BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION

Re: Energy Efficiency and	:	
Conservation Program and EDC Plans	:	Docket No. M-2008-2069887

WEST PENN POWER COMPANY RESPONSES AND COMMENTS

I. INTRODUCTION

West Penn Power Company, d/b/a Allegheny Power, submits the following responses and comments to the November 26, 2008, staff questions (Attachment A) and draft order (Attachment B) referred to in this docket as the "straw proposal". Allegheny Power has offered its recommendations on these issues with the understanding with respect to some of the more technical issues, they may be addressed in separate working groups on the Total Resource Cost (TRC) test and the Technical Reference Manual (TRM).

Allegheny Power will be participating in the scheduled December 10, 2008, working group session at which these and other issues will be discussed.

II. STAFF ATTACHMENT A QUESTIONS - ADDITIONAL QUESTIONS RELATED TO THE COMMISSION'S ENERGY EFFICIENCY AND CONSERVATION PROGRAM AT DOCKET NO. M-2008-2069887

1. Efficiency targets/Goals:

a) Should the Commission use the average usage during the 100 highest peak hours during the entire reference year, or the average usage during the 100 highest summer peak hours when calculating the peak demand reduction targets for each EDC?

Allegheny Power Response:

Allegheny Power submits that the highest 100 hours should be limited to the summer period. Given the dual-peaking nature of Allegheny Power's load, doing otherwise would increase the complexity of anticipating the top 100 hours. Second, it would be much more costly to deploy programs to effectuate a demand response for both a summer and winter peak, as different factors are contributory to those events. Furthermore, there is no peak load contribution benefit to winter demand reductions.

b) Does Act 129 require reductions down to a fixed level, or require a fixed amount of decrease? How should this be calculated? Should the consumption reduction requirements contained in Section 2806.1(c) be treated the same as the demand reduction requirements contained in Section 2806.1(d)?

Allegheny Power Response:

The Draft Proposal's tentative conclusion is that progress toward meeting the statutory reduction targets should be measured by energy/demand savings, rather than absolute reductions in consumption.[1] The staff correctly discerned that the absolute reduction method advocated by interested parties such as The Reinvestment Fund, would make new business customers, population growth and economic upsurges negative factors that conflict with achieving the reduction targets.

The Commission should make final the tentative staff conclusion that measurement of progress toward achieving the energy consumption and reduction goals in the Act will be based on the use of the Technical Reference Manual and other metric resources. Regarding peak reductions, it is important that achievement should be measured in terms of MWs reduced. It is also important, given the proximity of the 2012-2013 evaluation period that compliance be measured as demonstrated capability as of May 31, 2013, using TRM deemed savings.

2. Program Design:

a) Statewide vs. EDC specific: Should the Commission encourage, by policy, a statewide approach to some programs that are likely to be effective across Pennsylvania? For example, should rebate programs be harmonized across the state? Should specific programs, such as Energy Audits, PJM load reduction programs, Home Performance With Energy Star, and Energy Star Homes be consistently available in all EDC service territories? If so, what programs should the EDCs implement consistently across the state?

Allegheny Power Response:

Statewide or joint EDC programs should be encouraged to the extent there are economic benefits to such joint action, and to the extent there are benefits to customers from uniform programs being made available across a geographic territory larger than an individual EDC's service territory. However, those benefits are not sufficiently clear now, so the Commisison should refrain at this time from any mandates on this issue, and allow EDCs to combine program efforts where it can be demonstrated that the benefits of doing so clearly exist and the statewide program has direct benefit to the EDC's requirements for reduction

[1] Draft Proposal at 14-15.

in consumption. From Allegheny Power's perspective, the programs that should be examined for potential broad geographic application are the existing Universal Services Programs (provide installation of weatherization measures, alternative payment plan, for low income customers), the Keystone Home Energy Loan Program ("Keystone HELP") (to the extent that the existing and proposed, expanded program coordinates with HB1 and Act 129), PA Home Energy (a program that is entirely funded by the West Penn Power Sustainable Energy Fund ("WPPSEF") and is formally recognized by EPA. The program performs BPI and RESNET training that includes an infrastructure for comprehensive or whole-house energy audits for existing homes utilizing Home Performance with Energy Star protocol and new home construction that exceeds Energy Star standards. Training conducted in various areas throughout the West Penn Service territory with limited training conducted outside of the territory; consumer incentives for this program are currently available only in the territory.

b) **Can Act 129 programs have negative impacts on existing cost effective energy efficiency and demand side programs by 3rd parties? If so, how can this Commission avoid damaging existing 3rd party efforts when socializing Act 129 energy efficiency and demand side programs through non-bypassable charges to all customers, while increasing customer participation in these services?**

Allegheny Power Response:

Yes. The Commission should find a way to coordinate the efforts of HB1 and Act 129 with the existing and expanded Keystone HELP initiative on a local level. Also, PA Home Energy is an existing energy efficiency and conservation program that could potentially be impacted by Act 129 programs.

c) **Should the Commission seek to harmonize Act 129 programs with other Federal, State, local, RTO or other group programs? If so, what specific programs should this Commission encourage EDCs to replicate, incorporate, or leverage as part of their compliance filings? How can this best be achieved?**

Allegheny Power Response:

Harmonization of Act 129 programs with other conservation/energy efficiency programs that are already underway or scheduled to be rolled-out during the plan period is an important issue. EDCs should make an inventory of such programs, and demonstrate in the plan filings how the EDC's program will be harmonized with these other efforts. It is especially important that EDC plans not conflict with, or be less effective because of insufficient coordination with other programs. Also, the interwoven nature of coordinated Act 129 and non-Act 129 programs substantiates the point that the Commission should be open to crediting reductions in consumption beyond those attributed to the Act 129 program itself.

On a voluntary basis, EDCs and other interested parties could also be encouraged to share information on non-Act 129 programs with the Energy Association of Pennsylvania, which could act as a clearinghouse for background on other available programs.

Recently, proposals have been put forth at PJM to enable the bidding of demand-side resource into the PJM markets. While some disagreement remains as to the construct of the bidding process, Allegheny Power believes that a consensus proposal will eventually move forward. The Commission should conform both its Technical Resource Manual as well as its measurement and evaluation with the PJM program.

The TRM should be updated to include both demand and energy deemed savings estimates. To the extent possible, one set of values should be used for deemed reductions for purposes of renewable energy credits, bidding of demand-side resources in the PJM markets, etc., to avoid confusion. A stakeholder working group should be formed to review the energy savings for the devices listed, develop demand savings for the devices listed and propose additions to the devices listed.

3. Total Resource Test

a) How can the Total Resource Cost Test that must be approved by the Commission under Sections 2806.1(a)(3) and 2806.1(b)(1)(i)(I) be simplified?

Allegheny Power Response:

Allegheny Power submits that the test does not require further simplification. It is widely used and accepted as stated in the California Standard Practices Manual ("CASPM"). The CASPM provides understandable definitions for each variable. For consistency, the Commission should establish the discount rate to be used in the analysis, which Allegheny Power recommends as the EDC's post-tax weighted-average cost of capital ("WACC").

This issue could also be addressed by a TRC working group.

b) The Act defines "Total Resource Cost Test" (TRC test) as "a standard test that is met if, over the effective life of each plan not to exceed 15 years, the net present value of avoided monetary cost of supplying electricity is greater than the net present value of the monetary cost of energy efficiency conservation measures." Under this definition, may the Commission limit consideration of monetary costs to the costs incurred by the EDC?

Allegheny Power Response:

No. This would not be a proper application of the TRC test. The TRC test includes the participants' cost, the Program Administrator (Utility) Test costs and avoided supply costs and, thus, provides a basis of comparing both supply-side and demand-side options. Limiting the cost of energy efficiency eliminates consideration of the customers required investment and expense to achieve the energy reduction. The Program Administrator (Utility) Test measures the net costs of a demand-side resource option based on the cost incurred by the utility, including incentive costs, and excluding any net costs incurred by the participant.

c) **Can the TRC test include avoided environmental costs or other avoided societal costs?**

Allegheny Power Response:

No. The Societal Test would include those considerations. Allegheny does not support the incorporation of indirect, highly intangible externalities in the program benefit/cost evaluations. Acceptable externalities would be NOx, Sox and $CO_{2.}$ NOx and SOx costs are already valued in the energy prices in the PJM market. Should CO_2 be considered, Allegheny Power recommends a standardized value of no more than $0.01/kWh. Nonetheless, Allegheny Power recommends that the TRC be the primary measure of cost effectiveness for program evaluation purposes.

d) **If the Commission limits costs considered under the TRC test to those incurred by the EDC, should the Commission exclude costs not incurred by the EDC from the test?**

Allegheny Power Response:

No. This would not be a proper application of the TRC test, See Allegheny Power response to 3b.

e) **If participant costs that are not paid by the EDC are included, should these costs be reduced by tax credits or credits under the AEPS Act received by the participants?**

Allegheny Power Response:

In the context of the TRC Test, yes. Tax credits are considered a reduction to costs under the TRC Test. However, utility incentives are considered to be a transfer payment and are not included in the TRC Test.

f) **What elements of the "avoided monetary cost of supplying electricity" should be included in the TRC test?**

Allegheny Power Response:

The California Standard Practices Manual does not define “avoided monetary cost of supplying electricity.” However, the benefits used in the TRC Tests should include avoided supply costs, the reduction in transmission, distribution and generation costs. Generation costs, in the case of full requirements service, include energy, capacity, ancillary services, losses and associated load-following premiums necessary to appropriately price a full requirements retail product, delivered at the meter.

Reducing peak demand not only reduces generating resource requirements, but also provides benefits to the transmission and distribution (T&D) systems. To the extent that the T&D peak load is coincident with the generation peak load, the need for infrastructure reinforcements and additions may also be avoided. The avoided T&D costs do not include the participants T&D bill savings, as the T&D revenue requirement does not change.

This issue could also be addressed by a TRC stakeholder working group.

g) **Should these costs be valued at the "marginal costs for the periods when there is a load reduction" as required by the draft Implementation Order? What does this mean precisely?**

Allegheny Power Response:

With respect to generation costs, energy and capacity reductions should be valued in the same manner as the service is priced to customers. Further, attempting to value reductions at an hourly granularity level adds a level of complexity that is likely to introduce more error than it is likely to produce more meaningful results. Allegheny Power recommends that generation prices for evaluation purposes be no more granular than summer on-peak, summer off-peak, winter on-peak and winter off-peak. Allegheny Power believes that such an approach sufficiently meets the intent of the Act.
This issue could also be addressed by the TRC stakeholder working group.

h) **Should the methodology for calculating the Net Present Value (NPV) and B/C ratio set forth in *The California Standard Practice Manual - Economic Analysis of Demand-Side Programs and Projects* (July 2002) be used, or is there a better alternative?**

Allegheny Power Response:

The primary measure of cost effectiveness for program evaluation should be the TRC Test as described in the California Standard Practices Manual. The NPV and B/C ratio should be calculated as described for the TRC Test.

This issue could also be examined by a stakeholder working group.

i) **What discount rate should be used in the calculation of NPV? How frequently should it be reevaluated? Should it be established for each EDC service territory, or for the Commonwealth as a whole?**

Allegheny Power Response:

The discount rate used for the TRC Test should be each EDC's post-tax weighted-average cost of capital. The WACC for each EDC should be according to its most recent quarterly earnings report for calendar year-end and should be updated annually.

This issue could also be examined by a stakeholder working group.

j) **Should the elements used in the calculation of an EDC's total annual revenue be the same elements used to calculate the "avoided monetary cost of supplying electricity" under the TRC test?**

Allegheny Power Response:

No. The EDC's total annual revenues should be its distribution, transmission and generation revenues, including surcharges. See the response to 3.f for Allegheny Power's discussion of the components of the "avoided monetary cost of supply electricity" as it relates to the TRC Test.

This issue could also be examined by a stakeholder working group.

k) **The gas industry raised some interesting points on the net impact of displacing natural gas heating equipment (space and water) with electricity heating equipment. Should the TRC test include parameters to capture the consequences of net energy gains or losses in delivering alternative fuels to consumer?**

Allegheny Power Response:

Yes. The TRC Test as documented in the California Standard Practices Manual contemplates and appropriately addresses fuel switching programs. Allegheny Power submits that energy efficiency/conservation programs should not be designed nor intended to promote fuel switching. Further, in Maryland

Washington Gas Light Company has argued that the electric utilities should bear the costs of fuel switching electric heating and water heating customers as a strategy to meet the stated demand and energy reductions. Allegheny Power objected to having its electric customers bear the costs of such a program, especially when there is a benefit (i.e. dilution of fixed costs) to the gas utility and its customers. Gas utilities should be expected to develop, implement, and fund any fuel switching program that is appropriately filed and approved by the Commission and that is demonstrated to be cost-effective under the same guidelines imposed on the electric utilities. Because Maryland permits decoupling of revenues from sales, and provided that Allegheny Power's proposed mechanism is approved, Allegheny Power would not object to such a program should a gas utility sponsor it and should Allegheny Power be credited with a reduction towards its targets. Without a similar decoupling mechanism in Pennsylvania, Allegheny Power would object to gas utility programs that promote fuel switching.

4. Evaluation, Measurement and Verification:

a) Should the Commission use a statewide, independent evaluator hired by the Commission to review EDC compliance with Act 129, pursuant to 2806.1(b)(1)(i)(J)? What would be the advantages and disadvantages of consolidating this review process?

Allegheny Power Response:

The main disadvantage of using a single evaluator statewide for measuring Act 129 compliance is that the function may be extremely complex and in terms of the quality of the result, such an approach provides only a single perspective. A further concern is that in tasking one entity with this statewide obligation, completion of a timely review may be put at risk, which is important because any compliance issues should be corrected as soon as possible. On the other hand, too much balkanization of the evaluation runs the risk of inconsistent approaches being taken with respect to measurement of the success and performance of the individual EDC programs. A single statewide contractor is not a necessity, but if multiple evaluators are permitted to perform the work, the Commission should require that it must be performed consistent with a common, clear standard that the Commission develops for use by the evaluators. The Commission could also ensure that the work of the evaluators is coordinated by monitoring through its staff such as the Bureau of Audits, which is intimately familiar with applying regulatory standards to determine if compliance is achieved.

b) What programs lend themselves to a "deemed savings" approach, and what programs require more rigorous pre- and post-verification processes? How often should savings estimates be reviewed and how?

Allegheny Power Response:

Prescriptive programs lend themselves well to a deemed savings approach. Prescriptive programs include devices such as appliances, lighting, motors and unitary HVAC systems.

For custom applications, pre-installation and post-installation energy use and energy savings should be estimated using engineering calculations and/or one-time or short-term in-situ end-use measurements. The demand reduction should be estimated or measured using one-time or short-term measurements. One-time measurements should be used where the operating factor and hours of operation are consistent. Short-term measurements should be used where the operating factor and the hours of operation are highly variable. The difference between on-time measurement and short-term measurement is that for a one-time measurement, a "snap-shot" is taken pre-installation and post-installation, whereas for a short-term measurement, portable monitoring equipment is installed for a short period to measure the pre-installation and/or post-installation performance of the specific measure installed.

For purposes of updating the deemed savings in the TRM, measurements should be taken on the basis of a statewide, statistically valid sample of installed measures.

c) **The Commission has a revised draft update to the 2005 Technical Reference Manual (TRM) that provides energy savings calculations for standard measures. The draft update is ready to be reviewed by interested parties. Should the Commission use a Secretarial Letter process to seek comments on this and subsequent updates to the TRM in the future? What timetable would be optimal for periodically updating the TRM?**

Allegheny Power Response:

Yes. A Secretarial Letter process would be sufficient. The TRM should be reviewed at least once per year but updates may be made more or less frequently based upon new or revised standards, thresholds or formulas.
This issue could also be examined by a stakeholder working group.

d) **In addition to the TRM for standard measures, should the Commission adopt a standard measure and evaluation protocol for determining the energy savings from the installation or adoption of non-standard or custom measures not addressed in the TRM? If so, what protocols should be adopted? Comments to date have included the following protocols: 1) International Performance and Measurement Verification Protocol; 2) ISO New England Protocol; and 3) DOE Energy Star Portfolio Manager.**

Allegheny Power Response:

Yes. Allegheny Power supports the development of statewide, consistent measurement and evaluation protocols for the purposes of Act 129, RPS and PJM bidding. Allegheny Power standardized measurement and evaluation, but does not agree that measurement and evaluation must be conducted by a single, statewide contractor. M&V activities for custom applications should be focused on validating savings estimates, not trying to capture the actual metered savings of each and every installation.

Allegheny Power offers that an additional protocol be included, which is the PJM protocol, which is currently under development. As Allegheny Power anticipates that it will offer its demand-side resources into the PJM markets, any protocol adopted by the Commission should meet the PJM requirements.

This issue could also be examined by a stakeholder working group.

e) How might the Commission simplify and streamline the monitoring and verification of data so as to maximize resources for program measures but enable a thorough evaluation of program results consistent with Act 129 requirements?

Allegheny Power Response:

Allegheny Power proposes that the Commission adopt a deemed saving approach to determining progress toward the targeted reductions. Based on the Technical Resource Manual (as modified and amended for this purpose), the energy and demand savings related to specific measures should be prescribed, such that the savings achieved from each measure is simply the number of installations multiplied by the prescribed savings.

A deemed savings approach is conducive to reducing measurement and verification costs, allowing resources to be focused on proliferation of efficient devices, not capturing the nuances in the owner's operation of the device. Further, agreed-upon deemed savings for each measure simplifies the evaluation process, eliminates inconsistencies with respect to program savings among EDC's and reduces ambiguity in forecasting the required reductions.

f) Should the Commission adopt standard data collection formats and data bases for the evaluation of program benefits and results that would be used across all EDC service territories?

Allegheny Power Response:

At this time, EDCs should be given latitude on formats and data bases, until it is more clear which approaches may be preferable.

5. Revenue Requirement:

a) **The Act defines "Electric Distribution Company Total Annual Revenue" as amounts paid to the EDC for "generation, transmission, distribution and surcharges" by retail customers. What "surcharges" should be included in the calculation of an EDC's total annual revenue?**

Allegheny Power Response:

All surcharges should be included in the determination of the EDC's total revenue. Surcharges represent a Commission-approved cost that is recoverable from customers.

6. Cost Recovery Issues:

a) **Can one class of customers have EE&C charges in excess of 2% of class revenues, due to an abundance of cost effective opportunities relative to other customer classes, while overall EE&C charges remain below 2% of revenues for the utility as a whole?**

Allegheny Power Response:

Yes. This should be permitted and is consistent with Act 129 which states that charges shall not exceed 2% of revenues.

7. CSP Issues:

a) **Does the definition of "Conservation Service Provider" (CSP) in the Act prohibit an affiliated company of an EDC from serving as a CSP to an EDC other than its affiliate?**

Allegheny Power Response:

Act 129 should not be read to prohibit a CSP, which is an affiliate of an EDC, from offering CSP services to other non-affiliated EDCs. An interpretation of Section 2806.1(k) that would prohibit an EDC affiliate CSP from offering services to other EDCs in the Commonwealth would improperly limit the number of entities offering CSP services.

Such overly broad interpretation of the definition of CSP would be based on the concept that the EDC would offer an affiliated CSP an unfair selection advantage and perhaps even cross subsidization after selection. But that would not occur, even on a conceptual level, between non-affiliated EDCs and CSPs. Moreover, the requirement that CSPs must be selected through a transparent competitive bid process eliminates concerns about favoritism.

c) **How should the Commission ensure that EDC self supplied EE&C programs are more cost effective than similar services offered by CSPs? Should this Commission require EDCs to demonstrate in their implementation filing that their self supplied program is more cost effective than similar CSP provided services?**

Allegheny Power Response:

EDCs should be permitted to self-supply programs without undertaking the difficult, if not impossible task of documenting why the program is more cost-effective than a hypothetical CSP provided service. A reasonable self-supplied program that is adequate and efficient should be permitted to be a part of a plan.

III. COMMENTS ON ATTACHMENT B DRAFT STAFF PROPOSAL ISSUES

A. Timing of Review and Approval of EDC Plans

As noted on page 9 of the draft proposal, the time for review and final approval of a plan could be as long as 240 days, 120 days for initial review of a plan, 60 days to re-file the plan if changes in the plan were necessary and a further 60 days for additional plan review by the Commission.[2] If fully used, these intervals significantly encroach on the time available to achieve the 1% reduction in energy consumption mandated by Act 129 on or before May 31, 2010.

Recommendation: Allegheny Power recommends that in the event the Commission decides a filed plan must be revised, that it phase the plan approval so that if discrete elements of a plan are satisfactory, they may be approved and permitted to be implemented while other portions of the plan undergo revision.

B. Measuring Energy/Demand Savings Versus Energy/Demand Absolute Reductions

The Draft Proposal's tentative conclusion that progress toward meeting the statutory reduction targets should be measured by energy/demand savings, rather than absolute reductions in consumption.[3] The staff correctly discerned that the absolute reduction method advocated by interested parties such as The Reinvestment Fund, would make new business customers, population growth and economic upsurges negative factors that conflict with achieving the reduction targets.

[2] The draft proposal notes that the re-file and re-review process will be repeated until a plan receives Commission approval. Draft Proposal at 9. This creates the potential for significant delay until any programs for conservation and energy efficiency are placed into effect.
[3] Draft Proposal at 14-15.

Recommendation: The Commission should make final the tentative staff conclusion that measurement of progress toward achieving the energy consumption and reduction goals in the Act will be based on the use of the Technical Reference Manual and other metric resources. Regarding peak reductions, it is important that achievement should be measured in terms of MWs reduced. It is also important, given the proximity of the 2012-2013 evaluation period that compliance be measured as demonstrated capability as of May 31, 2013, using TRM deemed savings.

C. Minimum Number of Required CSP Bids

The Draft Proposal requires acquisition of at least three bids from CSPs for a contract.[4] Allegheny Power is concerned that in a given area, particularly with the current maturation level of the conservation/efficiency industry, it may be difficult or impossible to obtain three qualified bids for a contract. The problem of obtaining sufficient bids could be exacerbated in service territories that contain significant rural areas.

Recommendation: The Commission should entertain approval of contracts that drew less than three qualified bids where it is shown the EDC made a good faith effort to obtain three bids, and the winning bid appears to be reasonable given prices for comparable services.

D. Requirement That RFPs Go Only to CSPs on the Registry

The Draft Proposal requires that EDCs "issue requests for proposal ("RFPs") only to CSPs approved and registered by the PUC."[5] Allegheny Power does not dispute that organizations should be strongly encouraged to meet the CSP registry requirements to help ensure their contracts with an EDC will be approved. However at this point in Pennsylvania's implementation of the massive conservation/efficiency effort mandated by Act 129, the correct policy should be one of inclusion rather than exclusion. Also, while a CSP may not currently meet registry requirements, it may be able to demonstrate that it will do so in a reasonable period of time, or that its shortcoming is one that is outweighed by the benefits that would arise from the contract being approved.

Recommendation: Allegheny Power recommends that the Commission approve contract bids by CSPs, with EDC concurrence, who have shown they can either subsequently meet the requirements for inclusion on the registry, or that those requirements should be waived with respect to a particular contract. In addition, the Commission should expressly authorize CSPs to utilize providers not currently on the registry as subcontractors where the CSP accepts full and complete responsibility for the work to be performed.

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[4] Draft Proposal at 19.
[5] Draft Proposal at 19.

E. Staff Statement of EDCs' 2006 Total Revenues

The Commission should confirm that no wholesale service revenues are included in the chart of EDC 2006 revenues.

F. Annual Plan Expenditures and the 2% Requirement

The Draft Proposal tentatively concludes that 2% of EDC 2006 intrastate jurisdictional revenues are to be expended in each year of the plan.[6] The Commission should clarify that this is a maximum expenditure, and that programs should not be gold-plated or be overbroad if less than the maximum level of funds is expended.

Recommendation: The Commission should clarify that the 2% maximum of revenues that funds each EDC's plan is a maximum annual expenditure and that fiscal prudence and the scope of programs should reflect the goal of meeting the reduction requirements with less expenditure if reasonably possible.

G. Cost Recovery Relating to Required Energy/Demand Reductions

The Draft Proposal reiterates the statutory language in Act 129 that prohibits EDCs from using reconcilable automatic adjustment clauses for revenue losses due to reduced energy consumption or changes in demand. Staff goes on to note that the Act provides for such revenue losses being recovered in distribution base rate proceedings.[7] Allegheny Power notes that the specific requirements of base rate filings are established by regulation and may be adjusted by the Commission as circumstances require. The revenue losses actually experienced by EDCs could be greater than those implied by the statutory reductions in consumption, since those can be exceeded. The disincentive provided by this ratemaking restriction to EDCs with successful programs should be ameliorated by the Commission exploring ratemaking options that do not constitute an automatic adjustment clause, but still provide accelerated rate relief compared to traditional, historic base rate proceedings.

Recommendation: The Commission should establish a working group, open to all interest groups, that would develop for Commission consideration new base rate case procedures consistent with the Public Utility Code that would provide expedited rate relief compared to the current base rate case process, for EDCs experiencing significant to sales decreases.

[6] Draft Proposal at 26-27.
[7] Draft Proposal at 27.

IV. CONCLUSION

Allegheny Power appreciates the promptness with which the Commission and staff have taken steps to implement Act 129. The Company looks forward to continuing to work with the Commission and staff on the issues that must move forward to allow Act 129 to benefit the Commonwealth and the public interest in the manner that was intended by the General Assembly.

Respectfully submitted,

West Penn Power Company
d/b/a Allegheny Power

Date: December 8, 2008

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