

COMMONWEALTH OF PENNSYLVANIA



OFFICE OF CONSUMER ADVOCATE

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March 31, 2014

Rosemary Chiavetta, Secretary
PA Public Utility Commission
Commonwealth Keystone Bldg.
400 North Street
Harrisburg, PA 17120

RE: Joint Petition of Metropolitan Edison Company,
Pennsylvania Electric Company, Pennsylvania Power
Company, and West Penn Power Company for
Approval of their Smart Meter Deployment Plan
Docket Nos. M-2013-2341990, M-2013-2341991,
M-2013-2341993, M-2013-2341994

Dear Secretary Chiavetta:

Enclosed please find the Office of Consumer Advocate's Exceptions in the above-referenced proceeding.

Copies have been served upon all parties of record as shown on the attached Certificate of Service.

Sincerely yours,

A handwritten signature in cursive script that reads "Christy M. Appleby".

Christy M. Appleby
Assistant Consumer Advocate
PA Attorney I.D. # 85824

Enclosures

cc: Honorable Elizabeth H. Barnes
Certificate of Service

*169701

BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION

JOINT PETITION OF METROPOLITAN : DOCKET NO. M-2013-2341990
EDISON COMPANY, PENNSYLVANIA : DOCKET NO. M-2013-2341991
ELECTRIC COMPANY, PENNSYLVANIA : DOCKET NO. M-2013-2341993
POWER COMPANY AND WEST PENN : DOCKET NO. M-2013-2341994
POWER COMPANY FOR APPROVAL OF :
THEIR SMART METER DEPLOYMENT :

EXCEPTIONS OF THE
OFFICE OF CONSUMER ADVOCATE

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Dated: March 31, 2014

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I. INTRODUCTION

On March 6, 2014, the Pennsylvania Public Utility Commission (Commission) issued its Opinion and Order regarding the Smart Meter Deployment Plan (Plan) of Metropolitan Edison Company (Met-Ed), Pennsylvania Electric Company (Penelec), Pennsylvania Power Company (Penn Power), and West Penn Power Company (West Penn) (collectively, FirstEnergy Companies or Companies) (March 6 Order). On March 19, 2014, the FirstEnergy Companies filed a compliance filing and Amended Plan in response to the Commission's Order. The OCA submits that the Companies' Compliance filing does not conform to the Commission's Order in two respects. First, the Commission accepted the FirstEnergy Companies' agreement to investigate and track potential savings, including the categories identified by the Office of Consumer Advocate's witness Richard Hornby. March 6 Order at 20. The Companies' Compliance Filing did not identify the categories of savings identified by the OCA's witness among those listed to be examined by the Companies.

Second, the Compliance Filing included new supplemental testimony from the Companies' witnesses George L. Fitzpatrick and Laura W. Gifford regarding accelerated smart meter deployment for Penn Power. The proposal for the accelerated smart meter Changes to the Amended Plan and the testimony addressed issues which the Commission identified in its Order should be addressed only after further proceedings. March 6 Order at 43. The Compliance Filing is not a proper procedure to use to amend the prior Smart Meter Plan and does not allow for further proceedings.

The Office of Consumer Advocate submits the following Exceptions to the FirstEnergy Companies' Compliance Filing related to these two issues.

II. EXCEPTIONS

OCA Exception 1: The FirstEnergy Companies Failed To Include All Of The Savings Categories Required By The Commission's March 6 Order In Its Amended Plan. (March 6 Order at 20; Amended Plan at 60-61).

The Commission's March 6 Order stated that "[w]e are persuaded by the statements of the Companies that they fully intend to investigate and track all sources of potential savings, including the categories listed by the OCA, and to flow-through these savings to their customers in future SMT-C Rider filings." March 6 Order at 20. The OCA recommended that the FirstEnergy Companies explore additional areas of potential savings, including potential savings in theft reduction, revenue enhancement, avoided capital costs and distribution operations, since these savings offset the cost of the smart meter deployment. Id. at 16; OCA St. 1 at 16-17. In their Exceptions to the Recommended Decision, the Companies stated that they had hired Accenture to assist them in identifying and quantifying all savings categories from the smart meter deployment and would include those savings categories identified by the OCA in their review and Plan. FirstEnergy Exc. at 11; March 6 Order at 18-19. The Commission accepted this statement and approved the proposal to include these categories of savings in the Amended Plan. March 6 Order at 20. The Companies' Amended Smart Meter Deployment Plan, however, does not include these additional savings categories. The Amended Plan only lists four categories: (1) meter reading; (2) meter services; (3) back office; and (4) contact center. App. A, Amended Plan at 60-61.

The OCA submits that the Companies should be directed to specifically include the additional categories of theft reduction, revenue enhancement, avoided capital costs and distribution operations in their Amended Plan to comply with the Commission's Order.

OCA Exception 2: The FirstEnergy Companies' Request To Amend The Penn Power Smart Meter Deployment Plan Should Not Be Addressed As Part Of The Compliance Plan Process.

The Companies first filed a request to accelerate the smart meter deployment for Penn Power in its Exceptions to the Recommended Decision. The OCA replied and objected on the grounds that it was improper to propose to amend the Penn Power smart meter deployment schedule and to propose to change the total costs and charges for customers for the deployment in Exceptions. OCA Exc. at 20-21. The Commission agreed with the OCA's Reply Exceptions and directed:

Based upon the evidence of record, we are in agreement with the position espoused by the OCA that a change in the smart meter deployment, to the significant degree as proposed by the Companies, is unreasonable at this point in time. It is simply improper for the Companies to make such a proposal during the Exception stage of this proceeding, long after the close of the record, without record evidence support and thereby denying the other Parties in this proceeding the opportunity to fully analyze the proposed accelerated deployment schedule and to challenge its ramifications. We further agree with the OCA, that if the Companies feel strongly about implementing this accelerated Penn Power deployment schedule, then they should promptly submit an amended Plan, with proper supporting documentation, with the Commission to properly provide for all affected Parties, as well as this Commission, to fully evaluate and comprehend this proposal. If the Companies decide to pursue an accelerated deployment, they must file an amended Plan within thirty days of the entry of this Opinion and Order, stating their case more fully and in more detail. 52 Pa. Code § 5.93(a). Thereafter, the Commission will schedule an expedited procedural schedule so that the amended Plan could be decided within ninety days of the entry of the instant Opinion and Order.

Accordingly, the Exceptions of the Companies on this issue are denied.

March 6 Order at 43-44.

The OCA submits that the FirstEnergy Companies' request should again be denied as part of the Compliance Filing and a separate proceeding should be instituted to review this proposal. The Commission's March 6 Order required that the Companies submit an Amended Plan, with proper supporting documentation in order "to properly provide for all affected Parties,

as well as this Commission to fully evaluate and comprehend this proposal.” March 6 Order at 43. Then, the Commission provided that it would establish an expedited procedural schedule so that the amended Plan could be decided within ninety days of the entry of the Order. Although the Companies’ filing includes further testimony on the issue of accelerated smart meter deployment, the same issue arises with the Companies’ filing of the Amended Plan as part of its Compliance Filing that arose with the Companies’ filing of the proposal in its Exceptions. The Compliance phase does not provide for formal discovery, further presentation of evidence by other parties or evidentiary hearings.

The OCA submits that the FirstEnergy Companies’ proposed expedited Penn Power deployment schedule should not be approved as part of its Compliance Filing. As there is no pleading to respond to, such as a Petition to Amend the Plan, the OCA does not have a procedural vehicle with which to respond to the Companies’ proposal and has no opportunity to conduct discovery, request a hearing, or present evidence in response to the Companies’ accelerated smart deployment proposal. The OCA would note that a preliminary review of the Amended Plan identified differences in the costs for this Plan from the information provided in the Companies’ Exceptions. The costs of this accelerated Plan must be thoroughly explored.

At this time, no evidence supporting these significant potential cost changes have been entered into the record, and no exploration of these issues has been undertaken on the record. The only record evidence that has been presented in this proceeding regarding Penn Power’s deployment schedule is included in the Companies’ Plan filed in December 2012. As the OCA stated in its Exceptions, an examination is needed of such things as: (1) the projected costs by year of the deployment proposed by the Companies; (2) the projected costs by year of the new deployment; (3) the differences in projected costs by year; (4) the basis for the cost increase as a

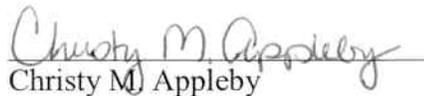
result of the change; (5) the savings presented by the change and when they would be able to realized. OCA Exc. at 21.

The OCA submits that the accelerated Plan proposal should not addressed as part of the Compliance Filing. The Commission should either require the Companies to file a Petition to Amend the Plan or assign the proposed Plan to an Administrative Law Judge for development of an evidentiary record. Given the delay resulting from the Company's procedural approach, the OCA also requests that the Commission modify the procedural schedule set forth in its Order so that the case will be returned to the Commission for disposition 90 days following a Prehearing Conference.

III. CONCLUSION

For the reasons set forth above, the OCA respectfully requests that the Commission direct the FirstEnergy Companies to modify its Compliance Filing consistent with the position set forth in the OCA's Exception above and in the information required by the Commission's March 6 Order. The OCA also respectfully requests that the Commission direct the FirstEnergy Companies to remove the accelerated smart meter deployment testimony and revised Plan from its Compliance Filing and establish a separate proceeding to address this proposal.

Respectfully Submitted,



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CERTIFICATE OF SERVICE

Joint Petition of Metropolitan Edison Company :
Pennsylvania Electric Company, Pennsylvania : Docket Nos. M-2013-2341990
Power Company, and West Penn Power Company : M-2013-2341991
For Approval of their Smart Meter Deployment : M-2013-2341993
Plan : M-2013-2341994
:

I hereby certify that I have this day served a true copy of the foregoing, the Office of Consumer Advocate's Exceptions, 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 31st day of March 2014.

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