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April 7, 2014

**VIA E-FILING**

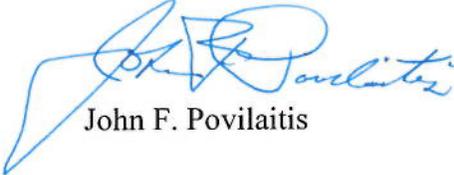
Rosemary Chiavetta, Secretary  
Pennsylvania Public Utility Commission  
Commonwealth Keystone Building  
400 North Street, 2nd Floor  
Harrisburg, PA 17120

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 Plans; Docket Nos. M-2013-2341990, M-2013-2341991, M-2013-2341993, M-2013-2341994

Dear Secretary Chiavetta:

On behalf of Metropolitan Edison Company, Pennsylvania Electric Company, Pennsylvania Power Company and West Penn Power Company (the "Companies"), enclosed for electronic filing is the Response of Metropolitan Edison Company, Pennsylvania Electric Company, Pennsylvania Power Company and West Penn Power Company to the Office of Consumer Advocate's Exceptions. Copies have been served as indicated in the attached certificate of service.

Very truly yours,



John F. Povilaitis

JFP/kra

Enclosure

cc: Bureau of Technical Utility Services, Reliability and Emergency Preparedness Section  
Bureau of Audits  
Certificate of Service

**BEFORE THE  
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

<b>JOINT PETITION OF</b>	:	
<b>METROPOLITAN EDISON</b>	:	
<b>COMPANY, PENNSYLVANIA</b>	:	<b>DOCKET NOS. M-2013-2341990</b>
<b>ELECTRIC COMPANY,</b>	:	<b>M-2013-2341991</b>
<b>PENNSYLVANIA POWER</b>	:	<b>M-2013-2341993</b>
<b>COMPANY AND WEST PENN</b>	:	<b>M-2013-2341994</b>
<b>POWER COMPANY FOR</b>	:	
<b>APPROVAL OF THEIR SMART</b>	:	
<b>METER DEPLOYMENT PLAN</b>	:	

**RESPONSE OF**

**METROPOLITAN EDISON COMPANY,  
PENNSYLVANIA ELECTRIC COMPANY,  
PENNSYLVANIA POWER COMPANY AND  
WEST PENN POWER COMPANY**

**To the Office of Consumer Advocate's Exceptions**

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April 7, 2014

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## **I. INTRODUCTION**

On March 31, 2014, the Office of Consumer Advocate (“OCA”) submitted “Exceptions” to the March 19, 2014 filing of Metropolitan Edison Company, Pennsylvania Electric Company, Pennsylvania Power Company (“Penn Power”) and West Penn Power Company (collectively referred to as the “Companies”). The March 19, 2014 filing had a dual purpose, as was clearly indicated in the cover letter of that filing. First, the filing was submitted in compliance with the Pennsylvania Public Utility Commission’s (“Commission”) March 6, 2014 Order (“March 6 Order”) directing that certain revisions be made to the Companies’ proposed Smart Meter Deployment Plan. Second, the filing responded to the portion of the Commission’s March 6, 2014 Order that authorized the Companies to request an acceleration of their originally recommended smart meter deployment schedule.

The Companies explained and supported all revisions to the revised Deployment Plan through the submission of a red-lined version of their initial Smart Meter Deployment Plan and through the written verified testimony of two witnesses. Thereafter, and prior to the filing of OCA’s Exceptions, the Companies met with and answered questions raised by the OCA. In this Response, the Companies address OCA’s two Exceptions to the March 19, 2014 filing pursuant to Section 5.592 of the Commission’s regulations, 52 Pa. Code §5.592, explaining why both should be rejected.

## **II. RESPONSE TO EXCEPTIONS**

### **A. Response to OCA Exception 1**

OCA claims in Exception 1 that the Companies ignored a Commission directive to include savings categories advocated by OCA in the Smart Meter Deployment Plan, citing page

20 of the March 6 Order.<sup>1</sup> Pages 16 through 20 of the March 6 Order discuss the Administrative Law Judge’s recommendation that the Companies be directed to hire an independent consultant to identify the potential for savings that result from smart meter deployment, conduct a comprehensive investigation of categories of potential savings by other companies and submit a report to the Commission within 90 days of the Commission’s Order in this proceeding.<sup>2</sup> The Companies filed an Exception to this recommendation.

In the March 6 Order, the Commission granted the Companies’ Exception and rejected the ALJ’s recommendation, noting that the Companies had committed to fully investigate and track all sources of potential savings, including those advocated by OCA, with the help of a nationally recognized consulting firm. The March 6 Order did not contain any directive to the Companies to modify the Plan’s description of the investigation of potential cost savings that would be reflected in the SMT-C Riders if such savings were realized. Consequently, the OCA’s objection lies not with the Companies’ compliance filing, but rather with the Commission’s March 6 Order and should have been taken up, if at all, by the filing of a Petition for Reconsideration or a timely-filed appeal of that Order. In light of the foregoing, as well as the Commission’s commitment to “closely scrutinize the Companies’ savings determinations in future SMT-C Rider proceedings,”<sup>3</sup> there is no need to further modify the Companies’ amended Deployment Plan and, accordingly, the OCA’s Exception 1 should be rejected.

**B. Response to OCA Exception 2**

In its Exception 2, OCA complains that the Companies’ revised deployment schedule should have been the subject of a separate proceeding initiated by a new petition to amend the plan. The OCA further asserts that it has somehow been denied the opportunity to conduct

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<sup>1</sup> OCA Exceptions p. 2.

<sup>2</sup> March 6 Order at 17.

<sup>3</sup> March 6 Order, p. 20.

discovery, request a hearing or present evidence in response to the Companies' testimony and claims that, in any event, the Companies have failed to explain "significant cost changes".<sup>4</sup>

The OCA's technical objections elevate form over substance. The March 6 Order provided the Companies 30 days to submit an accelerated smart meter deployment schedule with a commitment from the Commission to rule upon it within 90 days of the March 6 Order – approximately June 4, 2014. To ensure that interested parties and the Commission had adequate time to review proposed revisions, the Companies (1) made a deliberate decision to file early, using up only 13 of the 30 days that the Commission had allotted to them, and (2) prepared and distributed two statements of written testimony explaining what they had done.

While the OCA argues that the decision on whether to adopt the accelerated deployment schedule should be postponed until 90 days after a prehearing conference is held<sup>5</sup>, the Companies submit that no hearing is necessary. The Commission already found the original Deployment Plan to be prudent and reasonable.<sup>6</sup> The only substantive change from the original Deployment Plan is the timeline in which smart meters are deployed. The Companies indicated that while budgets will shift, the total estimated cost of the accelerated Deployment Plan does not change. Therefore, contrary to OCA's claims, there are no "significant cost changes" for the Commission to address. Moreover, under the accelerated deployment schedule, customers receive smart meters earlier than they otherwise would and the entire Penn Power system will be built out by the end of 2015 – *all at the same estimated cost*. Therefore, the only issue for the Commission to decide is whether installing smart meters more quickly and having the entire Penn Power system built within the next 18 months is in the best interest of the customer. This is

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<sup>4</sup> OCA Exceptions, pp. 3-5.

<sup>5</sup> OCA Exceptions, p. 5.

<sup>6</sup> March 6 Order, p. 15.

a policy issue and policy issues can be dealt with on paper. Accordingly, no hearing is necessary.

If, however, the Commission disagrees, then there is no reason a procedural schedule cannot be designed to still meet the Commission's commitment to rule within 90 days of the March 6 Order. Again, notwithstanding OCA's claims to the contrary, the March 19, 2014 filing did not deny OCA the opportunity to fully review the Companies' accelerated deployment schedule. Indeed, the Companies have already responded to informal OCA discovery requests regarding that schedule and its associated costs. To be sure, much of the information that the OCA claims it needs in its "Exceptions" has already been provided or can be readily supplied.<sup>7</sup> In light of this, the Companies propose the procedural schedule set forth below should the Commission deem further proceedings necessary. This schedule is fully consistent with the time line established in the March 6 Order, and allows for further discovery, the submission of testimony, hearing and briefs:

Advocate and Intervener Response Testimony	April 18, 2014
Rebuttal Testimony	April 25, 2014
Hearing	On or About May 5, 2014
Single Brief	May 14, 2014
Certify Record to Commission	May 15, 2014
Commission Decision	June 5, 2014 Public Meeting

OCA argues that the 90 day period in which to issue a ruling should be modified and should start after a prehearing conference is held. As in the case of its Exception 1, OCA's request to extend the 90 day period is equivalent to an improper petition for reconsideration of

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<sup>7</sup> OCA Exceptions p. 4-5.

the 90 day time line established in the March 6 Order and accordingly, this request should be summarily rejected.

### III. CONCLUSION

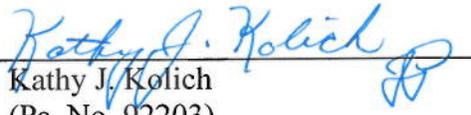
In sum, the Commission should not entertain any further delay in this matter. The Companies have submitted a reasonable proposal to accelerate the deployment of smart meter technology and are prepared to proceed to the benefit of customers and competitive markets. Accordingly, the Companies respectfully ask that the Commission reject OCA's Exceptions and rule upon the modifications to the Deployment Plan as submitted on March 19, 2014 or, alternatively, to the extent necessary, adopt the proposed procedural schedule so as to meet its 90 day commitment made in the March 6 Order.

April 7, 2014

Respectfully submitted,

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**BEFORE THE  
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

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

**CERTIFICATE OF SERVICE**

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

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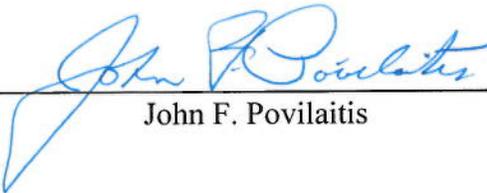
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