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February 9, 2021

VIA ELECTRONIC MAIL

Rosemary Chiavetta, Secretary
Pennsylvania Public Utility Commission
Commonwealth Keystone Building
400 North Street, 2nd Floor (filing room)
Harrisburg, PA 17105-3265

RE: Joint Petition for Consolidation of Proceedings and Approval of the Phase IV Energy Efficiency and Conservation Plans of Metropolitan Edison Company, Pennsylvania Electric Company, Pennsylvania Power Company, and West Penn Power Company; Docket Nos. M-2020-3020820, M-2020-3020821, M-2020-3020822, M-2020-3020823; **PSU TESTIMONY VERIFICATION AND PRE-SERVED TESTIMONY**

Dear Secretary Chiavetta:

Enclosed for filing on behalf of The Pennsylvania State University are the following documents:

1. PSU Statement No. 1 (Direct Testimony of James L. Crist);
2. PSU Statement No. 1-R (Rebuttal Testimony of James L. Crist); and,
3. Testimony Verification of James L. Crist.

Please note that the above-listed documents were admitted into the hearing on February 5, 2021 before the Honorable Mark A. Hoyer and Honorable Emily I. DeVoe.

Rosemary Chiavetta, Secretary
Pennsylvania Public Utility Commission
February 9, 2021
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Thank you for your attention to this matter. If you have any questions, please feel free to contact me at (717) 236-1300.

Very truly yours,

/s/ Thomas J. Sniscak

Thomas J. Sniscak
Whitney E. Snyder
Bryce R. Beard

Counsel for The Pennsylvania State University

WES/das
Enclosures

cc: Honorable Mark A. Hoyer (via email, mhoyer@pa.gov)
Honorable Emily I. DeVoe (via email, edevoe@pa.gov)
Per Certificate of Service

CERTIFICATE OF SERVICE

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

VIA ELECTRONIC MAIL ONLY

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Dated: February 9, 2021

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

Joint Petition for Consolidation and Approval	:	
of the Act 129 Phase IV Energy Efficiency	:	M-2020-3020820
and Conservation Plan of Metropolitan	:	M-2020-3020821
Edison Company, Pennsylvania Electric	:	M-2020-3020822
Company, Pennsylvania Power Company,	:	M-2020-3020823
and West Penn Power Company	:	

DIRECT TESTIMONY OF JAMES L. CRIST

ON BEHALF OF

THE PENNSYLVANIA STATE UNIVERSITY

January 13, 2021

1 **I. WITNESS BACKGROUND**

2 **Q. PLEASE STATE YOUR NAME AND BUSINESS ADDRESS, AND ON**
3 **WHOSE BEHALF YOU ARE TESTIFYING?**

4 A. I am James L. Crist, President of Lumen Group, Inc., a consulting firm focused on
5 regulatory and market issues. My business address is 4226 Yarmouth Drive, Suite
6 101, Allison Park, Pennsylvania, 15101. I am presenting testimony on behalf of
7 The Pennsylvania State University (“Penn State”, “PSU”, or “University”).

8

9 **Q. DO YOU HAVE ANY QUALIFICATIONS OR OTHER SPECIALIZED**
10 **KNOWLEDGE THAT WOULD ASSIST THE COMMISSION IN ITS**
11 **DELIBERATIONS IN THIS CASE?**

12 A. Yes.

13

14 **Q. WHAT IS YOUR EDUCATIONAL BACKGROUND?**

15 A. I have a B.S. in Chemical Engineering from Carnegie Mellon University and an
16 MBA from the University of Pittsburgh. Additionally, I am a Registered
17 Professional Engineer in the Commonwealth of Pennsylvania.

18

19 **Q. BRIEFLY DESCRIBE YOUR RELEVANT BUSINESS QUALIFICATIONS.**

20 A. I have run a consulting practice for the past twelve years focused on regulated and
21 deregulated energy company strategy, market strategy, and regulatory issues.
22 During 2004 and 2005, I undertook a consulting assignment as the Vice President
23 of Consumer Markets for ACN Energy. ACN is a gas and electric marketer that is

1 active in eight states. Prior to my consulting practice, I worked at three major
2 energy companies for a total of 19 years. Most recently I was Vice President of
3 Marketing for Equitable Resources. In that function I was responsible for the
4 development of the company's deregulated business strategy.

5 Prior to that I was Vice President of Marketing for Citizens Utilities,
6 responsible for gas, electric, water and wastewater marketing activities in several
7 service territories within the United States. The gas and electric utility operations
8 were in Vermont, Louisiana, Arizona, Colorado, and Hawaii. Under my direction,
9 Citizens initiated commercial and industrial transportation and supply services at
10 its gas operation in Arizona. As a consultant for Citizens I designed a demand
11 response program for its electric operations in Arizona.

12 Before that, during 1988 through 1994, I was the Marketing Director at the
13 Peoples Natural Gas Company where I was actively involved in many gas
14 transportation programs as the company relaxed transportation requirements so that
15 customers would have supply choices. In summary, I have considerable experience
16 in several states involving residential, commercial, and industrial customer energy
17 procurement and industry restructuring programs.

18

19 **Q. HAVE YOU PREVIOUSLY TESTIFIED BEFORE THIS PUBLIC UTILITY**
20 **COMMISSION?**

21 A. Yes, I have appeared before the Pennsylvania Public Utility Commission
22 ("Commission") in several gas and electric regulatory proceedings. Additionally,
23 I have provided testimony on a variety of issues relating to energy procurement,

1 industry restructuring, and demand response before regulatory Commissions in
2 Arizona, Illinois, New Mexico, Ohio, Maryland and the U.S. Virgin Islands.

3

4 **II. PENN STATE'S SERVICE**

5 **Q. WOULD YOU BRIEFLY DESCRIBE PENN STATE'S SERVICE FROM**
6 **FIRSTENERGY?**

7 A. Yes. Penn State is a distribution service customer of FirstEnergy's Penelec
8 subsidiary at Penn State Erie, The Behrend College and the Altoona and Dubois
9 campuses, along with some accounts near University Park. The University receives
10 service from FirstEnergy's Met Ed subsidiary for campuses at York and at the Fruit
11 Research and Extension Center in Biglerville. The Shenango campus receives
12 service from FirstEnergy's Penn Power subsidiary. Service from West Penn is
13 described below. In 2019-2020, the University received 277 million kWh through
14 West Penn Power, MetEd, Penn Power and Penelec and paid over \$2.9 million for
15 distribution services and over \$1 million for bundled services. The major electric
16 consumer on the First Energy system is the University Park campus which is served
17 by West Penn.

18

19 **Q. WOULD YOU BRIEFLY DESCRIBE PENN STATE'S SERVICE FROM**
20 **WEST PENN?**

21 A. Yes. Penn State is a major generation, transmission and distribution service
22 customer of West Penn Power at its University Park campus receiving service
23 through West Penn Retail Tariff Electric – Pa. P.U.C. No. 38 (“Tariff 38”). In June

1 2019—May 2020 the University received 200 million kWh of electric energy from
2 West Penn under Tariff 38 at the University Park campus and paid West Penn \$1.7
3 million for distribution service.

4 The University receives generation, transmission and distribution service
5 from West Penn under rate schedules other than Tariff 38 for approximately 100
6 additional accounts at the University Park campus including the airport and
7 campuses at New Kensington, Fayette and Mont Alto.

8

9 **Q. WHAT ELECTRIC SERVICE IS RECEIVED BY THE UNIVERSITY**
10 **UNDER WEST PENN’S TARIFF 38?**

11 A. The largest Penn State load on any of the Companies’ systems is Penn State’s
12 University Park campus which covers 8,500 acres and contains nearly 1,000
13 buildings. There the University receives service through Tariff 38. The University
14 takes service from four West Penn substations around the campus at 12,470 volts.

15

16 **Q. HOW DOES PENN STATE CURRENTLY OBTAIN ITS ELECTRIC**
17 **SUPPLY?**

18 A. At University Park campus since 2009 and all other commercial accounts at
19 Commonwealth Campus locations since 2011, the supply is obtained through
20 contracts with an electric generation supplier (“EGS”). PSU currently has a single
21 broker serving as its EGS with multiple electric contracts with wholesale
22 suppliers. Small commercial and residential accounts of PSU are served by either

1 retail suppliers or the utilities' default service procured through the sales tariffs of
2 the electric distribution companies.

3

4 **Q. WHAT IS THE HISTORY OF PENN STATES INVOLVEMENT IN**
5 **ENERGY EFFECIENCY AND CONSERVATION PROGRAMS?**

6 A. Penn State has participated in the Companies' EE&C programs since inception and
7 found them to be beneficial, and have appreciated improvements the Companies
8 have made during the existence of the program. Institutionally, Penn State is a
9 strong supporter of energy efficiency and conservation and has employees
10 dedicated to energy conservation projects, academic courses encompassing energy
11 efficiency and research initiatives in sustainability. PSU is dedicated to increased
12 conservation efforts as it manages efforts on climate change, recognizing that
13 energy consumption is fundamental to solving climate issues. On December 2,
14 2020, Penn State was one of 37 international universities that endorsed a letter
15 drafted by the International Universities Climate Alliance that urged world leaders
16 to protect humankind from climate change. Penn State President Eric Barron
17 stated, "To help address the challenges of climate change, there's an urgent need to
18 integrate sustainability in all we do at Penn State." The University looks forward to
19 continuing to work with the Companies through the EE&C programs and the Phase
20 IV Plan.

21

1 **III. PURPOSE OF TESTIMONY**

2 **Q. WHAT ARE THE ISSUES YOU WILL DISCUSS IN THIS TESTIMONY?**

3 A. Having described Penn State’s service from West Penn Power (“West Penn” or
4 “Company”) and FirstEnergy (collectively “Companies”), I will explain
5 observations I have with Phase IV of the Act 129 Energy Efficiency &
6 Conservation Plan (“EE&C” or “Plan”) as detailed in its filing and the direct
7 testimonies of Company witnesses Mr. Turosky, Mr. Miller, and Mr. Woytko. In
8 general, I find that the Plan complies with 66 Pa. C.S. §2806 however the
9 experience at Penn State shows that administrative improvements can be made to
10 make the administrative processes more user-friendly for program applicants.

11
12 **Q. WHAT ARE KEY ASPECTS OF 66 PA C.S. §2806 THAT APPLY TO PENN**
13 **STATE?**

14 A. Penn State has a multitude of electric accounts across the distribution systems of
15 the Companies that range from residential, small commercial, and large commercial
16 that are all served under the rates schedules of the Companies and in the case of
17 West Penn, Tariff 40, while a substantial portion of the electric load of the
18 University Park campus is served under Tariff 38. Therefore, it is important to
19 Penn State that the EE&C programs offered by the Companies cover all customer
20 classes as stated in 66 Pa. C.S. §2806.1(a)(5) “...each plan includes a variety of
21 energy efficiency and conservation measure and will provide the measures
22 equitably to all classes of customers.”

1 Another critically important part mandated by 66 Pa. C.S. §2806.1(a)(11) is that
2 cost recovery for the programs funded under each rate class must come from that
3 rate class. It is stated “Cost recovery to ensure that measures approved are financed
4 by the same customer class that will receive the direct energy and conservation
5 benefits.” The Companies’ plan complies with that requirement and is clear that
6 there will be no cross-subsidization by other classes.

7

8 **Q. WHAT ADMINISTRATIVE CHANGES OCCURRED IN 2020 DURING**
9 **PHASE III?**

10 A. The program was suspended due to COVID-19 reasons on March 24, 2020.
11 FirstEnergy changed its Conservation Service Provider (“CSP”) abruptly at the end
12 of April. The Companies’ CSP was Sodexo and PSU had a project meeting with
13 Sodexo on April 8, 2020 to review ongoing and potential projects. Shortly after
14 that meeting on April 27, 2020, the Sodexo contract ended. At that point First
15 Energy took control of direct contact with PSU. The Company then selected
16 CleaResult as the replacement CSP. Penn State had several active projects at that
17 time and the change of CSPs caused a disruption in those projects, and some of the
18 projects have not yet been resumed. Much of this problem can be attributed to
19 Sodexo’s failure to properly record/submit the information PSU was sharing with
20 them over time. These actions (or rather inactions) resulted in a significant amount
21 of re-work once the new CSP CleaResult was brought on board and all of the project
22 applications had to be redone. This re-work entailed completing several application
23 forms that had already been completed when submitted to Sodexo in the past, but

1 had to be initiated from scratch because CleaResult has a different application
2 process than Sodexo.

3

4 **Q. SHOULD THE COMPANIES BE PERMITTED TO CHANGE**
5 **CONSERVATION SERVICE PROVIDERS DURING A PROGRAM**
6 **PHASE?**

7 A. Yes. In the case where a CSP is underperforming the Companies should take the
8 initiative to make a change and improve the services rendered by the CSP to
9 customers with active projects. First Energy was prudent in initiating the switch of
10 CSPs from Sodexo to CleaResult.

11

12 **Q. WHAT IMPACT DID THE CHANGE OF CSPs HAVE ON THE PENN**
13 **STATE PROJECTS?**

14 A. At the time of the switch Penn State had seventeen active projects registered with
15 Sodexo. Since that time, Penn State has received rebate payments for two of those
16 projects and it is still anticipating payment for eight of the projects by the end of
17 Phase III. However due to the burdensome administrative requirements required
18 to reapply, since information in Sodexo's possession was not passed on to
19 CleaResult, Penn State has tabled seven projects. Due to COVID-19, the manpower
20 is not available to completely redo the comprehensive application forms and fulfill
21 the documentation process again. This impacts both Penn State from a financial
22 perspective, and the Companies' program as those projects will not be counted as
23 part of the overall energy reduction benefit.

1 **Q. HOW COULD A GAP IN PROJECT MANAGEMENT BY THE CSP BE**
2 **PREVENTED?**

3 A. In this recent change of CSPs the transition between Sodexo and CleaResult could
4 have included transfer of project information and data so that such a transition
5 would appear seamless to customers, however it did not work that way. One
6 recommendation would be that in the future if the Companies are contemplating
7 changing the CSP, it should first contact customers with active projects to discuss
8 the planned change, the reasons for such a change, and obtain customer feedback
9 as part of its decision-making process. I am not disputing that the Companies have
10 the right to change, and consideration of the customers feedback should be helpful
11 in its decision-making process. First Energy can develop a system to collect and
12 store all customer documentation from its CSPs on a regular basis, either monthly
13 or quarterly and should ensure that CleaResult has capabilities to transfer project
14 information and data to any future CSP in advance of making such a switch.

15

16 **Q. WHAT STREAMLINING OF THE APPLICATION PROCESS CAN BE**
17 **DONE?**

18 A. This process which is managed by the CSP can be improved. Currently, when any
19 customer (even an established customer such as Penn State) has a new project, it
20 must fill out a project application that requires detailed customer account
21 information to be resubmitted, including contact person, address, a W-9 tax
22 identification form and utility bill used to determine account numbers and rate
23 schedule. Imagine if every time you logged into your personal checking account

1 to initiate a bill payment, or to Amazon to purchase an item, you had to completely
2 populate all of your extensive and detailed account information instead of the
3 system using the same information that it already has on file. This is a simple
4 improvement to make and it should be done.

5

6 **Q. HOW CAN COMMUNICATION BE IMPROVED?**

7 A. Penn State would prefer to only have a few points of contact/touches as project
8 applications work through the system to prevent confusion and re-work, and to keep
9 communications consistent. A specific example would be the application for PSU's
10 East Campus Steam Plant Uprate project (First Energy tracking #EA-0000566481).
11 During finalization of this application, First Energy requested proof of payment for
12 project equipment and Penn State submitted such proof identified as alternative
13 supporting documentation in lieu of an invoice for review by First Energy and
14 CleaResult. The Company confirmed in a meeting on December 9, 2020 that such
15 alternative supporting document invoices were acceptable and advanced the project
16 forward for payment. Penn State then uploaded the rebate offer letter on December
17 18, 2020, and awaited payment. However, last week, PSU received the notification
18 from a previously unknown contact at CleaResult requesting PSU move the project
19 forward for payment, as well as provide a new Letter of Attestation (LOA) and
20 Invoice in order to pay this application, despite that assurance received at the
21 December 9th meeting that all proper forms and proof were submitted and approved
22 by First Energy/CleaResult. PSU has questioned the request and is waiting for
23 response of resolution.

1 **Q. HOW CAN TECHNICAL REVIEW OF LARGE CUSTOM PROJECTS BE**
2 **IMPROVED?**

3 A. The Phase IV EE&C plan does not go into specific detail regarding technical review
4 of complex/larger projects, or details of measurement & verification (M&V)
5 requirements, and leaves much of this up to the CSP as well as the Third Party
6 Evaluator. These are both areas that caused difficulties in past projects. M&V
7 efforts can be intrusive and this becomes particularly concerning with PSU's
8 sensitive building spaces such as residence halls, certain lab facilities, and power
9 plants, where access may be limited and there is a need for advance scheduling.
10 Proactively managing such requirements and understanding exactly what
11 information is required and the timetable for submission of that information would
12 be helpful for better proactivity of these efforts rather than the rush or extensive
13 back and forth while concluding an application for payment.

14
15 **Q. WHAT IMPROVEMENTS SHOULD BE MADE IN THE M&V PROCESS?**

16 A. There are some very simple and clear changes that can be made that would result
17 in an easier technical review and M&V:

18 1. Provide an outline of the inspection/logging/metering/etc. thresholds, and
19 the M&V requirements at each threshold level. This outline should be
20 provided annually at the start of each program year (June 1st of each year),
21 with notification in writing if this change or shift throughout the program
22 year.

- 1 2. Provide a copy of the calculation method, template, and other information
2 the Third Party Evaluator uses to verify savings recorded by a project. By
3 far one of the most time-consuming tasks is the back and forth between the
4 PSU project team and the Third Party Evaluator – often times because the
5 Third Party Evaluator will not accept PSU’s savings calculations as
6 presented, needs additional information and details not initially requested,
7 or requires a reformat or recalculation of information already presented. If
8 the requirements were clearly provided to customers and they had access to
9 what the Third Party Evaluator needs up front and had a better
10 understanding of their approach to calculation/savings verification,
11 customers could collect that information and provide it all at once, rather
12 than piece by piece, over time.
- 13 3. Provide a clear understanding of the M&V requirements that a particular
14 application would/could be subject to, as early on in the application process
15 as possible, so customers and their vendors can plan accordingly. It is
16 difficult to prepare certain spaces for these type of invasive inspections on
17 short notice. Additionally, some information may be unavailable or even
18 lost during construction and if it were known at the inception of the
19 application, the customer could prepare accordingly. While this may not
20 work perfectly for all of the applications, it would be an improvement for a
21 good majority.
- 22 4. Either First Energy should provide or the CSP should have a technical
23 expert on its staff or available to assist as it reviews projects. It can be

1 frustrating if those involved in the “technical review” do not seem to
2 understand the scope of the project. Such lack of understanding leads to
3 much of the re-formatting, recalculating, and further explanation adds to the
4 time required that Penn State staff must invest in having a rebate application
5 approved.

6

7 **Q. DOES THIS CONCLUDE YOUR TESTIMONY?**

8 A. Yes.

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

Joint Petition for Consolidation and Approval	:	
of the Act 129 Phase IV Energy Efficiency	:	M-2020-3020820
and Conservation Plan of Metropolitan	:	M-2020-3020821
Edison Company, Pennsylvania Electric	:	M-2020-3020822
Company, Pennsylvania Power Company,	:	M-2020-3020823
and West Penn Power Company	:	

REBUTTAL TESTIMONY OF JAMES L. CRIST

ON BEHALF OF

THE PENNSYLVANIA STATE UNIVERSITY

January 25, 2021

1 **Q. PLEASE STATE YOUR NAME AND ON WHOSE BEHALF YOU ARE**
2 **TESTIFYING?**

3 A. I am James L. Crist, President of Lumen Group, Inc., a consulting firm focused on
4 regulatory and market issues. I presented direct testimony (PSU Statement No. 1)
5 and am presenting rebuttal testimony on behalf of The Pennsylvania State
6 University (“Penn State”, “PSU”, or “University”).

7
8 **Q. WHAT ISSUE YOU WILL ADDRESS IN THIS TESTIMONY?**

9 A. I will discuss the formula used by West Penn Power (“West Penn” or “Company”)
10 and FirstEnergy (collectively “Companies”) in Rider F to determine the rate to
11 collect the costs spent on the Phase IV of the Act 129 Energy Efficiency &
12 Conservation Plan (“EE&C” or “Plan”) as detailed in its filing and the direct
13 testimonies of Company witness Mr. Woytko. In his direct testimony, OCA
14 witness Mr. Crandall suggested changes to the formula to which I disagree. I will
15 explain why those changes are inappropriate and why the Company’s proposed
16 method should not be altered.

17
18 **Q. WHAT IS MR. CRANDALL’S CONTENTION REGARDING THE**
19 **ALLOCATION OF COMMON COSTS?**

20 A. Mr. Crandall references an informal discovery discussion with the Company on
21 January 8, 2021 and says that the Company allocates common costs based on the
22 ratio of the class CSP Delivery Fees plus Marketing costs to the overall CSP
23 Delivery Fees plus Marketing costs. He believes this is inconsistent with the

1 language of Rider F, and opines that the Company should change its allocation
2 methodology. I disagree with his interpretation.

3

4 **Q. IS MR. CRANDALL CERTAIN OF HIS FACTS?**

5 A. No. When responding to the question at page 13 of his testimony, “Are the
6 Companies actually using the proposed ratio of class-specific approved budgeted
7 program costs to total approved budgeted program costs to allocate the common
8 costs among the customer classes?” he admits “That is unclear”.

9

10 **Q. HOW SHOULD COSTS BE ALLOCATED?**

11 A. Costs must be allocated using a method that avoids cross-subsidization of other
12 classes under Act 129 at 66 Pa. C.S. Section 2806.1(a)(11).

13 The method used by the Companies for the recent Phase III avoids cross-
14 subsidization and is properly based on cost-causation principles.

15

16 **Q. WHY SHOULD MR. CRANDALL’S PROPOSAL REGARDING**
17 **ALLOCATION OF COMMON COSTS BE REJECTED?**

18 A. Common costs are the program development and management costs the Companies
19 incur in planning and executing the EE&C programs. They are largely labor and
20 labor-related costs. In his testimony on page 14 Mr. Crandall presents a table
21 showing the Companies’ method of allocation of common costs along with his
22 proposed allocation method. The Companies allocate common costs based on the
23 sum of the CSP program costs and program marketing costs by customer class

1 compared to the total of those costs over all customer classes, which is consistent
2 with regulatory principles and the Act's requirements against cross-subsidization
3 by one class to another. Regardless of the customer sector that houses specific
4 programs, it takes a certain amount of Company labor to manage programs.
5 Allocating common costs based on the CSP program and marketing costs provides
6 the correct basis for allocations that do not result in cross subsidization.

7 Mr. Crandall also wishes to add in the incentive costs that are paid out based on the
8 number and size of projects achieved in a given year. However, including such
9 costs would increase the volatility of Rider F, as those payments have greater
10 variance than the common costs from year to year. Addition of incentive costs to
11 the allocation formula would violate cost-causation principles for it is the CSP
12 programing and marketing costs that drive common costs, again mostly Company
13 labor. Because common costs do not vary based on incentive payments, Mr.
14 Crandall's adjustment consequently violates fundamental ratemaking principles of
15 cost-causation. Accordingly, Mr. Crandall's wish to change the allocation method
16 of such costs should be denied.

17

18 **Q. HOW DOES RIDER F STATE COSTS WILL BE ALLOCATED?**

19 A. The filed Rider F tariff pages for each of the four Company's electric distribution
20 utilities are presented as Mr. Woytko's Exhibits AJW 1-5. Exhibit AJW-5 is Rider
21 F that would apply to West Penn Power Company's Tariff No. 38, which is
22 exclusively for Penn State. Examination of Mr. Woytko's Exhibits AJW 1-5 shows
23 the identical language in all tariffs of, "Such costs shall be allocated to each

1 customer class based on the ratio of class-specific approved budgeted program costs
2 to total approved budgeted program costs.” Therefore, costs budgeted for a specific
3 customer class will be collected from that customer class, and not from other
4 customer classes. The Companies’ method of allocating common costs is
5 consistent with established ratemaking principles and consistent with how such
6 costs have been allocated during the recent Phase III and the preceding Phase II.
7 The method should not be changed for Phase IV. The Companies should clarify
8 that “approved budgeted program costs” include CSP program costs, program
9 marketing costs, and common costs in its tariff language.

10

11 **Q. WHAT IS MR. CRANDALL’S CONCERN WITH PJM COSTS AND**
12 **REVENUES?**

13 A. Mr. Crandall expressed concern that the PJM revenues and costs were included
14 with the direct and allocated costs of the Phase IV program. He wishes to remove
15 them from the term EECexp1 and state them explicitly. I have no objection to that.

16

17 **Q. HOW SHOULD PJM COSTS AND REVENUES BE ALLOCATED?**

18 A. There must be no cross-class subsidization. FirstEnergy should track the program
19 source of the power that it provides to PJM. The program, and power obtained
20 through the program are identified by customer class. In the case of common
21 programs that apply to more than one customer class, the power obtained can
22 clearly be identified and totaled by customer class. Costs can also be identified by

1 customer class. The net amount, revenues less costs, should be assigned according
2 to customer class.

3

4 **Q. HOW DOES RIDER F STATE PJM COSTS AND REVENUES WILL BE**
5 **ALLOCATED?**

6 A. The rider states that net revenues by customer class will be credited against the
7 program costs of the same customer class, therefore there is no cross-class
8 subsidization.

9

10 **Q. WHAT SHOULD THE COMPANY DO TO ADDRESS MR. CRANDALL'S**
11 **CONCERNS?**

12 A. The Company can add clarifying language to its tariff. The Company should not
13 change the method it has been using during Phase III to collect PJM costs and assign
14 PJM revenues, and Mr. Crandall's request to separate out the PJM costs and
15 revenues and state them explicitly makes sense. Mr. Crandall proposed a formula
16 for Rider F in his testimony (*id* 10:20-21), and the Company may accept that or
17 develop a formula modification of its own that achieves the same goal of clearly
18 identifying the PJM costs and revenues.

19

20 **Q. DOES THIS CONCLUDE YOUR REBUTTAL TESTIMONY?**

21 A. Yes.

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

Joint Petition for Consolidation and Approval	:	
of the Act 129 Phase IV Energy Efficiency	:	M-2020-3020820
and Conservation Plan of Metropolitan	:	M-2020-3020821
Edison Company, Pennsylvania Electric	:	M-2020-3020822
Company, Pennsylvania Power Company,	:	M-2020-3020823
and West Penn Power Company	:	

**THE PENNSYLVANIA STATE UNIVERSITY'S
TESTIMONY VERIFICATION OF
JAMES L. CRIST**

I, James L. Crist, hereby certify that I am the President of Lumen Group, Inc., and that, in such capacity, I have been retained by The Pennsylvania State University ("PSU") as an expert witness in the above-captioned matter for the purposes of providing testimony on PSU's behalf.


I hereby verify that I have provided the following written Testimony for admission into the record and that these documents were prepared by me and under my supervision:

- Direct Testimony of James L. Crist (PSU Statement No. 1), with no exhibits; and
- Rebuttal Testimony of James L. Crist (PSU Statement No. 1-R), with no exhibits.

I certify that the facts set forth in the testimony are true and correct to the best of my knowledge, information and belief; that if I were asked the questions contained therein today that my answers would remain the same. I understand that the statements made in my testimony are subject to the penalties at 18 Pa C.S. § 4909 related to the unsworn falsification to authorities.

Date: _____

4 February 2021



James L. Crist
Lumen Group, Inc.