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January 4, 2016

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

VIA ELECTRONIC FILING

RE: Joint Petition for Consolidation of Proceedings and Approval of Energy Efficiency and Conservation Plans Phase III of Metropolitan Edison Company, Pennsylvania Electric Company, Pennsylvania Power Company, and West Penn Power Company; Docket Nos. M-2015-2514767, M-2015-2514768, M-2015-2514769, M-2015-2514772

Dear Secretary Chiavetta:

Please find enclosed for filing with the Pennsylvania Public Utility Commission ("PUC" or "Commission") the Joint Petition to Intervene and Answer on behalf of the Met-Ed Industrial Users Group, the Penelec Industrial Customer Alliance, the Penn Power Users Group, and the West Penn Power Industrial Intervenors, in the above-referenced proceeding.

As evidenced by the attached Certificate of Service, all parties to these proceedings are being duly served with a copy of this document. Thank you.

Very truly yours,

McNEES WALLACE & NURICK LLC

By 
Teresa K. Schmittberger

Counsel to the Met-Ed Industrial Users Group,
the Penelec Industrial Customer Alliance,
the Penn Power Users Group, and
the West Penn Power Industrial Intervenors

/leh

Enclosures

c: Administrative Law Judge Elizabeth H. Barnes (via E-mail and First-Class Mail)
Administrative Law Judge Steven K. Haas (via E-mail and First-Class Mail)
Certificate of Service

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CERTIFICATE OF SERVICE

I hereby certify that I am this day serving a true copy of the foregoing document upon the participants listed below in accordance with the requirements of 52 Pa. Code Section 1.54 (relating to service by a participant).

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the Penn Power Users Group, and
the West Penn Power Industrial Intervenors

Dated this 4th day of January, 2016, at Harrisburg, Pennsylvania

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

Joint Petition for Consolidation of Proceedings	:	
and Approval of Energy Efficiency and	:	Docket Nos. M-2015-2514767
Conservation Plans Phase III of Metropolitan	:	M-2015-2514768
Edison Company, Pennsylvania Electric	:	M-2015-2514769
Company, Pennsylvania Power Company, and	:	M-2015-2514772
West Penn Power Company	:	

**JOINT PETITION TO INTERVENE AND ANSWER
OF THE MET-ED INDUSTRIAL USERS GROUP,
THE PENELEC INDUSTRIAL CUSTOMER ALLIANCE,
THE PENN POWER USERS GROUP, AND
THE WEST PENN POWER INDUSTRIAL INTERVENORS**

TO THE HONORABLE, THE PENNSYLVANIA PUBLIC UTILITY COMMISSION:

Pursuant to Sections 5.71 through 5.74 and Section 5.61(a) of the Pennsylvania Public Utility Commission's ("PUC" or "Commission") Regulations, 52 Pa. Code §§ 5.71-5.74 and 52 Pa. Code § 5.61(a), the Met-Ed Industrial Users Group ("MEIUG"), the Penelec Industrial Customer Alliance ("PICA"), the Penn Power Users Group ("PPUG"), and the West Penn Power Industrial Intervenors ("WPPII") (collectively, "Industrial Customer Groups") hereby file this Joint Petition to Intervene and Answer in response to the above-captioned filing of the Metropolitan Edison Company ("Met-Ed"), Pennsylvania Electric Company ("Penelec"), Pennsylvania Power Company ("Penn Power"), and West Penn Power Company ("West Penn") (collectively, "Companies").

On November 23, 2015, the Companies petitioned the Commission for approval of their Phase III Energy Efficiency & Conservation ("EE&C") Plans ("Phase III Plans"). The Companies' Joint Petition for Consolidation and Approval of their Phase III Plans ("Joint Petition") outlines the Companies' proposals to address to the requirements of Act 129, the

Commission's Phase III Implementation Order entered on June 19, 2015, at Docket No. M-2014-2424864 ("Implementation Order"), and the Commission's peak demand reduction targets that will be in place during Program Years 2 through 5 of Phase III.¹ *See* Joint Petition, p. 1. The Phase III Plans follow Met-Ed's, Penelec's, Penn Power's, and West Penn Power's currently-effective Phase II EE&C Plans, which were approved by the Commission on March 14, 2013, and will expire on May 31, 2016.

The proposed Phase III Plan portfolio includes a suite of energy efficiency ("EE") programs, of which two programs target the Companies' Large Commercial and Industrial ("C&I") customers: the C&I Energy Solutions for Business Program – Large and the C&I Demand Reduction Program – Large.² *See id.* at 14.

As with the Phase II EE&C Plan, the Companies propose to recover all costs through a fully-reconcilable, non-bypassable charge under Section 1307 of the Public Utility Code. *See id.* at 14-15; *see also* 66 Pa. C.S. § 1307. The total proposed charges for the Large C&I customer class broken down by individual Company are as follows: Met-Ed, \$26,212,972; Penelec, \$16,668,315; Penn Power, \$6,392,896; and West Penn Power, \$25,077,733. *See* Companies' EE&C Plans, Attachments A-D, Appendix E, Table 6C.

With respect to the Energy Efficiency and Conservation Charge Phase III Rider ("Phase III EE&C-C Rider"), the Companies intend to establish separate recoveries for each customer class. *See* Joint Petition, p. 16. As a result, the Companies' Phase III EE&C costs and program measures may impact the rates and services of their largest customers. It is therefore imperative that the Companies implement their Phase III EE&C Plans in a just and reasonable manner,

¹ Consistent with the Implementation Order, the Companies' Joint Petition does not include a demand reduction requirement for Penelec during Phase III. *See* Joint Petition, p. 5; *see also* Implementation Order, p. 45.

² *See* Footnote 1, *supra*.

consistent with Act 129, the PUC's Implementation Order, and all applicable statutes and regulations.

In support of their Petition to Intervene and Answer, the Industrial Customer Groups assert the following:

I. PETITION TO INTERVENE

1. The Industrial Customer Groups are *ad hoc* associations of energy-intensive customers receiving electric service in the Companies' service territories. As some of the Companies' largest customers, whose manufacturing processes require significant amounts of electricity, any proposed modifications to the Companies' electric rates could significantly impact the Industrial Customer Groups' production costs.

2. The names and address of the Industrial Customer Groups' attorneys are:

Susan E. Bruce (Pa. I.D. No. 80146)
Charis Mincavage (Pa. I.D. No. 82039)
Vasiliki Karandrikas (Pa. I.D. No. 89711)
Teresa K. Schmittberger (Pa. I.D. No. 311082)
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3. The Industrial Customer Groups are MEIUG, PICA, PPUG, and WPPII. The compositions of MEIUG, PICA, PPUG, and WPPII are attached hereto as Appendix A, Appendix B, Appendix C, and Appendix D, respectively. MEIUG, PICA, PPUG, and WPPII reserve the right to modify these Appendices throughout the course of these proceedings, as necessary.

4. The Industrial Customer Groups are concerned with issues regarding the terms and conditions of their electricity service, and, as a result, have been actively involved in numerous proceedings of the Companies, including participation in the adjudication of the Companies' Phase I EE&C Plans, Phase II EE&C Plans, and regularly attending the Companies' EE&C Plan stakeholder meetings. The Commission's final disposition of the Companies' Phase III Plans also directly affects the rates that the Companies impose on the Industrial Customer Groups for electric service.

5. The Industrial Customer Groups thus have an interest in these proceedings that is not represented by any other party of record; consequently, the Industrial Customer Groups satisfy the standards for intervention under Section 5.72 of the Commission's Regulations, 52 Pa. Code § 5.72.

II. ANSWER

6. Certain aspects of the Companies' Phase III Plans may require monitoring and further investigation. The costs of the Companies' Phase III Plans and potential impact upon the Companies' Large C&I customers are of significant concern to the Industrial Customer Groups. Additionally, the Large C&I Programs, and related costs thereto, may substantially affect the Industrial Customer Groups. Finally, various structural matters, including uncertainty regarding PJM Interconnection, L.L.C. ("PJM"), DR programs and implementation of potential legislative changes to Act 129, concern the Industrial Customer Groups.

7. Over the five-year Phase III Plan period, the Companies expect their total Phase III Plan expenditures to be approximately \$390 million. *See* Met-Ed/Penelec/Penn Power/West Penn Statement No. 2, p. 6. As proposed, the Companies would allocate the following costs incurred, pursuant to the Phase III Plans, to Large C&I customers: Met-Ed, \$26,212,972; Penelec, \$16,668,315; Penn Power, \$6,392,896; and West Penn Power, \$25,077,733. *See*

Companies' EE&C Plans, Attachments A-D, Appendix E, Table 6C. Moreover, this cost allocation results in the following projected Phase III EE&C-Cs: Met-Ed, \$0.23 per kW Peak Load Contribution ("PLC"); Penelec, \$0.31 per kW PLC; Penn Power, \$0.32 per kW PLC; and West Penn Power, \$0.15 per kW PLC. *See* Exhibits KMS-1-4. The Industrial Customer Groups intend to further analyze the Large C&I Phase III costs and participate in any adjudication to ensure that the Phase III Plans do not impose undue rate increases upon Large C&I customers.

8. Furthermore, key aspects of Phase III warrant further investigation. First, the Industrial Customer Groups stress that if a ruling by the U.S. Supreme Court were to result in the elimination of all PJM Demand Response ("DR") programs, and the state assumes primary responsibility for managing DR initiatives under Act 129, then the Commission must hold an expeditious and comprehensive stakeholder process to ensure that the Commonwealth can effectively and efficiently replace PJM's programs. In addition, if S.B. 805 passes in the Pennsylvania General Assembly, then the Companies must be able to adjust their Phase III Plans to permit Large C&I customers to opt out of the Companies' Plans. The Companies must also structure their Phase III Plans to recognize and comply with PJM market rules. Specifically, as Phase III of Act 129 now requires all Electric Distribution Companies ("EDCs") to rebid all Conservation Service Provider ("CSP") contracts, the Companies must comply with the PJM Tariff's requirement that EDCs have only one CSP to manage economic load response events. Finally, the Company must ensure that its ratemaking process is transparent, prompt, and uniform in order to guarantee that costs are allocated fairly among customers to reduce uncertainty as to what the customer charges will be.

9. In addition to the issues identified above, the Industrial Customer Groups reserve the right to raise and address additional issues of concern during the course of this proceeding


based on further review of the Joint Petition, issues identified via discovery, and issues raised by other parties.

III. CONCLUSION

WHEREFORE, the Met-Ed Industrial Users Group, the Penelec Industrial Customer Alliance, the Penn Power Users Group, and the West Penn Power Industrial Intervenors respectfully request that the Pennsylvania Public Utility Commission grant this Joint Petition to Intervene and Answer, provide the Industrial Customer Groups with full-party status in these proceedings, and allow such other relief as it deems necessary.

Respectfully submitted,

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Dated: January 4, 2016

APPENDIX A

MET-ED INDUSTRIAL USERS GROUP

Air Liquide Industrial U.S. LP
Carpenter Technology Corporation
East Penn Manufacturing Company, Inc.
Farmers Pride, Inc.
Glen-Gery Corporation
Harley-Davidson Motor Company – York Division
Knouse Foods Cooperative, Inc.
Magnesita Refractories Co.
PPG Industries, Inc.
Royal Green LLC
Sweet Street Desserts, Inc.

APPENDIX B

PENELEC INDUSTRIAL CUSTOMER ALLIANCE

American Refining Group Inc.
Appvion, Inc.
Electralloy, a G.O. Carlson, Inc., Co.
Ellwood National Steel
Erie Forge & Steel, Inc.
Glen-Gery Corporation
Indiana Regional Medical Center
Pittsburgh Glass Works, L.L.C.
Sheetz, Inc.
Standard Steel
Team Ten, LLC – American Eagle Paper Mills
The Plastek Group, Inc.
The Procter & Gamble Paper Products Company
U.S. Silica Company
Wegmans Food Markets, Inc.

APPENDIX C

PENN POWER USERS GROUP

Ellwood Quality Steel

APPENDIX D

WEST PENN POWER INDUSTRIAL INTERVENORS

Air Liquide Industrial U.S. LP
Air Products & Chemicals, Inc.
Carpenter Technology Corporation/Latrobe Specialty Metals
Ervin Industries
INDSPEC Chemical Corporation
Lehigh Specialty Melting Inc. (Whemco)
MERSEN USA St Marys-PA Corp.