

OFFICE OF CHIEF COUNSEL
Rachel Carson State Office Building
P. O. Box 8464
Harrisburg, PA 17105-8464
September 25, 2009

Bureau of Regulatory Counsel

Telephone 717-787-7060
Telecopier 717-783-7911

Honorable James McNulty
Secretary, Public Utility Commission
P.O. Box 3265
Harrisburg, PA 17105-3265

RE: Petition of West Penn Power Company d/b/a Allegheny Power for
Expedited Approval of its Smart Meter Technology
Procurement and Installation Plan
PUC Docket No. M-2009-2123951

Dear Secretary McNulty:

Please find attached for electronic filing the Comments of the Commonwealth of Pennsylvania, Department of Environmental Protection in the above referenced matter. Copies have been served on all parties listed on the enclosed Certificate of Service.

Sincerely,

/s/ Scott Perry

Scott Perry
Assistant Counsel

cc: Service List

BEFORE THE PENNSYLVANIA PUBLIC UTILITY COMMISSION

Petition of West Penn Power Company :
d/b/a Allegheny Power for Expedited :
Approval of its Smart Meter Technology : **Docket No. M-2009-2123951**
Procurement and Installation Plan :

**COMMENTS OF THE
COMMONWEALTH OF PENNSYLVANIA,
DEPARTMENT OF ENVIRONMENTAL PROTECTION**

Pursuant to the August 29, 2009 *Pennsylvania Bulletin* notice issued in the above-captioned matter, the Commonwealth of Pennsylvania, Department of Environmental Protection (the "Department") submits the following comments to the Petition of West Penn Power Company d/b/a Allegheny Power ("Allegheny Power") Petition for Expedited Approval of its Smart Meter Technology Procurement and Installation Plans ("Smart Meter Plan").

I. INTRODUCTION

The Department has consistently maintained that early deployment of smart meters and implementation of the time of use rates and real time price plans that smart meters support are necessary to achieving meaningful reductions in both energy consumption and energy prices. Smart meters and time sensitive price plans effectively use market forces to reduce consumption, shift some uses to cheaper times of day, save the consumer money and provide system-wide benefits such as reduced grid congestion and improved grid reliability. In addition, by reducing overall electricity consumption and shifting loads to off peak hours, smart meters necessarily reduce fossil fuel consumption, greenhouse gas emissions and improve air and water quality.

Perhaps the greatest benefit from smart meters and their supporting network is the integration of ratepayers into decisions on energy use. The information provided by these tools allow customers to make informed decisions regarding their energy use and equip them with new advanced tools to assist them in their efforts to reduce energy use. As such, the Department fully supports the Commission's decision to require a smart meter "capable of communicating raw data on at least a near real-time basis to in-home devices installed by the customer or customer designated agent." See the Pennsylvania Public Utility Commission's ("Commission") Smart Meter Procurement and Installation Order ("Implementation Order"), Docket No. M-2009-2092655 at page 27.

Customers who shift their electric use away from times of peak electricity demand not only save money, but also help to reduce prices for everybody. Providing electricity at peak demand periods is very expensive. A one-percent reduction in peak demand during the highest peak demand times can cut the entire market price by ten percent. Reducing peak and overall demand alleviates stress on the electric system and keeps wholesale prices down, which saves everybody money.

The Pennsylvania legislature recognized the clear benefits of smart meters and the benefits of an educated energy consumer when it enacted Act 129 of 2008 and required Electric Distribution Companies to provide smart meters throughout their service territory and offer all customers the option of enrolling in real time or time of use pricing programs. 66 Pa. C.S. § 2806(f). However, and most importantly, none of the benefits that smart meters provide can be realized if the meters and the functions they support are not in the hands of the consumer. For this reason, the Department has also consistently maintained that smart meters that provide the functions required in Act 129 be fully deployed throughout Pennsylvania in ten years.

II. OVERALL ASSESSMENT OF ALLEGHENY POWER'S SMART METER PLAN

The schedule provided by Allegheny Power in their plan is detailed and appears to meet the requirements of the Implementation Order. The plan proposes an implementation schedule that aims to accelerate the deployment of smart meters and the supporting infrastructure to allow the new technology to support the Allegheny Power's Energy Efficiency and Conservation Plan. The Department fully supports Allegheny's commitment to an expedited, system-wide deployment of smart meters but is also sensitive to cost impacts associated with an over aggressive schedule.

The plan also includes a comprehensive analysis of the available technologies and the geography of the service territory. Additionally the plan seeks to acquire and install a system which balances priorities such as improving service and reliability with the goal of engaging customers in decisions regarding energy consumption and use.

The installation of the smart meter and support network is the enabling technology for a wide range of new tools for the customer, but if the plan stops with the installation of the smart meter, the Department fears that many if not most customers will not seek out the additional technologies. Allegheny Power's plan includes the installation of an in-home display device with each meter. Plan at 55. The decision to install an in-home display in each home provides the customer with the information needed to make educated decisions about their electricity use. This level of engagement with the customer can provide many benefits and presents the opportunity to integrate an involved consumer with the additional programs and offerings of the utility to maximize conservation efforts. As a matter of improved functionality, the Department is supportive of Allegheny's plan to take a proactive approach and install an in-home display with each meter. However, the Department is cognizant of the costs associated with Allegheny

Power's in-home display proposal and believes that a careful analysis of the costs and benefits of the displays is warranted.

In addition to the in-home display, Allegheny Power is including a Zigbee home area network card to enable numerous other available and developing in home devices and technologies including programmable communicating thermostats, load control devices, smart appliances, and plug-in hybrid electric vehicles. Plan at 55.

Ultimately, the Department believes that Allegheny Power has developed the most thorough Smart Meter Plan that is before the Commission. As a matter of providing smart meters with comprehensive functionality to consumers on an expedited basis, the Department has no objection to Allegheny Power's Smart Meter Plan. However, the Department also recognizes that cost impacts associated with smart meter deployment can create adverse reactions by Allegheny Power's customers and potentially delay or prevent widespread deployment of smart meters. As such, the Department fully supports a careful analysis of the costs and benefits of Allegheny Power's Smart Meter Plan.

Respectfully submitted,

/s/ Scott Perry

George Jugovic (Pa. No. 39586)
Assistant Counsel
gjugovic@state.pa.us
Commonwealth of Pennsylvania
Department of Environmental Protection
400 Waterfront Drive
Pittsburgh, PA 1522-4745
412-442-4262
412-442-4274 (Fax)

Scott Perry (Pa. No. 86327)

Assistant Counsel
scperry@state.pa.us

Aspassia V. Staevska (Pa. No. 94739)
Assistant Counsel
astaevska@state.pa.us

Commonwealth of Pennsylvania
Department of Environmental Protection
RCSOB, 9th Floor
400 Market Street
Harrisburg, PA 17101-2301
717-787-7060
717-783-7911 (Fax)

Dated: September 25, 2009

BEFORE THE PENNSYLVANIA PUBLIC UTILITY COMMISSION

Petition of West Penn Power Company :
d/b/a Allegheny Power for Expedited : **Docket No. M-2009-2123951**
Approval of its Smart Meter Technology :
Procurement and Installation Plan :

CERTIFICATE OF SERVICE

I hereby certify that I have this day served a true copy of the foregoing document, Comments of the Commonwealth of Pennsylvania, Department of Environmental Protection, 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 upon the persons listed below:

SERVICE BY FIRST CLASS MAIL

Honorable Mark A. Hoyer
Administrative Law Judge
Pennsylvania Public Utility Commission
Pittsburgh State Office Building Rm 1103
300 Liberty Avenue
Pittsburgh, PA 15222

Christy M. Appleby, Esquire
Tanya J. McCloskey, Esquire
Office of Consumer Advocate
5th Floor, Forum Place
555 Walnut Street, 5th Floor
Harrisburg, PA 17101

John L. Munsch
West Penn Power Company
800 Cabin Hill Drive
Greensburg, PA 15601

John F. Povilaitis, Esquire
Matthew A. Totino, Esquire
Ryan, Russell, Ogden & Seltzer
800 North Third Street, Suite 101
Harrisburg, PA 17102-2025

Richard A. Kanaskie, Esquire
Adeolu A. Bakare, Esquire
PA Public Utility Commission
Office of Trial Staff
P O Box 3265
Harrisburg, PA 17105-3265

Harry Geller, Esquire
John C. Gerhard, Esquire
PA Utility Law Project
118 Locust Street
Harrisburg, PA 17101

Lauren Lepkoski, Esquire
Office of Small Business Advocate
Commerce Building, Suite 1102
300 North Second Street
Harrisburg, PA 17101

Adam L. Benshoff, Esquire
Shelby A. Linton-Keddie, Esquire
Derrick P. Williamson, Esquire
McNees Wallace & Nurick
West Penn Power
Industrial Intervenors
100 Pine Street
Harrisburg, PA 17108

Charles E. Thomas, Jr., Esquire
Thomas T. Niesen, Esquire
Thomas Long Niesen & Kennard
212 Locust Street, Suite 500
Harrisburg, PA 17108-9500

Respectfully submitted,

/s/ Scott Perry

Scott Perry (Pa. No. 86327)
Assistant Counsel
scperry@state.pa.us

Commonwealth of Pennsylvania
Department of Environmental Protection
RCSOB, 9th Floor
400 Market Street
Harrisburg, PA 17101-2301
717-787-7060
717-783-7911 (Fax)

Dated: September 25, 2009