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September 28, 2009

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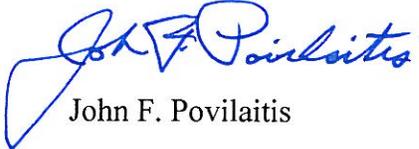
James J. McNulty, Secretary
Pennsylvania Public Utility Commission
400 North Street – 2nd Floor
Commonwealth Keystone Building
Harrisburg, Pennsylvania 17120

Re: Petition of West Penn Power Company d/b/a Allegheny Power for
Expedited Approval of its Smart Meter Technology and Installation
Plan, Docket No. M-2009-2123951

Dear Secretary McNulty:

Attached is the original Prehearing Memorandum of West Penn Company, d/b/a Allegheny Power e-filed today with the Pennsylvania Public Utility Commission in the above-referenced proceeding. Copies are being served as indicated in the attached Certificate of Service.

Very truly yours,


John F. Povilaitis

JFP/ck
Enclosures

- c. Certificate of Service
The Honorable Mark M. Hoyer

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

Petition of West Penn Power Company :
d/b/a/ Allegheny Power for Expedited :
Approval of its Smart Meter Technology :
Procurement and Installation Plan : Docket No. M-2009-2123951

**PREHEARING MEMORANDUM OF WEST PENN POWER COMPANY
D/B/A ALLEGHENY POWER**

TO THE HONORABLE MARK M. HOYER:

Pursuant to the Prehearing Conference Order issued in this matter, West Penn Power Company d/b/a Allegheny Power, by and through its counsel, submits this Prehearing Memorandum in the above-captioned matter:

I. Name and Address of Allegheny Power's Legal Representation

Attorneys representing Allegheny Power in this proceeding are:

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Mr. Povilaitis and Mr. Totino are authorized to accept service on behalf of Allegheny Power.

II. History of the Proceeding

Act 129 of 2008 ("Act 129")¹ requires electric distribution companies ("EDCs") with at least 100,000 customers in Pennsylvania to adopt a plan to reduce energy consumption and demand in their service territories.

On June 29, 2009, Allegheny Power filed with the Pennsylvania Public Utility Commission ("Commission") its Energy Efficiency and Conservation ("EE&C") Plan, which provides Allegheny Power customers with robust energy conservation and efficiency tools enabling customers to reduce their consumption and demand with opportunity to save money. The measures, programs, and rate offerings described in the Company's EE&C Plan will help customers adjust their energy usage with the aim of reducing overall consumption and decreasing peak demand for electricity.

Act 129 also requires EDCs with at least 100,000 customers in Pennsylvania to file Smart Meter Implementation Plans ("SMIP" or "Plans") with the Commission to address the installation of smart meters and associated smart meter technology.

On August 14, 2009, Allegheny Power filed its SMIP with the Commission. As stated in Allegheny Power's Petition in support of its SMIP, the Company's EE&C Plan and SMIP are fundamentally interrelated. The interrelation is evident with the fact that the Company's Plan to meet the Act 129 consumption and demand reduction requirements depends directly upon implementation of its SMIP, as the use of smart meter technology underpins many of the programs, measures and rate offerings in the EE&C Plan.

¹ Act 129 became effective November 14, 2008.

Allegheny Power seeks expedited consideration of its Plan to obtain a Final Commission Order by January 29, 2010. As stated in the Petition, the reason for the request is so that the Company can meet its consumption and demand side reduction targets and commence timely recovery of its SMIP costs.

Allegheny Power also seeks early Commission approval of initial phase SMIP activities in 2009. As stated in its Petition and as described in pages 38 through 40 of the SMIP, each of the 2009 activities is an essential structural component to the effective and efficient implementation of Smart Meter Technology as defined in Act 129, and the specific planning, procurement, and critical design activities must be completed in 2009 in order to achieve the implementations as outlined in the SMIP.

Absent a settlement on the initial phase issue, it is necessary for Allegheny Power to propose an accelerated, phased schedule for disposition of the issue. The proposed accelerated schedule is necessary for the Commission to have the opportunity to review the reasonableness of the Initial Phase tasks before their implementation and to preserve the Commission's opportunity to consider the overall SMIP implementation schedule proposed by Allegheny Power which includes installation of approximately 93,000 smart meters in 2010. That proposed initial phase schedule, as well as an overall proposed procedural schedule, is set forth below.

On or about August 20, 2009, the Commission's Office of Trial Staff filed a notice of appearance, while on or about September 1, 2009, the Office of Consumer Advocate ("OCA") filed its public statement and notice of intervention in this matter. Other parties seeking intervention include the West Penn Power Industrial Intervenors

(Petition to Intervene dated September 16, 2009) and the Pennsylvania Department of Environmental Protection (Petition to Intervene dated September 18, 2009).

By Prehearing Conference Order dated September 3, 2009, the Presiding Officer scheduled a prehearing conference for Wednesday, September 30, 2009 at 1:00 p.m.

III. Issues, Witnesses, and Subject Matter of Testimony

The issues proposed by Allegheny Power to be addressed in this proceeding are contained in the below-referenced direct testimonies and exhibits filed in support of the SMIP. Allegheny Power expects to call the below witnesses at hearing in support of its case in chief, which requests Commission approval of the SMIP, including the cost recovery for the Plan. Allegheny Power submitted the following written testimony, in Q & A form, in support of its Plan:

- Allegheny Power St. No. 1, Direct testimony of Roger J. Heasley, which describes the Allegheny Power organization structure for the development of the SMIP and the stakeholder meetings that Allegheny Power held during the development of the previously submitted EE&C Plan;
- Allegheny Power St. No. 2, Direct Testimony of John C. Ahr, which also addresses the development of the SMIP, the necessary time table for procurement and installation of smart meters and related technologies, and the cost effectiveness of the Plan;
- Allegheny Power St. No. 3, Direct Testimony of Richard C. Arthur, Jr., which addresses the smart meter infrastructure technology and its planned implementation;
- Allegheny Power St. No. 4, Direct Testimony of Raymond E. Valdes, which addresses the determination of SMIP costs, the allocation of those costs to customer classes, and the proposed cost recovery tariff mechanism.
- Allegheny Power St. No. 5, Direct Testimony of Ethan L. Cohen, which addresses the use of Advanced Metering Infrastructure, smart meters, and the EE&C Plan elements relating to that technology.

Allegheny Power reserves the right to respond to any issues that may be raised subsequently by other parties and to identify and call additional witnesses as may be necessary or appropriate in subsequent phases of these proceedings, upon notice in advance to the other parties and to the Presiding Officer.

IV. Proposed Procedural Schedule

Allegheny Power proposes the following procedural schedules, with the understanding that it will discuss the proposed schedule dates with the Public Advocates and Intervenors. It is Allegheny Power's preference to reach with other parties a partial settlement of this proceeding with respect to the Initial Phase portions of the SMIP, which would make unnecessary the proposed separate schedule for resolution of the Initial Phase activities issue. Allegheny Power's hope is to present the ALJ with schedules agreeable to all participants at the Prehearing Conference.

The following schedules are proposed for consideration:

Procedural Schedule - Approval of Initial SMIP 2009 Activities

Allegheny Power Direct Testimony	Pre-filed
Prehearing Conference	September 30, 2009
ALJ Certifies Material Question Re Certification of Record without Decision on SMIP Initial Phase Issue or Allegheny Power Files Petition Requesting Review of Material Question	October __, 2009
Intervenor Direct Testimony	October 14, 2009
Oral Rejoinder & Hearings	October 21-22, 2009
Main Briefs	October 30, 2009
Reply Briefs	November 6, 2009
Commission Decision on Initial Phase	December 3, 2009

Overall Procedural Schedule – SMIP

Allegheny Power Direct Testimony	Pre-filed
Prehearing Conference	September 30, 2009
Intervenor Direct Testimony	October 21, 2009
Reply Testimony by all parties	November 4, 2009
Hearings	November 9-10, 2009
Main Briefs	November 20, 2009
Reply Briefs	November 25, 2009
ALJ RD	December 23, 2009
Commission Decision	

V. Discovery

Allegheny Power proposes the following discovery rules to govern this proceeding, which are consistent with the discovery rules proposed by the OCA in prior proceedings:

(1) Answers to written interrogatories shall be served in-hand within ten (10) calendar days of service;

(2) Objections to interrogatories shall be communicated orally within three (3) calendar days of service; unresolved objections shall be served on the ALJ in writing within five (5) calendar days of service;

(3) Motions to dismiss objections and/or compel answers to interrogatories shall be filed within three (3) calendar days of service of such written objections;

(4) Answers to dismiss objections and/or compel answers to interrogatories shall be filed within three (3) calendar days of service of such motions;

(5) If possible, rulings on such motions shall be issued within seven (7) calendar days of the filing of such motions;

(6) Responses to requests for production of documents shall be served in-hand within ten (10) calendar days of service. The objections process shall be the same with requests for production of documents as it is with objections to interrogatories, as set forth above;

(7) Requests for admissions will be deemed admitted unless answered within ten (10) calendar days or objected to in writing within five (5) calendar days of service.

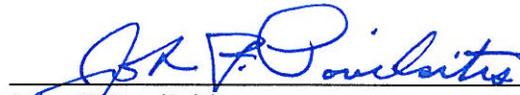
Allegheny Power will be submitting a proposed Protective Order consistent with the order submitted and approved in the Company's energy efficiency and conservation proceeding at Docket No. M-2009-2093218.

VI. Settlement

Allegheny Power will participate in any settlement or stipulation discussions with the other parties in the proceeding to narrow or eliminate issues in this proceeding

Respectfully submitted,

Dated: September 28, 2009



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d/b/a Allegheny Power

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Approval of its Smart Meter Technology :
And Installation Plan :

CERTIFICATE OF SERVICE

I hereby certify that I have this day served a copy of the foregoing documents in accordance with the requirements of 52 Pa. Code § 1.54 et seq. (relating to service by a participant).

VIA FIRST CLASS AND
ELECTRONIC MAIL

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Date: September 28, 2009



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