

**PUBLIC SERVICE COMMISSION  
OF WEST VIRGINIA  
CHARLESTON**

**Case No. 07-0508-E-CN**

**TRANS-ALLEGHENY INTERSTATE LINE COMPANY**

**Application of Trans-Allegheny Interstate Line  
Company for a certificate of public convenience  
and necessity under W. Va. Code § 24-2-11a  
authorizing the construction and operation of the  
West Virginia segments of a 500 kV electric  
transmission line and related facilities in Monongalia,  
Preston, Tucker, Grant, Hardy, and Hampshire  
Counties, and for related relief**

**REBUTTAL TESTIMONY OF  
CYNTHIA A. MENHORN**

**January 4, 2008**

1 Q. PLEASE STATE YOUR NAME AND BUSINESS ADDRESS.

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

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

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

14 Q. PLEASE DESCRIBE YOUR EDUCATIONAL BACKGROUND AND WORK  
15 EXPERIENCE.

16 A. I graduated magna cum laude with a Bachelor's Degree in Business  
17 Administration with a concentration in finance from Seton Hill College, and  
18 magna cum laude with a Master's Degree in Business Administration from  
19 Indiana University of Pennsylvania.

1 I have over 29 years of work experience with Allegheny Energy, which has  
2 included numerous progressive management positions within the rates and  
3 regulatory areas. During 1995 and 1996, I participated on reengineering teams  
4 that redesigned the transmission/distribution operations as well as the rates  
5 function. My most recent position before becoming Director, State Regulatory  
6 Affairs was as Director of Regulation and Rates, where my responsibilities  
7 included managing the development of revenue requirements, cost of service, rate  
8 design including unbundling, tariff development, tariff applications, revenue  
9 forecasting, billing of large industrial accounts, fuel analysis, load data services  
10 and regulatory affairs in Allegheny Power's four-state service territory. I have  
11 worked on over 82 Allegheny Power affiliate rate cases during my tenure with  
12 Allegheny Energy.

13 In addition, I have served as adjunct instructor at Seton Hill College and have  
14 completed several courses on various aspects of utility ratemaking and finance. I  
15 have also participated in the Southeastern Electric Exchange Rates and Regulation  
16 Committee, holding the office of Chairman in 2003, and the Edison Electric  
17 Institute Rates and Regulatory Affairs Committee. I currently serve on the  
18 Electric Board and Regulatory Committees for the Energy Association of  
19 Pennsylvania and the Regulatory Committee of the Electric Power Generation  
20 Association.

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

3 A. Yes. In addition to my testimony before this Commission, I have testified before  
4 the Maryland Public Service Commission, the Pennsylvania Public Utility  
5 Commission, the Virginia State Corporation Commission, The Public Utilities  
6 Commission of Ohio, and the Federal Energy Regulatory Commission.

7 Q. WILL THE USE OF VARIOUS TERMS IN YOUR TESTIMONY BE  
8 CONSISTENT WITH THE DEFINITIONS ASSIGNED TO THOSE TERMS IN  
9 THE TABLE OF NOMENCLATURE ATTACHED TO THE APPLICATION?

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

11 Q. WHAT IS THE PURPOSE OF YOUR REBUTTAL TESTIMONY?

12 A. The purpose of my rebuttal testimony is to address issues raised by various  
13 witnesses regarding the nature and scope of Allegheny Power's energy efficiency,  
14 conservation and demand response programs and its overall commitment to such  
15 programs, specifically those who alleged that Allegheny Power has largely  
16 ignored conservation and demand response programs that could postpone if not  
17 totally eliminate the need for TrAIL. I will do this by (i) providing a historical  
18 account of Allegheny Power's past energy efficiency, conservation and demand  
19 response programs; (ii) describing the current range of programs under the new  
20 umbrella of Watt Watchers that Allegheny Power is either offering in certain

1 jurisdictions or analyzing in preparation for possible future offerings; (iii)  
2 describing the West Penn Power Company ("West Penn") Sustainable Energy  
3 Fund and its role at Allegheny Power; and (iv) reviewing Allegheny Power's  
4 current work with Advance Metering Infrastructure. TrAILCo rebuttal witness Dr.  
5 Jay Zarnikau will address the role of conservation and demand side issues in  
6 response to certain parties presenting direct testimony. My rebuttal testimony  
7 documents Allegheny Power's considerable past, present and ongoing commitment  
8 to energy efficiency, conservation and demand response programs.

9  
10 I. ALLEGHENY POWER'S DEMAND SIDE MANAGEMENT PROGRAMS

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

13 A. Allegheny Power has historically provided opportunities for its customers to  
14 participate in DSM programs on a specific basis, depending on the jurisdiction.  
15 The following DSM programs have been offered for some time, and are still  
16 currently available to all Allegheny Power customers:

- 17  
18 1. Generation Buy Back ("GBB") Program;  
19 2. Customer participation in the PJM Load Response Program;

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

4   **Q.   PLEASE DESCRIBE THE GBB PROGRAM.**

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

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

1 A. Yes. In April 2002, Allegheny Power became a member of PJM and turned over  
2 functional control of its transmission facilities to PJM. Since June 2002, all  
3 Allegheny Power's commercial and industrial customers have had the opportunity  
4 to participate in PJM's demand side programs. For 2006, PJM had 1,100.65 of  
5 registered MW in the Economic Load Response Program ("ELRP"). Of that total,  
6 Allegheny Power customers represented 259.80 or 24% of the total registered  
7 MW. In addition, for 2006, total MWh and total payments under the ELRP were  
8 246,996 MWh and \$17,366,318, respectively, of which Allegheny Power  
9 customers represented 29% of all the real-time reductions. Currently there are 24  
10 Allegheny Power customers participating in this program with a total registered  
11 load of 209.5 MW.

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

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

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

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

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

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

- 14           •     Advanced Metering – Advanced meters are capable of storing electric  
15                   consumption data at specified time intervals in conformance with  
16                   applicable performance specifications and capable of remote meter reading.  
17                   Any customer may request Advanced Metering for a fee, if it is not  
18                   currently supplied via standard metering, in accordance with the terms of  
19                   the Rate Schedule under which the customer receives electric service. This

1 service has been available to Allegheny Power commercial and industrial  
2 customers in all our jurisdictions since 2003.

3 • Energy Data Services – Energy data services give Allegheny Power  
4 customers the ability to access historical electric load data in 15, 30 or 60-  
5 minute increments for an individual facility or for multiple facilities. This  
6 data can be the critical information needed to make money-saving energy  
7 decisions. For a small monthly fee, customers can receive their load data  
8 electronically each month or even daily. This service has been available to  
9 Allegheny Power's commercial and industrial customers in all our  
10 jurisdictions since 2003.

11 • Data Pulses – This program provides unedited near real-time energy data to  
12 a facility. Data Pulses provide demand pulse signals and/or synchronizing  
13 time signals to the customer. This service enables customers to take  
14 advantage of load management systems and tools. The customer makes a  
15 one-time payment for the installation of the necessary wiring and  
16 equipment. This service has been available to commercial and industrial  
17 customers since 1986. Allegheny Power makes these services available  
18 through tariff options in Pennsylvania, Maryland, Virginia and West  
19 Virginia.



- 1           •       Deluxe Kit, which contains an assortment of bulbs, efficient water  
2                   dispensers, draft sealing materials and educational tips for even more  
3                   savings.

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

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

13      At the campaign's heart is the ENERGY STAR Change a Light Pledge; a way for  
14      individuals to commit to being more energy efficient by switching at least one  
15      light in their home to an ENERGY STAR qualified bulb. Allegheny Power is  
16      encouraging both employees and customers to make this commitment. This  
17      pledge is a simple but vital method of forming a community of inspired  
18      individuals across the nation to commit to saving energy. On October 3, 2007, in  
19      conjunction with the Energy Star's national campaign to Change a Light Pledge,  
20      each employee received a 23-watt compact fluorescent light bulb and a pledge

1 form to begin our internal education associated with making a personal  
2 commitment toward energy efficient actions and opportunities to conserve.

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

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

12  
13 III. THE WEST PENN SUSTAINABLE ENERGY FUND

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

16 A. On November 19, 1998, the Pennsylvania Public Utilities Commission granted  
17 final approval of West Penn's restructuring plan, which included a provision  
18 establishing an independent sustainable energy fund through an initial lump sum  
19 contribution by Allegheny Power of approximately \$11 million. The West Penn  
20 Power Sustainable Energy Fund ("WPPSEF" or the "Fund") Board of Directors

1 was approved in May 1999 and the Fund was incorporated in June 2000. The  
2 WPPSEF provides funding and has invested in numerous renewable and clean  
3 energy generation, energy efficiency and conservation technologies, and  
4 businesses that develop and manufacture clean energy technologies. To date, the  
5 WPPSEF has funded approximately 118 projects for a total released funding of  
6 approximately \$5.7 million, and has approved or committed approximately \$7  
7 million more. Among other demand response and energy efficiency programs, the  
8 WPPSEF promotes investment in new and existing energy-efficient residential  
9 structures in Pennsylvania.

10  
11 IV. ALLEGHENY POWER'S INVOLVEMENT WITH ADVANCED METERING  
12 INFRASTRUCTURE

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

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

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

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

10

11

#### V. CONCLUSION

12 Q. DO YOU HAVE ANY FINAL THOUGHTS REGARDING ALLEGHENY  
13 POWER'S PAST AND PRESENT PROGRAMS TO ENCOURAGE DEMAND  
14 SIDE RESPONSE AND ENERGY EFFICIENCY?

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

1 technologies at the generation level and greater reliance on DSM and energy  
2 efficiency programs to stimulate active customer participation.

3 Q. DOES THIS COMPLETE YOUR REBUTTAL TESTIMONY?

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