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May 11, 2015

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

**VIA ELECTRONIC FILING**

**RE: 2016 Total Resource Cost (TRC) Test; Docket No. M-2015-2468992**

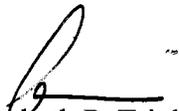
Dear Secretary Chiavetta:

Enclosed please find the Reply Comments of the Industrial Energy Consumers of Pennsylvania ("IECPA"), Met-Ed Industrial Users Group ("MEIUG"), Penelec Industrial Customer Alliance ("PICA"), Penn Power Users Group ("PPUG"), Philadelphia Area Industrial Energy Users Group ("PAIEUG"), PP&L Industrial Customer Alliance ("PPLICA"), and West Penn Power Industrial Intervenors ("WPPII") (collectively, "Industrial Customer Groups") regarding the above-referenced proceeding.

Very truly yours,

McNEES WALLACE & NURICK LLC

By



Elizabeth P. Trinkle

Counsel to Industrial Customer Groups

EPT/sar  
Enclosure

c: Scott Gebhardt (via e-mail)  
Louise Fink Smith (via e-mail)

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**BEFORE THE  
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

2016 Total Resource Cost (TRC) Test

:

Docket No. M-2015-2468992

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**REPLY COMMENTS OF  
INDUSTRIAL CUSTOMER GROUPS**

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On March 11, 2015, the Pennsylvania Public Utility Commission ("Commission" or "PUC") entered its Tentative Order in the above-captioned proceeding. On April 27, 2015, the following parties submitted Comments regarding the Tentative Order: Citizens for Pennsylvania's Future, the Clean Air Council, the Sierra Club, the Natural Resources Defense Council and the Environmental Defense Fund (collectively, "PennFuture"); Coalition for Affordable Utility Services and Energy Efficiency in Pennsylvania; Duquesne Light Company; Metropolitan Edison Company, Pennsylvania Electric Company, Pennsylvania Power Company and West Penn Power Company; PECO Energy Company; PPL Electric Utilities Corporation ("PPL"), and The Pennsylvania State University.

The Industrial Energy Consumers of Pennsylvania ("IECPA"), Met-Ed Industrial Users Group ("MEIUG"), Penelec Industrial Customer Alliance ("PICA"), Penn Power Users Group ("PPUG"), Philadelphia Area Industrial Energy Users Group ("PAIEUG"), PP&L Industrial Customer Alliance ("PPLICA"), and West Penn Power Industrial Intervenors ("WPPII") (collectively, "Industrial Customer Groups"), hereby submit these limited Reply Comments.

**A. The Commission Should Clarify that the TRC Test Applies Separately to DR and EE.**

In its Comments, PPL requests for the Commission to clarify whether Demand Reduction ("DR") and Energy Efficiency ("EE") must be cost-effective individually for compliance with the Total Resource Cost ("TRC") test, or whether only the portfolio of EE and DR combined must be cost-effective. The Industrial Customer Groups assert that the applicable test must be performed separately for DR and EE on a going-forward basis. Although Phase I included statutorily-mandated DR and EE goals, the statute establishes separate tests to determine whether cost-effective additional goals are feasible after Phase I. *See* 66 Pa. C.S. §§ 2806.1(c)(3) and 2806.1(d)(2). As a result, the TRC compliance should be measured separately going forward in any Phase for which there will be DR or EE goals. Rebundling the two for purposes of applying the TRC tests in subsequent phases is inconsistent with the separate treatment of each potential goal under the statute after Phase I. *See* 66 Pa. C.S. §§ 2806.1(c)(3) and 2806.1(d)(2).

**B. The Commission Should Reject PennFuture's Request to Include Non-Energy Benefits in the Cost-Effectiveness Test.**

In the Order establishing the TRC test for Phase II, the Commission concluded that non-energy impacts such as better health and a cleaner environment should be excluded from the TRC analysis. PennFuture, *et al.*, suggests that the Commission should revisit that determination by including non-energy benefits in the Phase III analysis. This request is inconsistent with the statute and should be rejected.

Although Act 129 of 2008 allows the Commission to use cost-effectiveness tests other than the TRC, it is clear that the General Assembly intended for the Commission to consider only monetary benefits and costs of the program, not non-monetary benefits. The General Assembly chose to specifically define the "Total Resource Cost Test" in the statute as being a comparison of monetary costs and monetary benefits. *See* 66 Pa. C.S. §2806.1(n). The General

Assembly specifically chose to limit the test to monetary costs, and this choice should apply to whatever cost-effectiveness test the Commission adopts. The exclusion of non-monetary benefits is consistent with the General Assembly's intent. The Industrial Customer Groups urge the Commission to reaffirm its initial conclusion that only monetary benefits will be evaluated, and not non-monetary benefits as advocated by PennFuture.

**WHEREFORE**, Industrial Energy Consumers of Pennsylvania, Met-Ed Industrial Users Group, Penelec Industrial Customer Alliance, Penn Power Users Group, Philadelphia Area Industrial Energy Users Group, PP&L Industrial Customer Alliance, and West Penn Power Industrial Intervenors respectfully request that the Pennsylvania Public Utility Commission consider and adopt, as appropriate, the foregoing Reply Comments in issuing the Final Order regarding the 2016 TRC for Phase III.

Respectfully submitted,

McNEES WALLACE & NURICK LLC

By 

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Dated: May 11, 2015