

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

Investigation of Conservation, Energy	:	
Efficiency Activities and Demand Side	:	
Response by Energy Utilities and	:	Docket No. M-00061984
Ratemaking Mechanisms to Promote Such	:	
Efforts	:	

**COMMENTS OF METROPOLITAN EDISON COMPANY,
PENNSYLVANIA ELECTRIC COMPANY AND PENNSYLVANIA
POWER COMPANY**

*To the Draft Report on Conservation, Energy Efficiency,
Demand Side Response and Advanced Metering Infrastructure*

Linda R. Evers, Esq.
Kent A. Hatt, Sr. Consultant – Rates & Regulatory Affairs
FirstEnergy Service Company
2800 Pottsville Pike
P.O. Box 16001
Reading, PA 19612

Phone: (610) 921-6658
Facsimile: (610) 939-8655

Date: April 30, 2007

Metropolitan Edison Company, Pennsylvania Electric Company and Pennsylvania Power Company (collectively the “Companies” or “FirstEnergy”) appreciate the opportunity to provide comments to the Demand Side Response Working Group’s Draft Report on Conversation, Energy Efficiency, Demand Side Response and Advanced Metering Infrastructure. FirstEnergy believes this draft report does a great job of capturing the spirit of the discussions from the working group participants. With day long meetings and discussions, there was a lot of information to be analyzed. However, there are a few additional areas that FirstEnergy believes should be included in the report:

1. The Companies recommended that the technical manual supported by participants in the Pennsylvania Public Utility Commission’s (“PaPUC” or “Commission”) Alternative Energy Portfolio Standards proceeding at Docket No. M-0051865, *Final Order and Technical Manual*, September 29, 2005 be utilized for the purpose of tracking and verification of DSM/EE measures. This recommendation should be included in the report.

2. The report should recognize there were various forms of decoupling discussed. Decoupling in the natural gas industry may look different from decoupling in the electric industry. FirstEnergy recommended a decoupling rider for consideration by the electric industry. The Companies believe the rider should be mentioned in the report and attached as an exhibit.

3. Issues of cost effectiveness and cost recovery are critical elements to any DSM endeavor. These points should be addressed by the report as they were discussed by various parties and in the Companies’ comments. Specifically, FirstEnergy believes cost effectiveness

needs to be defined and the appropriate method of cost recovery will have to be addressed as an integral part of any DSM program.

FirstEnergy appreciates the opportunity to be involved in the Demand Side Response Working Group and look forward to participating and future proceedings.