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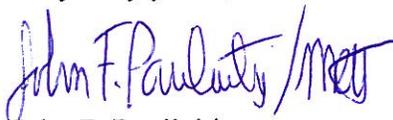
James J. McNulty, Secretary
Pennsylvania Public Utility Commission
400 North Street – 2nd Floor
Commonwealth Keystone Building
Harrisburg, Pennsylvania 17120

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 an original and three (3) copies of the Motion to Reopen the Evidentiary Record on behalf of West Penn Power Company d/b/a Allegheny Power in the above-referenced proceeding. Copies have been served on the parties to this proceeding as indicated in the attached Certificate of Service.

Very truly yours,



John F. Povilaitis

JFP/ck

Enclosures

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

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

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

MOTION TO REOPEN THE EVIDENTIARY RECORD

TO THE HONORABLE MARK A. HOYER, ADMINISTRATIVE LAW JUDGE:

Pursuant to this Commission's regulations at 52 Pa. Code §§ 5.103 and 5.431, West Penn Power Company d/b/a Allegheny Power ("Allegheny Power" or the "Company") respectfully files this Motion to Reopen the Evidentiary Record ("Motion") in the above-captioned pending proceeding. The Company seeks to place of record limited additional evidence, as further described below. In short, a reopening of the record is warranted because it will allow consideration of positions that are beneficial to customers and will narrow differences among the parties to the proceeding.

I. Background

1. Allegheny Power is an electric public utility authorized to provide electric service in southwestern, south-central and northern Pennsylvania. The Company serves approximately 713,000 customers in Pennsylvania in an area of about 10,400 square miles with a population of approximately 1.5 million. The Company's corporate headquarters are in the City of Greensburg, Westmoreland County, Pennsylvania.

2. Act 129 of 2008 (“Act 129”)¹ requires electric distribution companies with at least 100,000 customers in Pennsylvania to adopt a plan to reduce energy consumption and demand in their service territories.² On June 29, 2009, Allegheny Power filed its Energy Efficiency and Conservation and Demand Response (“EE&C/DR”) Plan with the Commission. The EE&C/DR Plan measures, programs, and rate offerings will enable Allegheny Power customers to adjust their energy usage with the aim of reducing overall consumption and decreasing peak demand for electricity. Allegheny Power’s EE&C/DR Plan was approved by the Commission, in an Order entered on October 23, 2009 at Docket No. M-2009-2093218.

3. Act 129 also requires filings with the Commission of implementation plans to address the installation of smart meters and associated smart meter technology. On August 14, 2009, Allegheny Power filed its Smart Meter Technology Procurement and Installation Plan (“SMIP”) with the Commission. The Company’s SMIP includes measures that target major energy-consuming systems, such as heating, ventilating and air conditioning, and major consumer appliances and lighting, with a sufficiently broad scope to provide an opportunity for all Allegheny Power customers in Pennsylvania to participate.

4. The SMIP proceeding is pending at the above-captioned docket and is the subject of this Motion. The record in the proceeding has been closed, and the briefing phase of the proceeding is under way. The ALJ has extended the briefing schedule in order to permit settlement negotiations among the active parties to the proceeding. All such active parties have been served with a copy of this Motion.

¹ Act 129 became effective November 14, 2008.

² Act 129 requires a 1% reduction in energy consumption by May 31, 2011, a 3% reduction in energy consumption by May 31, 2013, and a 4.5% peak demand reduction by May 31, 2013.

II. Basis for Request to Reopen the Record

5. The Commission's regulations at 52 Pa. Code §5.431 permit the ALJ to accept additional matter into the record "for good cause shown" upon motion.³ As set forth in further detail below, the Company is requesting a very limited scope reopening so as to permit limited additional matter to be placed of record for consideration by the ALJ and Commission. Good cause exists to reopen the record so that Allegheny Power may modify its litigation position in a manner that is fair to all parties and provides the ALJ and the Commission with a modification of the SMIP that is more sensitive to the cost concerns of the parties to this proceeding.

6. Although the settlement process did not result in a mutually agreeable modification of the SMIP, that process allowed the Company to achieve a better understanding of the parties' concerns regarding the plan. Reopening the record will allow introduction of positions that Allegheny Power hopes will narrow differences between the parties. The Commission in its June 24, 2009 Smart Meter Implementation Order expressed hope that the parties could approach the proceeding as more of a collaborative than litigation: "We note that, after smart meter plans are referred to the OALJ, the proceedings will be conducted in accordance with the Commission's Rules of Administrative Practice and Procedure. This does not mean that the plan approval process must be a contentious adversary proceeding. We encourage parties to seek collaborative solutions to issues that arise during the plan approval process. Nevertheless, due process considerations require that we preserve the right of the parties to litigate if cooperative solutions cannot be reached and obtain an adjudication from the Commission." Order at pages 4-5 It is in that spirit that the Company requests leave to introduce a modification of its position.

³ See 52 Pa. Code §5.431(b).

7. Also, in next week's compliance filing in its EE&C/DR case, the Company will be indicating its willingness to file with the Commission a back up EE&C/DR Plan, less reliant on the need for Smart Meters to reach energy and peak reduction goals. Smart Meters are a common element of the EE&C/DR Plan as well as the SMIP. This compliance issue illustrates the need for the Commission to remain flexible in its approach to meet Act 129 requirements, and an example of that flexibility would be allowing the record of this proceeding to be reopened so that the Company can revise its SMIP to better address cost issues.

8. As noted in Section 2.2.1, pp. 31-32, of the SMIP and at page 6 of Allegheny Power Statement No. 2, there are six basic components of Allegheny Power's SMIP. The six components, which are discussed in more detail in Section 2.4 of the SMIP, pages 50-91, are summarized below:

- (i) ***In-Home Technologies*** (SMIP, Section 2.4.2), which will provide customers with near real-time information about electricity consumption and price. Each Smart Meter provided will have an in-home device ("IHD") that displays price and consumption, thereby providing customers with price and consumption information that is easy to read and readily accessible. In doing so, IHDs will allow customers to make informed decisions on consumption that will, in turn, allow them to conserve energy and save money;
- (ii) ***Smart Meters*** (SMIP, Section 2.4.3), which connect the home to the electric system. Smart Meters identify consumption in far greater detail than conventional meters and also communicate the information back to the utility. Currently, the Company has no Smart Meters in place;
- (iii) ***Communications Network*** (SMIP, Section 2.4.4), which connects the Smart Meters to a central data collection point in the utility's operations center. The network is bi-directional and uses wired and wireless communications for retrieving usage data many times a day, plus outage, restoration, theft and power quality alarms in near real-time. The Company's Communications Network will not support Smart Meter data traffic without an upgrade;

- (iv) ***Back-Office Systems*** (SMIP, Section 2.4.5), which include the Customer Information System ("CIS") that is a necessary component to utilize Smart Meters. These systems collect, store, process, and manage information generated by users. The Company's current CIS is not capable of supporting Smart Meters;
- (v) ***Customer Interface*** (SMIP, Section 2.4.6), which consists of the hardware, software, and security required to provide near real-time energy consumption information to customers and authorized third parties. The interface will occur via In Home Devices, an Interactive Voice Response System, or a web portal;

9. As discussed at pages 15-18 of the SMIP, Allegheny Power believes that the SMIP will provide a basis for customer cost savings, as Company customers will be provided with robust energy conservation and efficiency tools, including Smart Meters and related infrastructure, which will enable them to reduce their consumption and demand with a concomitant opportunity to save money. In addition, the SMIP will provide customer service improvement and productivity changes in many areas of customer operations, the main operational benefit being automated meter reading. The SMIP also will enable benefits for the environment and society in general through reduced emissions and moderated demand growth.

10. Although Company continues to believe that its SMIP is lawful, prudent, and reasonable and is a critical tool for customers to achieve energy savings that will, in turn allow them to achieve monetary savings, the Company also recognizes the need to be mindful of the cost impact of the SMIP on customers, including the cost impact in the form of the monthly SMT Surcharge. To this end, Allegheny Power seeks to reopen the record and modify its SMIP, as follows. These modifications seek to keep the fundamental nature of the SMIP in tact as a key robust energy savings tool, while at the same time, the modifications are intended to ease the cost burden from the SMIP on individual customers:

A. Meter Deployment

11. Allegheny Power seeks to reopen the record to modify its proposed Smart Meter deployment in several respects. First, the Company seeks to reduce the number of Smart Meters deployed by mid-2012 from approximately 450,000 to 100,000 customers. Second, the Company would then provide meters from mid-2012 through mid-2014 for only those customers that request Smart Meters or for new construction. Third, Allegheny Power would extend the Smart Meter deployment schedule and deploy the remaining number of Smart Meters over the remaining 5-year deployment, post-2014, for a total deployment period of 10 years.

B. In-Home Devices

12. As the record evidence provided thus far shows, the use of In-Home Devices ("IHDs") is an essential component of Allegheny Power's SMIP. Of note, the term "IHD" when used by the Company includes three types of technologies: (1) the in-home display; (2) the programmable thermostat; and (3) the digital control unit. The Company requests to reopen the record and modify its proposed deployment of IHDs from deployment to all customers (unless the customer specifically opts out) to deployment of 100,000 IHDs for only those customers that request an IHD or to those customers for whom installation of an IHD is required to participate in the relevant EE&C/DR program. These programs include: (i) Residential Efficiency Rewards Rate; (ii) Programmable Controllable Thermostat (PCT) Program; (iii) Pay Ahead (Smart) Service Rate; (iv) Customer Load Response Program; (v) Distributed Generation Program; (vi) Contracted Demand Response Program; (vii) Critical Peak Rebate (CPR); (viii) Time of Use (TOU) with Critical Peak Pricing Rate; and (ix) Hourly Pricing Option (HPO) Rate.⁴ Regarding

⁴ Rate schedules needed to implement certain of these programs will be subject to separate tariff supplement filings.

cost recovery, Allegheny Power will provide additional evidence that IHD costs will be recovered from program participants outside of the SMT Surcharge.

C. Asset Book Lives

13. Allegheny Power proposes to reopen the record to extend the book lives of capital equipment associated with its SMIP. Specifically, the Company seeks to modify the book life of the following capital equipment: IHDs – 10 years; Smart Meters – 15 years; software (including CIS) – 10 years.

D. Return on Equity

14. In its SMIP, Allegheny Power proposed a Return on Equity of 11.5%, which was the Return on Equity from its most recent base rate case. However, consistent with the testimony of various parties, including the OCA and the OTS, the Company seeks to adjust its position and base the SMT Surcharge on a Return on Equity of 10.5%.

E. SMT Surcharge Amount

15. In accordance with the record evidence, Allegheny Power seeks to recover SMIP costs via a separately stated non-bypassable line-item bill surcharge entitled "SMT Surcharge." The Company requests a reopening of the record to admit into the record new evidence on the cost impact of the aforementioned modifications to Smart Meter deployment, IHD deployment, Asset Book Life, and Return on Equity. That impact is expected to decrease the revenue requirement of the SMT Surcharge to customers.

16. Of note, in accordance with the below procedural schedule, Allegheny Power proposes to submit supplemental testimony into the record in support of these modifications to its SMIP.

III. Requested Relief

17. Allegheny Power recognizes that this Motion is being filed one day prior to the due date for main briefs. Nevertheless, in light of the Company's revised litigation position on these important issues that narrows the differences between the parties, Allegheny Power believes that good cause exists to either suspend the briefing schedule, pending the receipt of additional evidence, or, if the Presiding Officer and/or other parties prefer, to proceed with the current schedule but provide for supplemental briefing. If the Presiding Officer agrees to a suspension of the briefing schedule, the Company proposes the following procedural schedule that will enable review of the limited new evidence, responses to that evidence if requested by parties, a hearing to enter the evidence into the record, subject to any cross-examination by other parties, and briefing:

Filing of further Company evidence – 12/29/09

Response by opposing parties – 1/15/10

Hearing – 1/22/10

Main Briefs – 2/1/10

Reply Briefs – 2/10/10

18. Alternatively, if the ALJ and/or the parties prefer that the current briefing schedule remain in effect, Allegheny Power respectfully requests that an opportunity be provided to submit additional evidence into the record and that supplemental briefing be permitted to address that additional record evidence. Under this alternative, the above schedule would remain the same except that the February briefing dates would be for supplemental briefs. Thus, the above procedural schedule would enable review of the limited new evidence, responses to that

evidence if requested by parties, a hearing to enter the evidence into the record, subject to any cross-examination by other parties, and supplemental briefing.

19. Allegheny Power respectfully requests that the ALJ convene a brief telephonic conference to ascertain whether parties are amenable to a delay in the briefing schedule to allow the introduction of additional evidence.

WHEREFORE, Allegheny Power respectfully requests the relief requested herein.

Respectfully submitted,

A handwritten signature in blue ink, appearing to read "John F. Povilaitis / my", written over a horizontal line.

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PENNSYLVANIA PUBLIC UTILITY COMMISSION**

Petition of West Penn Power Company :
d/b/a Allegheny Power for Expedited : Docket No. M-2009-2123951
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).

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ELECTRONIC MAIL

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