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May 29, 2013

M-2009-2112952

Ms. Kathy J. Kolich, Esquire

FirstEnergy Service Company

76 South Main Street

Akron, OH 44308

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

**Docket No. M-2009-2112952**

Dear Ms. Kolich:

 On May 3, 2013, Pennsylvania Electric Company (Penelec) filed a *Petition of Pennsylvania Electric 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). Penelec served the Petition on all parties of record. For the reasons discussed below, Staff will grant Penelec’s Petition.

 Comments were due by May 20, 2013. No 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, Penelec proposes changes to its Large Commercial/Industrial Equipment Program and the PJM Demand Response Program – Large. Specifically, Penelec proposes the expansion of the Large Commercial/Industrial Equipment Program by increasing the Program’s budget by $375,000 by transferring said amount from the PJM Demand Response Program – Large and into the aforementioned program. Penelec also proposes changes to its Small Commercial/Industrial Equipment Program and the PJM Demand Response Program – Small. Specifically, Penelec proposes the expansion of the Small Commercial/Industrial Equipment Program by increasing the Program’s budget by $90,000 by transferring said amount from the PJM Demand Response Program – Small and into the aforementioned program.[[3]](#footnote-3)

 Penelec asserts that these proposed changes meet the definition of minor plan changes as delineated in the Expedited Process Order. In particular, Penelec asserts that in each instance the proposed changes involve the transfer of funds from one program to another within the same customer class, namely the Large Commercial and Industrial Class and the Small Commercial and Industrial Class.[[4]](#footnote-4)

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

* Both the Large Commercial/Industrial Equipment Program and the Small Commercial/Industrial Equipment Program have exceeded Penelec’s projections and have nearly exhausted their approved program budgets. The proposed budgetary increases will allow the programs to continue through May 31, 2013, and to exceed the May 31, 2013 program energy savings targets.
* The critical program activity for the PJM Demand Response Program – Large and the PJM Demand Response Program – Small occurred during the summer of 2012 and Penelec does not anticipate any further significant activity through May 31, 2013.
* The PJM Demand Response Program – Large is projected to be under budget in excess of $375,000 on May 31, 2013.
* The PJM Demand Response Program – Small is projected to be under budget in excess of $90,000 on May 31, 2013.
* The changes will have no effect on the remainder of Penelec’s Current Plans, the Large C&I rate reflected in Penelec’s Rider EEC-C or the Small C&I rate reflected in Penelec’s Rider EEC-C.
* The changes will have negligible impact on the cost-effectiveness of the programs.
* The changes will allow Penelec to continue program operations that will best position Penelec to achieve its May 31, 2013 energy savings targets.[[5]](#footnote-5)

Staff agrees with Penelec that its proposed changes fall within the Commission’s definition of minor plan changes. Staff also recognizes, based on its analysis of Penelec’s EE&C Plans and the documentation provided with this filing, that the changes proposed herein do not significantly alter the overall cost-effectiveness of Penelec’s portfolio of programs or have an impact on the Plan’s budget. As such, Staff approves the changes Penelec proposed in the instant Petition. Specifically, Staff approves Penelec’s proposal to increase the budget for its Large Commercial/Industrial Equipment Program by $375,000 and to increase the budget for its Small Commercial/Industrial Equipment Program by $90,000. Staff approves the reduction in funding of the PJM Demand Response Program – Large by $375,000 and the reduction in funding of the PJM Demand Response Program – Small by $90,000 and the transfer, respectively, of these amounts to the Large Commercial/Industrial Equipment Program and the Small Commercial/Industrial Equipment Program.

 In view of the above, the Staff has determined that the *Petition of Pennsylvania Electric 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 May 3, 2013, at Docket No. M-2009-2112952, 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 Penelec to meet or exceed the energy consumption and demand reduction requirements of Act 129 in a cost-effective manner. Therefore, Staff grants Penelec’s Petition. Pennsylvania Electric 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.[[6]](#footnote-6)



 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

 Joseph Sherrick, 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. *See*, 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 functions of the Bureaus of Fixed Utility Services and 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 5 and 6. [↑](#footnote-ref-3)
4. *Id*. [↑](#footnote-ref-4)
5. *Id*. at 5 and 6. [↑](#footnote-ref-5)
6. Expedited Process Order at 19. [↑](#footnote-ref-6)