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May 14, 2014

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

VIA ELECTRONIC FILING

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, and M-2013-2341994

Dear Secretary Chiavetta:

Please find enclosed for filing with the Pennsylvania Public Utility Commission ("PUC" or "Commission") the Main Brief on behalf of the Met-Ed Industrial Users Group, the Penelec Industrial Customer Alliance, the Penn Power Users Group, and the West Penn Power Industrial Intervenors, in the above-referenced proceeding.

As evidenced by the attached Certificate of Service, all parties to the proceeding are being duly served with a copy of this document. Thank you.

Sincerely,

McNEES WALLACE & NURICK LLC

By

A handwritten signature in black ink, appearing to read 'Teresa K. Schmittberger', is written over a horizontal line. The signature is fluid and cursive.

Teresa K. Schmittberger

Counsel to the Met-Ed Industrial Users Group,
the Penelec Industrial Customer Alliance,
the Penn Power Users Group, and
the West Penn Power Industrial Intervenors

Enclosures

c: Administrative Law Judge Elizabeth H. Barnes (via E-mail and First Class Mail)
Certificate of Service

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CERTIFICATE OF SERVICE

I hereby certify that I am this day serving a true copy of the foregoing document upon the participants listed below in accordance with the requirements of 52 Pa. Code Section 1.54 (relating to service by a participant).

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Dated this 14th day of May, 2014, at Harrisburg, Pennsylvania

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

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

**MAIN BRIEF OF
THE MET-ED INDUSTRIAL USERS GROUP,
THE PENELEC INDUSTRIAL CUSTOMER ALLIANCE,
THE PENN POWER USERS GROUP, AND
THE WEST PENN POWER INDUSTRIAL INTERVENORS**

Air Liquide Industrial U.S. LP
Air Products & Chemicals, Inc.
American Refining Group Inc.
Appvion, Inc.
ATI Allegheny Ludlum Corporation
Carpenter Technology Corporation
E.I. du Pont de Nemours & Co., Inc.
East Penn Manufacturing Company
Electralloy, a G.O. Carlson, Inc., Co.
Ellwood National Steel
Erie Forge & Steel, Inc.
Ervin Industries
Farmers Pride, Inc.
Glen-Gery Corporation
Harley-Davidson Motor Company - York Division
Indiana Regional Medical Center
INDSPEC Chemical Corporation

Knouse Foods Cooperative, Inc.
Latrobe Specialty Metals
Lehigh Specialty Melting (Whemco)
Magnesita Refractories Co.
MERSEN USA St Marys-PA Corp.
Pittsburgh Glass Works
PPG Industries, Inc.
RH Sheppard Co., Inc. - Foundry Division
Royal Green LLC
Sheetz, Inc.
Standard Steel
Sweet Street Desserts, Inc.
Team Ten, LLC - American Eagle Paper Mills
The Plastek Group
The Proctor & Gamble Paper Products Co.
U.S. Silica Company
Wegmans Food Markets, Inc.

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the West Penn Power Industrial Intervenors

Dated: May 14, 2014

I. INTRODUCTION

On December 31, 2012, the Metropolitan Edison Company ("Met-Ed"), the Pennsylvania Electric Company ("Penelec"), the Pennsylvania Power Company ("Penn Power"), and the West Penn Power Company ("West Penn") (collectively, the "Companies") jointly petitioned the Pennsylvania Public Utility Commission ("Commission" or "PUC") for approval of their smart meter deployment plan (*i.e.*, original deployment plan).¹ Specifically, the Companies requested that the Commission: (1) find that the deployment plan satisfies the requirements of Act 129 and the Implementation Order entered on June 24, 2009, at Docket No. M-2009-2092655; (2) approve the proposed procurement and deployment of approximately 2.1 million smart meters; (3) authorize recovery of smart meter costs through the Companies' Smart Meter Technologies Charge ("SMT-C") Riders, including recovery of an additional \$5.1 million through West Penn's SMT-C Rider for expenditures made to develop its Smart Meter Technology Procurement and Installment Plan ("SMIP Plan") between 2009 and 2010; and (4) authorize the Companies to create a regulatory asset for their meter stock that will be replaced by smart meters ("legacy meters"), and include the removal cost for these meters as a recoverable Operations and Maintenance ("O&M") expense in the SMT-C of each Company's SMT-C Rider. The Companies estimated that the total costs of the Deployment Plan would be approximately \$1.258 billion.

On March 6, 2014, the Commission entered an Order approving the Companies' original deployment plan, but also providing additional directives. Specifically, the Commission directed the Companies to submit an amended deployment plan ("Revised Deployment Plan") to implement accelerated deployment in order to provide all affected parties, as well as the

¹ On February 7, 2013, the Industrials filed a Joint Petition to Intervene in this proceeding. Administrative Law Judge ("ALJ") Barnes approved the Industrials' Joint Petition to Intervene on March 4, 2013.

Commission, an opportunity to evaluate the proposal. This Main Brief addresses the merits of the Companies' Revised Deployment Plan.

II. PROCEDURAL HISTORY

On March 19, 2014, the Companies submitted its Revised Deployment Plan, proposing an accelerated smart meter deployment schedule.

On April 16, 2014, the Commission issued a Secretarial Letter referring the Companies' Revised Deployment Plan to the Office of Administrative Law Judge ("OALJ") for development and certification of an evidentiary record by May 15, 2014, regarding the Companies' proposed accelerated smart meter deployment schedule.

A Prehearing Conference was held in this proceeding on April 25, 2014, during which an expedited procedural schedule was developed. After submission of testimony by the Companies and the Office of Consumer Advocate ("OCA"), an evidentiary hearing was held on May 7, 2014. Consistent with the procedural schedule of this proceeding, the Met-Ed Industrial Users Group, Penelec Industrial Customer Alliance, Penn Power Users Group, and West Penn Power Industrial Intervenors ("Industrials") submit the following Main Brief.

III. DESCRIPTION OF REVISED DEPLOYMENT PLAN

The Companies' Revised Deployment is only slightly modified from its original deployment plan. Specifically, in the Companies' Revised Deployment Plan, the Companies are expediting the rollout of smart meters in the Penn Power service territory, which will result in full deployment for Penn Power customers by the end of 2015. Direct Testimony of George L. Fitzpatrick, Met-Ed/Penelec/Penn Power/West Penn Statement No. 4-S, p. 3. After this expedited deployment in the Penn Power service territory, all of the Companies will begin

installing smart meters one year ahead of the schedule provided in the Companies' original deployment plan. *Id.*

IV. SUMMARY OF ARGUMENT

The Companies' Revised Deployment Plan is just and reasonable, and as such, should be approved by the Commission. The Revised Deployment Plan advances the goals of Act 129 by ensuring that customers will be charged based on their individual meter data at an earlier time than under the Companies' original deployment plan. In addition, an expedited deployment of smart meters will reduce the use of estimated meter data, which will, in turn, reduce a number of customer charges, such as unaccounted-for energy ("UFE") costs. Finally, customers throughout the Companies' service territories may reduce their costs further by altering their usage behavior after the expedited deployment of smart meters. Because the Revised Deployment Plan is an improvement to the Companies' original deployment plan, the Industrials recommend its adoption by the Commission.

V. ARGUMENT

A. The Impact of the Revised Deployment Plan on Plan Costs and Customer Rates and Benefits

1. The Companies' Revised Deployment Plan Providing for An Accelerated Deployment of Smart Meters is Just and Reasonable Due to Its Corresponding Reduction in Estimated Profile Meter Data and Unaccounted-For Energy.

An expedited deployment of smart meters, as provided in the Companies' Revised Deployment Plan, moves the Companies' closer towards achieving a main goal of Act 129, specifically, allowing all interested customers to obtain electric rates based on their individual consumption. The sooner smart meters are deployed, the sooner customers may be charged based on their true meter data, rather than their profile meter data, as the use of the meter data ultimately results in customers being charged for their electric service, including electric

generation service, based on their actual consumption. In addition, the deployment of smart meters will also reduce the level of charges, in particular UFE costs, imposed on customers. Because all customers in the Companies' service territories will benefit from the Companies' Revised Deployment Plan, the Industrials support the Revised Deployment Plan and its expedited deployment of smart meters.

An expedited smart meter deployment is consistent with Act 129, which acknowledges the importance of providing customers with a means to be charged based on their individual usage. Act 129 specifically calls for electric distribution companies ("EDCs") to offer both smart meters and time-of-use rates in order for customers to control their electric usage and be billed based on their precise consumption activity. 66 Pa. C.S. § 2807(f). If customers have both smart meters and time-of-use rates available to them, they can lower their electric bills by reducing their usage during higher cost periods. By contrast, as long as customers may only be charged based on their legacy meter data, customers cannot achieve this same cost savings. Accordingly, an expedited deployment of smart meters is consistent with Act 129's goal to provide customers with access to this cost-saving technology at an earlier time period.

Smart meters are able to contribute to this cost savings by allowing EDCs to track a customer's true meter data rather than using the customer's estimated meter data. The Companies indicate that the installation of smart meters will reduce the use of estimated meter data for all customer classes, *i.e.*, residential, small commercial, and Large Commercial and Industrial ("C&I") customers. ME/PN/PP/WP Hearing Exhibit 1, p. 2. Once smart meters are installed, the Companies will be able to more accurately access the interval data for all customers, which will improve the Companies' ability to charge customers based on their individual usage. *Id.* Because allowing customers to be charged based on their true consumption rather than their

estimated consumption is consistent with and promotes the goals of Act 129, smart meters should be installed by the Companies as soon as feasible.

The transition from estimated meter data to true meter data will also have a direct benefit on a multitude of customer charges. Once smart meters are in place, customers will have the ability to control their generation, capacity, and possibly their ancillary service charges due to the conversion from estimated to true meter data. *See id.* at 3. In addition, customers should receive lower UFE charges due to the Companies' reduced use of estimated meter data. *Id.* UFE is caused by a combination of factors, which include the difference between customer class load profiles and the actual load used by customers and the use of estimated bills. *Joint Petition for Metropolitan Edison Company, Pennsylvania Electric Company, Pennsylvania Power Company, and West Penn Power Company for Approval of Their Default Service Programs*, Order and Opinion, Docket Nos. P-2011-2273650, *et al.*, (Aug. 16, 2012) p. 79. Because UFE costs increase as the use of estimated meter data increases, customers will continue to incur higher UFE costs as long as legacy meters are in place. Correspondingly, an expedited deployment of smart meters, which will reduce the use of estimated meter data, will reduce UFE costs.

The Companies' Revised Deployment Plan benefits all customers throughout the Companies' service territories due to this reduction in estimated meter data and associated charges. After expedited deployment in the Penn Power service territory, the Companies will deploy smart meters on an expedited basis throughout the remaining service territories, which will reduce estimated meter data and charges at an earlier time than under the Companies' original deployment plan. ME/PN/PP/WP Hearing Exhibit 1, p. 4. In addition, once smart meters are in place, customers will have further opportunity to reduce their electric rates by monitoring and reducing consumption during high cost periods. Accordingly, once smart meters

are in place, customers in all of the Companies' service territories will benefit from reduced costs and reduced cost opportunities.

For all the foregoing reasons, the Companies' Revised Deployment Plan should be approved. Act 129 specifically provides and intends for the deployment of smart meters and time-of-use rates, goals which are advanced at an earlier period under the Companies' Revised Deployment Plan. In addition, an expedited deployment of smart meters will reduce the use of estimated meter data, which contributes to a number of additional charges imposed on customers. Once smart meters are installed, customers throughout the Companies' service territories will benefit from lower costs resulting from their individual meter data and may choose to reduce costs further by altering their usage behavior. As a result, the Industrials request that the Commission approve the Companies' Revised Deployment Plan and expedited deployment of smart meters.

VI. CONCLUSION

WHEREFORE, the Met-Ed Industrial Users Group, the Penelec Industrial Customer Alliance, the Penn Power Users Group, and the West Penn Power Industrial Intervenors respectfully request that the Pennsylvania Public Utility Commission approve the Companies' Revised Deployment Plan that provides for an expedited deployment of smart meters.

Respectfully submitted,

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Dated: May 14, 2014

APPENDIX A

PROPOSED FINDINGS OF FACT

1. The Companies' Revised Deployment Plan would reduce the use of estimated meter data by the Companies for all customer classes at an earlier time than under the Companies' original deployment plan.
2. The Companies' Revised Deployment Plan would allow customers' to control and/or reduce their generation, transmission, and UFE costs at an earlier time than under the Companies' original deployment plan.

PROPOSED CONCLUSIONS OF LAW

1. Due to the reduction in estimated meter data and UFE costs under the Companies' Revised Deployment Plan, the Revised Deployment Plan is consistent with and advances the goals of Act 129. 66 Pa. C.S. § 2807(f).