

COMMONWEALTH OF PENNSYLVANIA



OFFICE OF CONSUMER ADVOCATE

555 Walnut Street, 5th Floor, Forum Place
Harrisburg, Pennsylvania 17101-1923
(717) 783-5048
800-684-6560 (in PA only)

FAX (717) 783-7152
consumer@paoca.org

February 8, 2013

Rosemary Chiavetta
Secretary
Pennsylvania Public Utility Commission
Commonwealth Keystone Building
400 North Street
Harrisburg, PA 17120

RE: Petition of Pennsylvania Electric Company
for Approval of their Smart Meter
Deployment Plan
Docket No. M-2013-2341994

Secretary Chiavetta:

Enclosed for filing please find the Office of Consumer Advocate's Comments and Answer in the above referenced proceeding.

Copies have been served as shown on the Certificate of Service.

Respectfully Submitted,

Candis A Tunilo

Candis A. Tunilo
Assistant Consumer Advocate
PA Attorney I.D. # 89891

Enclosures

cc: Certificate of Service
*165842

BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION

Petition of Pennsylvania Electric Company : Docket No. M-2013-2341994
For Approval of their Smart Meter :
Deployment Plan :

COMMENTS AND ANSWER
OF THE
OFFICE OF CONSUMER ADVOCATE

The Office of Consumer Advocate (OCA) files these Comments and Answer to the Joint Petition of Metropolitan Edison Company (Met-Ed), Pennsylvania Electric Company (Penelec), Pennsylvania Power Company (Penn Power) and West Penn Power Company (West Penn) (collectively the FirstEnergy Companies) for approval of their Smart Meter Deployment Plan in accordance with the Notice in the Pennsylvania Bulletin published on January 19, 2013. 43 Pa. B. 419-20. The Petition was filed with the Public Utility Commission on December 31, 2012. The Petition seeks: (1) a finding that the Deployment Plan satisfies the requirements of Act 129, 66 Pa. C.S. § 2807(f)(1)-(f)(3) and the Commission's June 24, 2009 Implementation Order at Docket No. M-2009-2092655; (2) approval of the Companies' proposed procurement and deployment of approximately 2.1 million smart meters, over 98% of which will be installed by the end of 2019; (3) authorization for the Companies to continue to recover smart meter costs through their Smart Meter Technologies Riders, including an additional \$5.1 million for previous West Penn expenditures; and (4) authorization for the Companies to create a regulatory asset for

their meter stock that will be replaced by smart meters (Legacy Meters). Accompanying the Petition are the Final Plan and the testimony of five witnesses: (1) John Dargie; (2) David W. Iorio; (3) Kevin A. Klein; (4) George L. Fitzpatrick; and (5) Raymond E. Valdes.

I. BACKGROUND

Pursuant to the requirements of Act 129 and the Implementation Order, on August 14, 2009, Met-Ed, Penelec, and Penn Power filed their Joint Smart Meter Implementation Plan (2009 SMIP). By Order entered June 9, 2010, the Commission approved the 2009 SMIP. As part of the Commission's approval of the 2009 SMIP, the Commission noted that the Companies expected to file their full Deployment Plan by April 2012.¹ Also on August 14, 2009, West Penn separately filed its Smart Meter Implementation Plan (WP SMIP). On June 30, 2011, the Commission approved the Joint Petition for Settlement of All Issues (Settlement) regarding the WP SMIP. In the Settlement, West Penn agreed to file its full Deployment Plan as part of its revised WP SMIP with the Commission no sooner than June 2012.² Subsequently, FirstEnergy and West Penn's corporate parent, Allegheny Energy, Inc. merged, and West Penn is now an operating company of FirstEnergy.

On May 25, 2012, the Companies requested a filing extension for the Deployment Plan until the end of 2012 to allow for the testing and analysis of the smart meter technology. The request was granted by Secretarial Letter on June 28, 2012.

¹ See Joint Petition of Metropolitan Edison Company, Pennsylvania Electric Company and Pennsylvania Power Company for Approval of Smart Meter Technology Procurement and Installation Plan, Docket Nos. M-2009-2123950 *et al.*, Order at 10 (June 9, 2010).

² See Petition of West Penn Power Company for Expedited Approval of its Smart Meter Technology Procurement and Installation Plan, Docket No. M-2009-2123951, Settlement at ¶ 15 (March 9, 2011).

On December 31, 2012, the Companies filed their Final Smart Meter Technology Procurement and Installation Plan (Final Plan). The matter has been referred to the Office of Administrative Law Judge and further assigned to Administrative Law Judge Mary D. Long. A Prehearing Conference has been set for February 19, 2013.

The OCA provides the following Comments and Answer to the Companies' Joint Petition for Approval of Their Smart Meter Deployment Plan.

II. COMMENTS AND ANSWER

The Companies' Final Plan and their accompanying Direct Testimony provide the following:

1. A description of the technical aspects of the Final Plan including an analysis of: (a) the current state of meter technology; (b) technology "baselines" for the Companies; and (c) the nature of the Companies' service territories, with respect to the density and terrain.
2. A description of the Companies' Smart Meter Deployment timeline.
3. A breakdown and explanation of the total Smart Meter Program costs incurred and anticipated savings.
4. A description of the proposal to recover the costs through each of the Companies' respective Smart Meter Technologies Charge (SMT-C Rider.)
5. A description of the proposal to recover the costs for the Companies' Legacy Meters including the creation of a regulatory asset for the Legacy Meters.
6. A description of the Companies' proposed development of the internal and external communications plan, the change management transition plan, training plan, and the lessons learned from several other utilities in various stages of smart meter deployment.
7. A description of the Companies' proposal to develop a cyber-security plan.

Based on its preliminary review of the Final Plan, the OCA has identified the following areas that require further review and analysis:

Compliance with Act 129 and the Commission Implementation Order: The OCA submits that a review of the Final Plan is necessary to determine whether the Final Plan complies with the requirements of Act 129, the Implementation Order, other applicable Commission Orders and the Public Utility Code;

Technology Selection and Implementation: The OCA intends to review the Companies' selected technologies and meter functionalities to determine whether the technical elements of the Final Plan, including whether FirstEnergy's technology and functionality choices, vendor selections, and IT integration activities represent prudent and cost-effective actions or plans of action for which recovery of costs from customers is warranted;

Total Costs and Cost Recovery: The Companies' projected costs and cost recovery proposals should be analyzed to assess whether FirstEnergy's anticipated total project cost of \$1.258 billion is reasonable. The OCA will also review the Companies' anticipated savings of \$406 million; the Companies' proposals to recover an additional \$5.1 million for the initial phase of the West Penn SMIP through the SMT-C Rider and the proposal to create a regulatory asset for the Companies' Legacy Meters.

Privacy of Customer Information: The Final Plan will need to be evaluated to determine whether appropriate systems and protocols are in place to protect the privacy of customer information obtained by the FirstEnergy Companies through smart meters;

Security of the Smart Meter Systems: The Final Plan must be reviewed to assure that adequate protocols and measures are in place to provide necessary security;

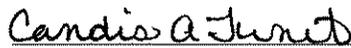
Customer Education: The Companies' proposal to develop a Communication Plan needs to be reviewed to ensure that it is reasonable, practical and an efficacious method of proposing to educate customers about Smart Meters.

As noted, these areas of focus are based on the OCA's preliminary review. As the OCA's review of the Final Plan proceeds, additional areas of inquiry may arise.

III. CONCLUSION

The OCA respectfully submits that the FirstEnergy Companies' Joint Petition for Approval of their Smart Meter Deployment Plan requires further review. The matter has been referred to the Office of Administrative Law Judge, and the OCA will address the issues identified above in the matter.

Respectfully Submitted,



Candis A. Tunilo
Assistant Consumer Advocate
PA Attorney I.D. # 89891
E-Mail: CTunilo@paoca.org

Christy M. Appleby
Assistant Consumer Advocate
PA Attorney I.D. # 85824
E-Mail: CAppleby@paoca.org

Counsel for:
Tanya J. McCloskey
Acting Consumer Advocate

Office of Consumer Advocate
5th Floor, Forum Place
555 Walnut Street
Harrisburg, PA 17101-1923
Telephone: (717) 783-5048
Facsimile: (717) 783-7152

DATE: February 8, 2013
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CERTIFICATE OF SERVICE

Re: Petition of Pennsylvania Electric Company for Approval of their Smart Meter
Deployment Plan
Docket No. M-2013-2341994

I hereby certify that I have this day served a true copy of the foregoing, the Office of Consumer Advocate's Comments and Answer, upon parties of record in this proceeding in accordance with the requirements of 52 Pa. Code Section 1.54 (relating to service by a participant), in the manner and upon the persons listed below:

Dated this 8th day of February 2013.

SERVICE BY E-MAIL and INTEROFFICE MAIL

Richard A. Kanaskie, Esq.
Charles Daniel Shields, Esq.
Carrie B. Wright, Esq.
Bureau of Investigation & Enforcement
Pa. Public Utility Commission
Commonwealth Keystone Building
400 North Street, P.O. Box 3265
Harrisburg, PA 17105-3265

SERVICE BY E-MAIL and FIRST CLASS MAIL

John F. Povilaitis, Esq.
Buchanan, Ingersoll & Rooney, P.C.
409 North Second Street, Suite 500
Harrisburg, PA 17101-1357

Kathy J. Kolich, Esq.
FirstEnergy Service Company
76 South Main Street
Akron, OH 44309

Sharon Webb, Esq.
Daniel G. Asmus, Esq.
Office of Small Business Advocate
Commerce Building, Suite 1102
300 North Second Street
Harrisburg, PA 17101

Thomas P. Gadsden, Esq.
Kenneth M. Kulak, Esq.
Catherine G. Vasudevan, Esq.
Morgan Lewis & Bockius LLP
1701 Market Street
Philadelphia, PA 19103-2921

Candis A Tunilo

Candis A. Tunilo
Assistant Consumer Advocate
PA Attorney I.D. # 89891
E-Mail: ctunilo@paoca.org
Christy M. Appleby
Assistant Consumer Advocate
PA Attorney I.D. # 85824
E-Mail: cappleby@paoca.org

Counsel for
Office of Consumer Advocate
555 Walnut Street
5th Floor, Forum Place
Harrisburg, PA 17101-1923
Phone: (717) 783-5048
Fax: (717) 783-7152
165811