**BEFORE THE**

**PENNSYLVANIA PUBLIC UTILITY COMMISSION**

Petition of Duquesne Light Company :

for Approval to Modify its Smart : P-2015-2497267

Meter Procurement and Installation Plan :

**POST-HEARING ORDER**

Order to Reopen Hearing Record

On June 24, 2009, the Pennsylvania Public Utility Commission (Commission) entered its Implementation Order, at Docket No. M-2009-2092655, to assist Duquesne Light Company (Duquesne Light or the Company) and the other Electric Distribution Companies (EDCs) in complying with the requirements of Act 129 of 2008, 66 Pa.C.S. § 2807(f), et seq., which, among other matters, required EDCs to file with the Commission their respective smart meter procurement and installation plans.

Duquesne Light filed a Petition on August 4, 2015 seeking approval to modify its Smart Meter Procurement and Installation Plan. This Petition seeks to implement changes to the approved smart meter plan for the purpose of enhancing outage communication and voltage monitoring capabilities, and to recover the costs associated with those changes through the Smart Meter Charge.

On February 29, 2016, the presiding officer received the transcript of the initial hearing. Main briefs were filed by Duquesne Light, OCA and Citizen Power on or before March 17, 2016. Reply briefs were filed by Duquesne Light, OCA and Citizen Power on or before April 7, 2016. The hearing record closed on April 11, 2016, upon the issuance of the Interim Order Closing the Record.

Discussion

Upon review of the evidence presented by Duquesne Light, it is not clear to the presiding officer if Duquesne Light’s proposed upgrades should be fully recovered through the smart meter charge (SMC).  The evidence presented does not clearly delineate between (1) those costs directly related to the upgrades that provide the ability to achieve the additional smart meter functionalities [namely, the ability to monitor voltage at each meter and report that data in a manner that allows an EDC to react to the information, and outages and restoration communications] from (2) the costs to provide the other functionalities that the OMS and ADMS will provide that are not necessarily related to those smart meter functionalities.

Costs directly related to implementing the smart meter statute can be recovered by the SMC, while costs of installing operational business enhancements such as the OMS and ADMS may be more appropriately recovered within the context of a base rate proceeding.  There appears to be some degree of cost overlap that needs to be divided-out as a percentage of cost directly related to fulfilling the smart meter statute and a percentage of cost associated with other business enhancement opportunities such as upgrading the OMS in order to enhance electrical system reliability.

More cost information is needed to further evaluate Duquesne Light’s Smart Meter Costs. Accordingly, the presiding officer requires, as ordered in the Ordering Paragraphs below, that Duquesne Light flesh out and separate smart meter costs from operational business enhancement costs.  Specifically, the presiding officer requires Duquesne Light to answer the following questions, or point to the locations in the hearing record where the answers to these questions can be found:

1. How much of the reasonable and prudent costs of the installation of the OMS and ADMS relate to the voltage monitoring and outage communications capabilities and how much are related to providing the multitude of other functionalities?
2. How much of those costs should be recovered through the SMC?
3. Does Duquesne Light need to have a full-blown OMS and ADMS to provide the voltage monitoring and outage communication capabilities, or could those be provided through other means, or a more scaled-back process?
4. Without opining on the overall benefits of the systems, should rate payers be required to pay the costs of the OMS and ADMS on a full and current basis through the SMC, or are the non-smart meter functionality portions of those costs more appropriately recovered through base rates over a number of years?  The other EDCs required to implement smart meters already had sophisticated OMS that were paid through base rates.  Should Duquesne Light rate payers now be required to pay for such an upgrade outside of the normal base rate process just to add two additional functionalities to their smart meters?

THEREFORE,

IT IS ORDERED:

1. That the evidentiary record in the proceedings docketed at P-2015-2497267 is reopened for the purpose of providing the parties with an opportunity to address specific questions from the presiding officer.

2. That a call-in telephonic post-hearing conference is scheduled with the parties for Tuesday, May 17, 2016, at 10:00 a.m. at which the parties will be prepared to discuss and agree to a revised litigation schedule, including, if needed, the scheduling of a further hearing to admit new evidence into the hearing record.

3. That the discussion at the post-hearing conference will be limited to discussing any evidentiary issues which might arise concerning the admission of further evidence about the following questions:

1. How much of the reasonable and prudent costs of the installation of the OMS and ADMS relate to the voltage monitoring and outage communications capabilities and how much are related to providing the multitude of other functionalities?
2. How much of those costs should be recovered through the SMC?
3. Does Duquesne Light need to have a full-blown OMS and ADMS to provide the voltage monitoring and outage communication capabilities, or could those be provided through other means, or a more scaled-back process?
4. Without opining on the overall benefits of the systems, should rate payers be required to pay the costs of the OMS and ADMS on a full and current basis through the SMC, or are the non-smart meter functionality portions of those costs more appropriately recovered through base rates over a number of years?  The response to this question must consider how other EDCs, which have been required to implement smart meters already, had sophisticated OMS that were paid through base rates.  Should Duquesne Light rate payers now be required to pay for such an upgrade outside of the normal base rate process just to add two additional functionalities to their smart meters? Why or why not?

4. That the parties at the post-hearing conference should be prepared to provide specific citations (title, page, line) where facts exist already in the evidentiary record which delineate the information requested above in Ordering Paragraph #3.

5. That Duquesne Light Company and the Office of Consumer Advocate shall be prepared to discuss whether information marked as “Confidential” is properly characterized at the following locations, and whether the parties wish to brief the need to maintain the information as “Confidential”:

1. Duquesne Light Statement 2-R (Confidential Version) at pages 2, 8, and 10.
2. Office of Consumer Advocate Statement No. 1 (Confidential Version) at pages 4, 5, 7-10, 12-14, and 17.
3. Office of Consumer Advocate Statement No. 1-S (Confidential Version) at page 7.

6. That the Office of Administrative Law Judge’s Scheduler will issue a notice to the parties which schedules the Call-In Telephonic Post-Hearing Conference for **May 17, 2016**.

Date: May 4, 2016

Katrina L. Dunderdale

Administrative Law Judge

**P-2015-2497267 - PETITION OF DUQUESNE LIGHT COMPANY FOR APPROVAL TO MODIFY ITS SMART METER PROCUREMENT AND INSTALLATION PLAN**

***(Revised 4/11/16)***

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