TrAILCo Rebuttal Statement No. 12
Witness: Cynthia A. Menhorn

BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION

IN RE: APPLICATION OF TRANS-ALLEGHENY INTERSTATE LINE COMPANY FOR (I) A CERTIFICATE OF PUBLIC CONVENIENCE TO OFFER, RENDER, FURNISH AND/OR SUPPLY TRANSMISSION SERVICE IN THE COMMONWEALTH OF PENNSYLVANIA; (II) AUTHORIZATION AND CERTIFICATION TO LOCATE, CONSTRUCT, OPERATE AND MAINTAIN CERTAIN HIGH VOLTAGE ELECTRIC TRANSMISSION LINES AND RELATED ELECTRIC SUBSTATION FACILITIES; (III) AUTHORITY TO EXERCISE THE POWER OF EMINENT DOMAIN FOR THE CONSTRUCTION AND INSTALLATION OF AERIAL ELECTRIC TRANSMISSION FACILITIES ALONG THE PROPOSED TRANSMISSION LINE ROUTES IN PENNSYLVANIA; (IV) APPROVAL OF AN EXEMPTION FROM MUNICIPAL ZONING REGULATION WITH RESPECT TO THE CONSTRUCTION OF BUILDINGS; AND (V) APPROVAL OF CERTAIN RELATED AFFILIATED INTEREST ARRANGEMENTS	**:**	**Docket Nos. A-110172** **A-110172F0002** **A-110172F0003** **A-110172F0004** **G-00071229**

REBUTTAL TESTIMONY OF CYNTHIA A. MENHORN

Re: Allegheny Power's DSM and Energy Efficiency Programs

December 10, 2007

REBUTTAL TESTIMONY OF CYNTHIA A. MENHORN

INTRODUCTION

Q. PLEASE STATE YOUR NAME AND BUSINESS ADDRESS.

A. My name is Cynthia A. Menhorn. My business address is 800 Cabin Hill Drive, Greensburg, Pennsylvania 15601.

Q. BY WHOM ARE YOU EMPLOYED AND IN WHAT CAPACITY?

A. I am Director, State Regulatory Affairs for Allegheny Energy. In that role, my responsibility is to coordinate and manage internal/external policy and strategy on regulatory issues while providing a single point of contact for regulators and company personnel. Another role I have at Allegheny Power is leading the Demand Side Management ("DSM") efforts with the assistance of many across the company who have been brought together on a cross-functional team. For purposes of that team, DSM refers to energy efficiency, demand response, the reduction of customer energy usage at times of peak usage in order to help address system reliability, reflect market conditions and pricing, and support infrastructure optimization.

Q. PLEASE DESCRIBE YOUR EDUCATIONAL BACKGROUND AND WORK EXPERIENCE.

A. I graduated magna cum laude with a Bachelor’s Degree in Business Administration with a concentration in finance from Seton Hill College, and

magna cum laude with a Master's Degree in Business Administration from Indiana University of Pennsylvania.

I have over 29 years of work experience with Allegheny Energy, which has included numerous progressive management positions within the rates and regulatory areas. During 1995 and 1996, I participated on reengineering teams that redesigned the transmission/distribution operations as well as the rates function. My most recent position before becoming Director, State Regulatory Affairs was as Director of Regulation and Rates, where my responsibilities included managing the development of revenue requirements, cost of service, rate design including unbundling, tariff development, tariff applications, revenue forecasting, billing of large industrial accounts, fuel analysis, load data services and regulatory affairs in Allegheny Power's four-state service territory. I have worked on over 27 Allegheny Power affiliate rate cases during my tenure with Allegheny Energy.

In addition, I have served as adjunct instructor at Seton Hill College and have completed several courses on various aspects of utility ratemaking and finance. I have also participated in the Southeastern Electric Exchange Rates and Regulation Committee, holding the office of Chairman in 2003, and the Edison Electric Institute ("EEI") Rates and Regulatory Affairs Committee. I currently serve on the Electric Board and Regulatory Committees for the Energy

Association of Pennsylvania and the Regulatory Committee of the Electric Power Generation Association.

Q. HAVE YOU TESTIFIED IN ANY OTHER PROCEEDINGS BEFORE THIS COMMISSION OR ANY OTHER REGULATORY AGENCIES?

A. Yes. I have testified before the Maryland Public Service Commission, the Pennsylvania Public Utility Commission ("Commission" or "PaPUC"), Virginia State Corporation Commission, Public Service Commission of West Virginia, The Public Utilities Commission of Ohio and the Federal Energy Regulatory Commission ("FERC").

Q. WILL THE USE OF VARIOUS TERMS IN YOUR TESTIMONY BE CONSISTENT WITH THE DEFINITIONS ASSIGNED TO THOSE TERMS IN THE TABLE OF NOMENCLATURE ATTACHED TO TRAILCO WITNESS FLITMAN'S DIRECT TESTIMONY AS TRAILCO EXHIBIT DEF-1?

A. Yes. In addition, I may define other terms in my rebuttal testimony.

PURPOSE OF REBUTTAL TESTIMONY

Q. WHAT IS THE PURPOSE OF YOUR REBUTTAL TESTIMONY?

A. The purpose of my rebuttal testimony is to address issues raised by various public input commentors and other witnesses regarding the nature and scope of Allegheny Power's energy efficiency, conservation and demand response

programs and its overall commitment to such programs, specifically those who alleged that Allegheny Power has largely ignored conservation and demand response programs that could postpone if not totally eliminate the need for TrAIL. I will do this by (i) providing a historical account of Allegheny Power's past energy efficiency, conservation and demand response programs; (ii) describing the current range of programs under the new umbrella of Watt Watchers that Allegheny Power is either offering in certain jurisdictions or analyzing in preparation for possible future offerings; (iii) describing the West Penn Power Company ("West Penn") Sustainable Energy Fund and its role at Allegheny Power; and (iv) reviewing Allegheny Power's current work with Advance Metering Infrastructure and its participation in the current working groups in Virginia, Maryland and Pennsylvania. TrAILCo rebuttal witness Dr. Jay Zarnikau in TrAILCo Rebuttal Statement No. 13 will address the testimony of OCA witness Fagan. My rebuttal testimony documents Allegheny Power's considerable past, present and ongoing commitment to energy efficiency, conservation and demand response programs.

ALLEGHENY POWER DEMAND SIDE MANAGEMENT PROGRAMS

Q. PLEASE DESCRIBE ALLEGHENY POWER'S PAST AND PRESENT DSM PROGRAMS.

A. Allegheny Power has historically provided opportunities for its customers to participate in DSM programs on a specific basis depending on the jurisdiction.

The following DSM programs have been offered for some time, and are still currently available to all Allegheny Power customers:

1. Generation Buy Back ("GBB") Program;
2. Customer participation in the PJM Load Response Program;
3. Customer participation in the PJM Interruptible Load for Reliability ("ILR") Program; and
4. Energy Management Tools.

Q. PLEASE DESCRIBE THE GBB PROGRAM.

A. GBB is a program that had been offered since 2000 to industrial and large commercial customers in all of Allegheny Power's service territory. It is intended to reduce system load during periods of high demand and/or prices. Customers sign a registration form that indicates the price level at which they are willing to voluntarily operate on-site generation or curtail load. Allegheny Power's generation supplier notifies it when there is a market opportunity for GBB and bids a price per megawatt-hour ("MWh") to Allegheny Power. Allegheny Power contacts customers via fax and phone to negotiate a buy-back. The customer's price per MWh is contingent on load factor and load confidence. The customer then accepts or rejects the bid. After the event, meter readings from each customer's operations and/or generation will be used for verification. Under the present arrangement, Allegheny Power evenly splits the net benefits from GBB transactions with its generation supplier.

Q. CAN ALLEGHENY POWER CUSTOMERS PARTICIPATE IN THE PJM LOAD RESPONSE PROGRAM?

A. Yes. In April 2002 Allegheny Power became a member of PJM and turned over functional control of its transmission facilities to PJM. Since June 2002 all Allegheny Power's commercial and industrial customers have had the opportunity to participate in PJM's demand side programs. For 2006, PJM had 1,100.65 of registered MW in the Economic Load Response Program ("ELRP"). Of that total, Allegheny Power customers represented 259.80 or 24% of the total registered MW. In addition, for 2006, total MWh and total payments under the ELRP were 246,996 MWh and $17,366,318, respectively, of which Allegheny Power customers represented 29% of all the real-time reductions. Currently there are 24 Allegheny Power customers participating in this program with a total registered load of 209.5 MW.

Q. CAN ALLEGHENY POWER CUSTOMERS PARTICIPATE IN THE PJM INTERRUPTIBLE LOAD FOR RELIABILITY ("ILR") PROGRAM?

A. Yes. PJM has developed access to the capacity and energy markets for customers that enroll in either the PJM Demand Resource ("DR") or ILR programs, which became effective June 2007. All Allegheny Power industrial and commercial customers are eligible to participate. These customers must have the ability to reduce metered load when called upon by PJM. DR and ILR receive capacity and energy payments as part of the Reliability Pricing Model capacity market. PJM recognizes three types of ILR:

- Direct Load Control - employing a communication signal to cycle equipment;
- Firm Service Level - load management achieved by a customer reducing its load to a predetermined level; and
- Guaranteed Load Drop - load management achieved by a customer reducing its load by a predetermined amount.

There are 10 Allegheny Power customers participating in this program with a total registered demand of 108.9 MW.

Q. WHAT ENERGY MANAGEMENT TOOLS DOES ALLEGHENY POWER MAKE AVAILABLE TO ITS CUSTOMERS?

A. Allegheny Power provides energy management tools to businesses throughout its jurisdictions to, among other things, help with supply management, efficiency, and conservation. These tools include:

- Advanced Metering – Advanced meters are capable of storing electric consumption data at specified time intervals in conformance with applicable performance specifications and capable of remote meter reading. Any customer may request Advanced Metering for a fee, if it is not currently supplied via standard metering, in accordance with the terms of the Rate Schedule under which the customer receives electric service. This service has been available to Allegheny Power commercial and industrial customers in all our jurisdictions since 2003.

- Energy Data Services – Energy data services give Allegheny Power customers the ability to access historical electric load data in 15, 30 or 60-minute increments for an individual facility or for multiple facilities. This data can be the critical information needed to make money-saving energy decisions. For a small monthly fee, customers can receive their load data electronically each month or even daily. This service has been available to Allegheny Power's commercial and industrial customers in all our jurisdictions since 2003.
- Data Pulses – This program provides unedited near real-time energy data to a facility. Data Pulses provide demand pulse signals and/or synchronizing time signals to the customer or (upon customer consent) the customer's authorized Competitive Service Provider. This service enables customers to take advantage of load management systems and tools. The customer makes a one-time payment for the installation of the necessary wiring and equipment. This service has been available to commercial and industrial customers since 1986. Allegheny Power makes these services available through tariff options in Pennsylvania, Maryland, Virginia and West Virginia.

WATT WATCHERS

Q. WHAT IS THE WATT WATCHERS PROGRAM?

A. Allegheny Power's new program Watt Watchers is designed to teach the latest and most innovative energy management strategies to help customers learn

more about saving energy and money as well as provide customers opportunities through our Energy Star partnership and other program offerings as described below. Allegheny Power is committed to helping customers make smart energy choices and supports that commitment by offering them a variety of energy conservation and demand response programs.

Q. PLEASE DESCRIBE ENERGY STAR AND WHAT ALLEGHENY POWER HAS DONE IN CONJUNCTION WITH ITS NEWLY FORMULATED PARTNERSHIP WITH ENERGY STAR?

A. On August 3, 2007, Allegheny Power became an Energy Star Partner. In accordance with the ENERGY STAR Change a Light, Change the World Campaign, which is a national call-to-action from the U.S. Environmental Protection Agency ("EPA"), U.S. Department of Energy ("DOE"), and U.S. Department of Housing and Urban Development ("HUD"), Allegheny Power is participating to encourage every individual to conserve energy, one energy-saving step at a time.

At the campaign's heart is the ENERGY STAR Change a Light Pledge; a way for individuals to commit to being more energy efficient by switching at least one light in their home to an ENERGY STAR qualified bulb. Allegheny Power is encouraging both employees and customers to make this commitment. This pledge is a simple but vital method of forming a community of inspired individuals across the nation to commit to saving

energy and join the fight against global warming. On October 3, 2007, in conjunction with the Energy Star's national campaign to Change a Light Pledge, each employee received a 23-watt compact fluorescent light bulb and a pledge form to begin our internal education associated with making a personal commitment toward energy efficient actions and opportunities to conserve.

Q. PLEASE DESCRIBE ALLEGHENY POWER'S RECENTLY LAUNCHED FLUORESCENT LIGHTBULB ("CFL") PROGRAM IN MARYLAND.

A. On September 26, 2007, I led a team of seven Allegheny Power personnel in presenting to the Maryland Public Service Commission the benefits of a program previously filed to provide 2 CFLs to each of our Maryland residential customers by the end of 2007. The Maryland Commission approved the program immediately, and Allegheny Power began distributing bulbs in mid- November. All residential customers by year end will have received their light bulbs and be able to save approximately $1 a month for the next eight to nine years. This is the equivalent of saving 195 million kwh as well as almost 300 million pounds of emissions during the full life cycle.

Q. WHAT OTHER PROGRAMS ARE BEING CONSIDERED BY ALLEGHENY POWER UNDER THE WATT WATCHERS PROGRAM SERIES?

A. On November 19, 2007, Allegheny Power filed an application with the Commission to offer a voluntary renewable energy program to all electric

customers in Pennsylvania. The Allegheny Power Wind Energy Option will give Pennsylvania customers the opportunity to support the development of existing and future wind energy projects in Pennsylvania and other areas of the country by purchasing wind energy blocks through a "Green" tariff. Allegheny Power is partnering with Community Energy, Inc., a leading wind energy marketer and developer, to implement and market the program. Customers will receive informational inserts and enrollment forms with their electric bills upon Commission approval. Approval has been requested for January 1, 2008, after which the program will be made available to residential, commercial, and industrial customers.

Q. IS ALLEGHENY POWER PROVIDING ANY EDUCATION FOR SCHOOL AGE CHILDREN ON ENERGY EFFICIENT AND DEMAND RESPONSE?

A. Yes. Enterprise for Education, a pre-existing Allegheny Power initiative addressing issues of school safety and reliability, is being expanded to include a series on energy efficiency and conservation entitled "E-squared." A letter announcing the new program across all of Allegheny Power's jurisdictions was sent to schools in mid September 2007. The series is designed for age-specific educational material teaching conservation and energy efficiency that children can understand. Materials are provided to schools upon request.

Q. ARE OTHER PROGRAMS BEING ANALYZED IN MARYLAND AS PART OF THE AGGRESSIVE ENERGY SAVINGS INITIATIVES UNDERWAY IN THAT STATE?

A. Yes. Several more residential, commercial and industrial programs are currently being studied for possible approval and implementation in Maryland. Allegheny Power presented its initial concepts for these programs to the Maryland Commission on November 9, 2007. Allegheny Power also completed a preliminary analysis of possible energy conservation programs, using four cost-effective methodologies as directed in Maryland Order No. 81637 – the All Ratepayers Test ("TRC"), the Societal Test, the Rate Impact Measure ("RIM") Test, and the Participant Test – in determining the cost-effectiveness of possible programs. The following are the programs that passed at least one of the cost-effectiveness tests, and are recommended for possible implementation:

<u>Residential Programs</u>
ENERGY STAR Heat Pump
ENERGY STAR Central A/C
ENERGY STAR Compact Fluorescent Lights ("CFL")
Energy Efficient Conservation Kits

<u>Commercial and Industrial</u>
Energy Efficient Motors
Energy Efficient (Unitary) Air Conditioning
LED Exit Signs
ENERGY STAR Qualified Traffic Signals

Two other programs addressing additional energy and demand savings under development by Allegheny Power are Energy Efficient Transformers and

Streetlighting Replacement of Mercury Vapor lamps to High Pressure Sodium lamps. The estimated – but by no means guaranteed - energy savings, diversified customer demand savings (demand savings), and the required Program Budget for the recommended programs are 244 GWh of energy, 86 MW of demand with a budget of $27 million.

In reviewing possible programs for Maryland, Allegheny Power analyzed the following programs that did not pass the cost-effectiveness tests, and are not being implemented at this time:

Residential Programs
ENERGY STAR Refrigerator
ENERGY STAR Freezer
ENERGY STAR Clothes Washer
ENERGY STAR Dishwasher
ENERGY STAR Room A/C

Commercial and Industrial
Energy Efficient Lighting - T8 Retrofit

Allegheny is still examining other possible programs which include:

Residential Programs
ENERGY STAR Dehumidifier
Heat Pump Water Heaters
Ground Source Heat Pumps
Water Heater Wraps
Building Thermal Treatments
Low Emissivity Windows
Add-On Heat Pumps

Commercial and Industrial
High Emissivity Windows
Increased Insulation

Heat Pipe Technology (Grocery Stores)
Occupancy Sensors
Lighting Sensors
Economizer Controls
Co-Generation (Back-pressure turbine)
Outdoor Lighting
Line Loss Reduction (Power Factor Correction)

Other technologies may need to be researched and analyzed to reach the EmPower Maryland Electric usage Reduction Goal. Other technologies that Allegheny may consider include solar panels, photovoltaic and wind power.

WEST PENN SUSTAINABLE ENERGY FUND

Q. PLEASE DESCRIBE THE WEST PENN POWER SUSTAINABLE ENERGY FUND.

A. On November 19, 1998, the Commission granted final approval of West Penn's restructuring plan, which included a provision establishing an independent sustainable energy fund through an initial lump sum contribution by Allegheny Power of approximately $11 million. The West Penn Power Sustainable Energy Fund ("WPPSEF" or the "Fund") Board of Directors was approved in May 1999 and the Fund was incorporated in June 2000. Allegheny Power has provided the Fund with additional contributions in accordance with the provisions of a 2005 settlement agreement.

Q. HOW MUCH FUNDING HAS THE WPPSEF PROVIDED FOR CLEAN ENERGY?

A. The WPPSEF provides funding and has invested in numerous renewable and clean energy generation, energy efficiency and conservation technologies, and businesses that develop and manufacture clean energy technologies. To date, the WPPSEF has funded approximately 118 projects for a total released funding of approximately $5.7 million, and has approved or committed approximately $7 million more.

Q. PLEASE PROVIDE SOME EXAMPLES OF WPPSEF PROJECTS.

A. WPPSEF has invested in the Somerset 9-megawatt ("MW") wind turbine facility, the Bear Creek 24-MW wind turbine facility, and two small-scale wind projects - the Donohoe Center 10-kilowatt ("kW') project near Greensburg, Pennsylvania, and the McKeever Center 10-kW project.

Q. IS WPPSEF PARTICIPATING IN ENERGY EFFICIENCY PROJECTS IN THE RESIDENTIAL MARKET?

A. Yes. The WPPSEF promotes investment in new and existing energy-efficient residential structures. For example, the WPPSEF developed and initially funded, and Allegheny Power continues to support, the Keystone Home Energy Loan Program ("HELP").

Q. PLEASE DESCRIBE THE KEYSTONE HOME ENERGY LOAN PROGRAM.

A. Keystone HELP is a program that offers low–interest rate loans with extended payment terms for qualifying energy-efficient home improvement projects for Allegheny Power's Pennsylvania residential customers. Loans range from $1,000 to $10,000 with fixed-term plans from 8.99 percent interest. Initially, the program was available to only Allegheny Power customers, but the program was so well received that the Pennsylvania Treasury Department invested $20 million in the program in January 2006 to make it available to homeowners throughout Pennsylvania. To date, 197 residential customers in 17 counties in Allegheny Power's Pennsylvania service area have participated in the program.

As an extension of the Keystone HELP, the WPPSEF has developed a rewards program, ranging from $500 to $3,000, for qualifying homeowner improvements. Allegheny Power was instrumental in promoting the rewards program by issuing a bill stuffer containing information about the program.

Q. WHAT IS THE PA HOME ENERGY PROGRAM?

A. The WPPSEF has recently committed to strengthen and further expand its energy efficiency efforts in the residential sector by developing a Residential Energy Efficiency Program called the "PA Home Energy Program." This program will integrate residential energy audits for both existing and new

home construction that are currently handled through two separate entities. The WPPSEF recognized a void in the energy audit program and has made this program a top priority in its funding efforts, anticipating the need to assist and educate West Penn ratepayers on the importance of energy efficiency. Allegheny Power recognizes the importance of this venture and has agreed to be a support partner with the WPPSEF in this effort. To that end, Allegheny Power attended and participated in a program announcement and ceremonial signing in Waynesburg, Pennsylvania. Allegheny Power has also committed to marketing the program to its customers through press releases and bill inserts.

Q. HAS ALLEGHENY POWER EVER BEEN INVOLVED IN "SMART" TECHNOLOGY?

A. Yes. In Pennsylvania, the WPPSEF provided funds for the initial pilot for the smart thermostat program and recently approved additional monies to roll out the program in Greene and Westmoreland counties. Smart Technology enhances a customer's ability to react to price signals and automatically provides a means to conserve.

Q. PLEASE DESCRIBE OTHER WPPSEF DEMAND RESPONSE AND/OR ENERGY EFFICIENCY PROGRAMS.

A. Other funding or investment programs include, but are not limited to, the following:

- The WPPSEF invested in a public documentary and informational DVD release called "Energy @ Home." The informational DVD focuses on energy efficient measures that can be utilized in new home construction and existing homes. The Energy @ Home program is scheduled to air on the cable network sometime in the near future.
- The WPPSEF is the host sponsor for the 23rd annual, national ACI Home Performance Conference to be held on in April 2008. This conference is recognized nationwide and has been brought back to Western Pennsylvania due to the efforts of the WPPSEF.
- WPPSEF has organized and developed the PA Clean Energy Expo to educate ratepayers and to reach out to the community. The last Expo was held March 31 - April 1, 2006 at the Bryce Jordan Center in State College, PA. There were over 15,000 attendees and 132 exhibitors. Allegheny Power fully supported the Expo.
- Funding to SureTight (a local insulated panel manufacturer) to purchase equipment to automate their panel cutting process.
- Funding to several solar companies for technology deployment.
- Funding to the GreenForge project to demonstrate and deploy diagonal drilling for geothermal well field installation and installation of green roof on the building.
- Funding to two colleges for solar decathlon.
- Funding to the Powdermill Nature Reserve to permanently install the solar decathlon house at the nature reserve.

- Funding to a corn stove manufacturing company to expand its business by purchasing a building, acquiring equipment, and existing building improvements.
- Funding to a company that manufactures and sells silicon carbide semiconductor grade wafers that have the potential to dramatically improve energy efficiency in industries such as lighting, power electronics and telecommunications.
- Advanced funding for expansion and equipment purchases to the largest purchaser of soybeans in Pennsylvania. This funding will aid the facility to expand to have the capacity to produce 2 million gallons of soy oil per year to be used in bio-fuel applications.
- Funding for numerous educational, outreach, energy efficiency, energy conservation, transportation and clean power projects and expositions in the Allegheny Power Pennsylvania service territory.

ADVANCED METERING INFRASTRUCTURE

Q. WHAT IS ADVANCED METERING INFRASTRUCTURE ("AMI")?

A. AMI allows utilities and third-party suppliers to provide more choices to consumers on how to manage their electricity usage, by providing customers with detailed and timely energy use information. AMI empowers customers to make informed energy decisions and manage their electric bills. It also facilitates demand response and other new technologies that allow customers

to manage energy consumption, which leads to more efficient use of electricity.

Q. HOW DOES THE ROLE OF AMI RELATE TO DEMAND RESPONSE OFFERINGS?

A. AMI provides the framework by which rate design options can be made available for customers providing an opportunity for price signals to be made and responses to occur. Innovative rate structures can be offered at that time providing customers the ability to lower the demand during peak periods. Given the large expense involved in providing AMI to all customers, Allegheny Power is continuing to evaluate how to most cost effectively take advantage of this technology.

STATE WORKING GROUP PARTICIPATION

Q. PLEASE DESCRIBE ALLEGHENY POWER'S INVOLVEMENT IN PENNSYLVANIA WORKING GROUP ACTIVITIES WITH REGARD TO DEMAND RESPONSE, ENERGY EFFICIENCY, AND CONSERVATION.

A. The Commission opened its Investigation into Conservation, Energy Efficiency, Demand Side Response and Advanced Metering Infrastructure, Docket No. M-00061984, on September 28, 2006.

The scope of the investigation included:

(1) Utilities' current efforts to help customers reduce usage, increase energy efficiency, and implement demand side response programs (including implementation of time-based rates), and whether additional cost effective and reasonable steps can be taken to increase those efforts materially (and if so, the nature of those activities and costs involved).

(2) Whether AMI should be developed by utilities, and if so, the timeline and standards that should be established, and the methods of sharing this information with customers, suppliers, and other customer representatives.

(3) Whether revenue decoupling or other similar mechanisms are necessary for utilities to encourage and implement conservation and energy efficiency in their service territories; whether such mechanisms are fair to customers and in the public interest; whether such mechanisms are legally permissible in PA; whether the costs outweigh the benefits, and if the benefits are greater, what type of decoupling approach is optimal.

Allegheny Power actively participated and provided input into the working group activities. A report from the working group was filed with the Commission on June 6, 2007.

CONCLUSION

Q. DO YOU HAVE ANY FINAL THOUGHTS REGARDING ALLEGHENHY POWER'S PAST AND PRESENT PROGRAMS ENCOURAGING DEMAND SIDE RESPONSE AND ENERGY EFFICIENCY PROGRAMS?

A. Yes. Allegheny Power has long been an active supporter of a variety of demand side response and energy efficiency programs for its customers and expects to continue to do so in the future, especially in light of increasing generation costs associated with traditional fossil fuels. Customers are best served by a multifaceted approach that recognizes the need to integrate traditional generation and transmission solutions with increased emphasis on new renewable technologies at the generation level and greater reliance on DSM and energy efficiency programs to stimulate active customer participation.

Q. DOES THIS COMPLETE YOUR REBUTTAL TESTIMONY?

A. Yes. However, I reserve the right to file such additional testimony as may be necessary or appropriate.