processing rebates to qualifying customers for several months following the close of the Phase II program. A customer that installs a qualifying measure in May might apply in June or July, and such application could easily be processed as late as September. The Companies must be able to recover such costs that are incurred after May 31, 2016, but are still part of the Companies’ Phase II EE&C Plans.

With regard to the Industrial Customer Groups’ second concern, the Companies are following the reconciliation process described under Section 1307(e) of the Pennsylvania Public Utility Code, 66 Pa. C.S. § 1307(e). Each Company will file a Reconciliation Statement of Revenues and Expenses thirty days after September 30, 2016. At that time, the Commission will have sixty days within the filing of the Reconciliation Statement of Revenues and Expenses to hold hearings on the matter.

The Companies respectfully request that the Companies’ April 30, 2013 Revisions that were requested at the direction of the Bureau of Audits in order to clarify the Companies final reconciliation procedure be approved by the Pennsylvania Public Utility Commission.

Very truly yours,


Lauren M. Lepkoski

c: Lori Burger – Bureau of Audits (via email and first class mail)
Paul Diskin – Bureau of Technical Utility Services (via email and first class mail)

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

CERTIFICATE OF SERVICE

I hereby certify that I have this day served a true copy of the foregoing document upon the parties listed below in accordance with the requirements of § 1.54 (relating to service by a party).

Via electronic mail and first class mail, as follows:

Daniel Asmus
Office of Small Business Advocate
Commerce Building
300 North Second Street, Suite 1102
Harrisburg, PA 17101
dasmus@pa.gov

Candis Tunilo
Christy Appleby
Office of Consumer Advocate
555 Walnut Street
5th Floor, Forum Place
Harrisburg, PA 17101-1923
ctunilo@paoca.org
cappleby@paoca.org

Henry S. Geller
Patrick M. Cicero
Pa Utility Law Project
118 Locust Street
Harrisburg, PA 17101
pulp@palegalaid.net

Heather M. Langeland, Staff Attorney
PennFuture
200 First Avenue, Suite 200
Pittsburgh, PA 15222
langeland@pennfuture.com

Susan E. Bruce
Charis Mincavage
Vasiliki Karandrikas
Teresa K. Schmittberger
McNees Wallace & Nurick LLC
100 Pine Street
P. O. Box 1166
Harrisburg, PA 17108-1166
sbruce@mwn.com
cmincavage@mwn.com
tschmittberger@mwn.com

Derrick Price Williamson
Barry A. Naum
Spilman, Thomas & Battle, PLLC
1100 Bent Creek Boulevard, Suite 101
Mechanicsburg, PA 17050
dwilliamson@spilmanlaw.com
bnaum@spilmanlaw.com

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**PA PUBLIC UTILITY COMMISSION
SECRETARY'S BUREAU**

Julia A. Conover
Hawke McKeon & Sniscak LLP
P. O. Box 1778
100 North Tenth Street
Harrisburg, PA 17101
Jaconover@hmslegal.com

Thomas Sniscak
Hawke McKeon & Sniscak LLP
P. O. Box 1778
100 North Tenth Street
Harrisburg, PA 17101
tjsniscak@hmslegal.com

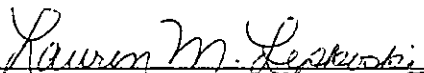
Jeffrey J. Norton
Eckert Seamans Cherin & Mellott LLC
213 Market Street, 8th Floor
Harrisburg, PA 17101
jnorton@eckertseamans.com

Mark C. Morrow
Chief Regulatory Counsel
UGI Corporation
460 North Gulph Road
King of Prussia, PA 19406
morrowm@ugicorp.com

Joseph L. Vullo
Burke Vullo Reilly Roberts
1460 Wyoming Avenue
Forty Fort, PA 18704
jlvullo@aol.com

Robert Knecht
Industrial Economics
2067 Massachusetts Avenue
Cambridge, MA 02140
rdk@indecon.com

Date: May 14, 2013



Lauren M. Lepkoski
Attorney No. 94800
FirstEnergy Service Company
P. O. Box 16001
2800 Pottsville Pike
Reading, PA 19612-6001
(610) 921-6203
llepkoski@firstenergycorp.com

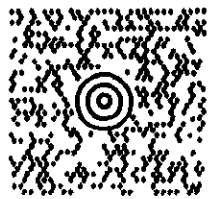
GLENN A. COLDREN
(610) 921-6633
AE-1440
2800 POTTSVILLE PIKE
READING PA 19605-2459

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LTR SILVER S-BLUE B52
4B-RDL
KOL 270 123-5432
933 7035

SHIP TO:

ROSEMARY CHIAVETTA, SECRETARY
(800) 692-7375
PA PUBLIC UTILITY COMMISSION
2ND FLOOR
COMMONWEALTH KEYSTONE BUILDING
400 NORTH STREET
HARRISBURG PA 17120-0079



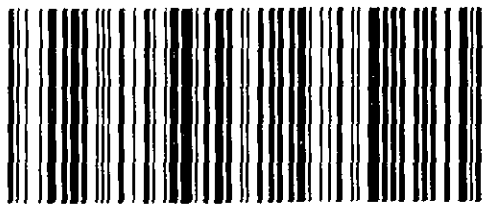
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