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November 18, 2015

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

**VIA ELECTRONIC FILING**

**RE: Petition of West Penn Power Company for Approval of its  
Long-Term Infrastructure Improvement Plan; Docket No. P-2015-2508948**

Dear Secretary Chiavetta:

Please find enclosed for filing with the Pennsylvania Public Utility Commission the Comments of the West Penn Power Industrial Intervenors ("WPPII") in the above-referenced proceeding.

As shown by the attached Certificate of Service, all parties to these proceedings are being duly served.

Very truly yours,

McNEES WALLACE & NURICK LLC

By   
Teresa K. Schmittberger

Counsel to the West Penn Power Industrial Intervenors

TKS/sar

Enclosures

c: Administrative Law Judge Charles E. Rainey, Jr. (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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Counsel to the West Penn Power Industrial  
Intervenors

Dated this 18<sup>th</sup> day of November, 2015, at Harrisburg, Pennsylvania

**BEFORE THE  
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

PETITION OF WEST PENN POWER :  
COMPANY FOR APPROVAL OF ITS : DOCKET NO. P-2015-2508948  
LONG-TERM INFRASTRUCTURE :  
IMPROVEMENT PLAN :

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**COMMENTS OF THE  
WEST PENN POWER INDUSTRIAL INTERVENORS**

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**I. INTRODUCTION**

On October 19, 2015, West Penn Power Company ("West Penn" or "Company") filed a Petition for Approval of its Long-Term Infrastructure Improvement Plan ("LTIIP" or "Plan") with the Pennsylvania Public Utility Commission ("PUC" or "Commission"). West Penn filed the Plan pursuant to the Pennsylvania Public Utility Commission's ("PUC" or "Commission") Final Implementation Order at Docket No. M-2012-2293611 ("Implementation Order"). The Implementation Order set forth the Commission's procedures for complying with the requirements of Act 11 of 2012 ("Act 11").

Act 11 provides utilities with an opportunity to implement a Distribution System Improvement Charge ("DSIC") to recover reasonable and prudent costs incurred to repair, improve, or replace existing distribution system property meeting certain eligibility requirements. The eligibility requirements are defined in Section 1351 of the Public Utility Code. 66 Pa. C.S. § 1351(1). As a further requirement for recovering costs through a DSIC, a utility must file an LTIIP in accordance with the provisions of Section 1352 of the statute. 66 Pa. C.S. § 1352(a); see also 52 Pa. Code §§ 121.7(a)-(d).

Consistent with the procedures set forth in the Implementation Order, the West Penn Power Industrial Intervenors ("WPPII") hereby submit the following Comments in response to the LTIP filed by WPPII on October 19, 2015.

## II. COMMENTS

WPPII reviewed the LTIP to determine whether West Penn's proposal is consistent with Section 1352 of the Public Utility Code, 52 Pa. Code §§ 121.4(e)(1)-(4), and the Commission's Implementation Order. The Implementation Order established that the utility bears the burden of proof as to whether the proposed long-term plan and associated expenditures are reasonable and cost effective and are designed to maintain safe, adequate, and reliable service to consumers in conformance with Section 1352(a). Implementation Order, p. 20. Although WPPII does not oppose West Penn's DSIC, WPPII requests that the Commission carefully consider whether West Penn's proposed eligible property and cost recovery are reasonable, prudent, and consistent with Act 11 and the Implementation Order.

West Penn's LTIP proposes to increase the Company's annual capital investment in distribution system replacements by \$88.34 million between 2016 and 2020. LTIP, p. 1; see also Appendix A. General speaking, West Penn's customers will be responsible for this investment through the DSIC. The following upgrades are proposed in West Penn's Plan: add additional circuit phases; recloser replacement; enhanced worst performing circuits remediation; fuse installation; Customers Experiencing Multiple Interruptions program; line rehabilitation; underground substation exit replacement; underground residential development cable replacement; wood pole replacement; unreimbursed highway relocation enhanced overcurrent protection; replace transformer arrestors; replace substation batteries; replace substation reclosers; and subtransmission modernization and automation. Id. According to West Penn, the

largest cost component of the LTIIP is the line rehabilitation program, which will replace aging distribution facilities. Id. at Appendix A.

Based on the representations and data provided in the LTIIP, WPPII does not object to the Company's proposed LTIIP at this time.<sup>1</sup> Several components of West Penn's LTIIP, however, will require further monitoring and review in order to protect customers.

WPPII submits that the scope of investment projected for the LTIIP demands the highest degree of scrutiny by the PUC to ensure that the intended capital improvements remain reasonably consistent with projections outlined in the LTIIP. The Commission should also conduct ongoing reviews of any method applied by West Penn to measure cost-effectiveness and should ensure that the proposed improvements will maintain safe, reliable, and reasonable service. 66 Pa. C.S. § 1352(a)(7); see also 52 Pa. Code § 121.7(d). Furthermore, the Commission must ensure that only eligible investments are included in the LTIIP. The Commission has recognized the necessity to develop a stringent review process for the LTIIP, both in acknowledging its statutory obligation to initiate a Rulemaking to establish procedures for the five-year periodic review of LTIIPs and in further agreeing to promulgate regulations establishing standards for amending LTIIPs. See Implementation Order, p. 21.

With regards to West Penn's proposed LTIIP, WPPII has a concern regarding eligibility of property for DSIC cost recovery. While West Penn's LTIIP currently focuses on fifteen categories of infrastructure set for improvement, the Company indicates that the LTIIP is only a "blueprint for investments" and that "individual elements of the proposed initiatives . . . will be subject to some degree of change." LTIIP, page 7. Should West Penn choose to make alterations to its planned infrastructure investments, all future projects must qualify as eligible

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<sup>1</sup>Although WPPII does not object to West Penn's LTIIP as filed, WPPII would participate in any subsequent adjudication or alternate review process initiated by the Commission to the extent additional information becomes available or changes are proposed.

property under Act 11 and be subject to reasonable cost recovery. The Commission's Implementation Order further clarified that an LTIIIP "should be limited to only 'eligible property' for which DSIC treatment is sought (DSIC-eligible plant)." Implementation Order, p. 18. Therefore, while West Penn has not yet requested approval for a DSIC, the Company must restrict projected LTIIIP expenditures to DSIC-eligible facilities. To that end, WPPII will monitor developments related to West Penn's LTIIIP and requests that the Commission ensure that any modifications to the Plan only allow for projects related to eligible property within West Penn's distribution system.

Finally, with respect to the proposed cost of LTIIIP replacements, WPPII trusts that the Commission will examine whether West Penn's proposed \$88.34 million collection is reasonable and prudent in light of the projects West Penn is proposing. 66 Pa. C.S. § 1358(a)(1). While WPPII does not oppose West Penn's LTIIIP at this time, WPPII encourages the Commission to develop robust procedures to ensure that West Penn's future implementation of the LTIIIP remains reasonably consistent with the projected capital improvements and includes only eligible projects. Moreover, WPPII reserves its right to raise and address cost recovery and allocation issues during West Penn's upcoming DSIC proceeding.

III. CONCLUSION

WHEREFORE, the West Penn Power Industrial Intervenors respectfully request that the Pennsylvania Public Utility Commission consider these Comments in evaluating West Penn Power Company's proposed Long-Term Infrastructure Improvement Plan.

Respectfully submitted,

McNEES WALLACE & NURICK LLC

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Dated: November 18, 2015