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May 20, 2015

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

VIA ELECTRONIC FILING

RE: Petition of PPL Electric Utilities Corporation for Approval of its Smart Meter Technology Procurement and Installation Plan; Docket No. M-2014-2430781

Dear Secretary Chiavetta:

Enclosed for filing with the Pennsylvania Public Utility Commission are the Exceptions of the PP&L Industrial Customer Alliance ("PPLICA") concerning the above-referenced proceeding.

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

Very truly yours,

McNEES WALLACE & NURICK LLC

By

A handwritten signature in black ink, appearing to read 'Adeolu A. Bakare', is written over a horizontal line.

Adeolu A. Bakare

Counsel to the PP&L Industrial Customer Alliance

/lmc

Enclosure

c: Administrative Law Judge Susan D. Colwell
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 20th day of May, 2015, at Harrisburg, Pennsylvania

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

Petition of PPL Electric Utilities Corporation :
for Approval of its Smart Meter Technology : Docket No. M-2014-2430781
Procurement and Installation Plan :

**EXCEPTIONS OF THE
PP&L INDUSTRIAL CUSTOMER ALLIANCE**

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Dated: May 20, 2015

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I. INTRODUCTION

On August 14, 2009, consistent with the requirements of Act 129 of 2008 ("Act 129") and the Pennsylvania Public Utility Commission's ("Commission" or "PUC") Smart Meter Implementation Order ("Implementation Order") entered on June 24, 2009, at Docket No. M-2009-2092655, PPL Electric Utilities Corporation ("PPL" or "Company") filed its initial Smart Meter Technology Procurement and Installation Plan ("Initial SMPI Plan") with the Commission. On June 24, 2010, the Commission entered an Opinion and Order, which found, *inter alia*, that PPL's existing metering system did not provide customers with direct access to customer usage data. As a result, the Commission directed PPL to provide metered usage data from the meter to customers to support the automatic control of electricity consumption, and directed PPL to revise the Initial SMPI to fully comply with Act 129. On August 2, 2012, the Commission directed PPL to file a revised Plan by June 30, 2014.

On June 30, 2014, PPL petitioned the Commission for approval of its second Smart Meter Technology Procurement and Installation Plan ("SMPI Plan" or "Petition"). Through the SMPI Plan, PPL proposes to begin implementing backbone Radio Frequency ("RF") Mesh Advanced Meter Infrastructure ("AMI") in 2015 and deploy RF Mesh smart meters between 2017 and 2019. PPL estimates its total costs to be approximately \$449.3 million, and proposes to recover these costs through the Smart Meter Rider ("SMR") as a per-customer charge for all Residential, Small Commercial and Industrial ("C&I") and Large C&I customers.

On August 8, 2014, the PP&L Industrial Customer Alliance ("PPLICA") filed a Petition to Intervene and Protest to the Company's Petition. A Prehearing Conference was held on August 11, 2014, before Administrative Law Judge ("ALJ") Susan D. Colwell.

An evidentiary hearing was held in this proceeding on December 16, 2014, for the purposes of presenting testimony and performing cross-examination. During this hearing, the

parties confirmed the process for submitting Briefs. Pursuant to the procedural schedule, PPLICA, PPL, the Office of Consumer Advocate ("OCA"), and Citizen's for Affordable Utility Services in Pennsylvania ("CAUSE-PA") filed Main Briefs on January 13, 2015. PPLICA, PPL, and OCA filed PPL filed Reply Briefs on February 2, 2015.

On April 30, 2015, ALJ Colwell issued an Initial Decision ("I.D.") approving PPL's SMPI, recommending that PPLICA pursue issues related to data privacy in the Commission's ongoing investigation at Docket No. M-2009-2092655, and denying PPLICA's request to condition approval of the SMPI upon submission of a Compliance Filing setting forth the calculation of PPL's line loss factors applied to gross-up Electric Generation Supplier ("EGS") deliveries pursuant to PPL's Tariff Electric Pa. P.U.C. No. 1s (hereinafter "Electric Supplier Generation Coordination Tariff" or "Supplier Tariff"). Consistent with the Secretarial Letter attached thereto, PPLICA hereby files the below Exceptions to the I.D..

II. **EXCEPTIONS**

A. **Exception No. 1: The ALJ Erred in Finding that Data Privacy Issues Arising from PPL's Supplier Portal Should Not be Addressed in the Instant Proceeding. (I.D., p. 62).**

Although recognizing the reasonableness of PPLICA's data privacy recommendations, the ALJ determined that data privacy concerns related to the Company's proposed Supplier Portal would be better addressed within the Commission's ongoing investigation regarding development of Electric Distribution Company ("EDC") web portals at Docket No. M-2009-2092655. PPLICA understands that the ongoing investigation may involve relevant data privacy issues to a degree, but additionally avers that the ALJ erred in declining to address the data privacy issues on the merits in this proceeding. As the evidentiary record demonstrates that PPL's Supplier Portal lacks sufficient privacy protections for customers' usage data, PPLICA requests that the Commission take measures to protect customers' usage data from unauthorized

disclosure by: (1) directing PPL to publish definitive protocols through which customers may access event log data through the Supplier Portal; and (2) revisit its current policies equating "customer authorization" to possession of a customer's account number.

The I.D. summarized PPLICA's concerns regarding the adequacy of PPL's proposal to maintain an event log of activity through the Supplier Portal and the unreasonableness of Commission policies authorizing EDCs to disclose customer usage data to any EGS in possession of a customer's account number. *See* I.D., pp. 59-60. PPLICA's briefs further described the necessity for PPL to refine its event log proposal by identifying the specific procedures or factors to be considered when responding to a customer's request for event log data. *See* PPLICA M.B., pp. 7-8. Regarding the Commission's historic reliance on a customer account number to show customer authorization, PPLICA's briefs also identified circumstances under which an EGS would be in possession of a customer's account number, but in reality lack any present or affirmative authorization to access the customer's sensitive usage data. *See id.* at 5-7. The I.D. recognized the reasonableness of PPLICA's proposals and concurred that PPL failed to meet its burden of proving that the Supplier Portal adequately protects customers' data from unauthorized access. *See* I.D., p. 62. However, rather than adopt PPLICA's recommendations in this proceeding, the ALJ directed PPL to comply with the results of the Commission's ongoing investigation of statewide web portal standards and encouraged PPLICA to address its concerns in that proceeding.

While some potential overlap may exist between the web portal investigation and PPLICA's requested relief in this proceeding, the Commission's investigation of web portal standards primarily seeks to resolve technical matters distinct from PPLICA's specific recommendations for PPL's Supplier Portal. As described in the I.D., the Commission's

Electronic Data Exchange Working Group ("EDEWG") convened a Web Portal Working Group ("WPWG") to develop standardized processes to enable access to historic interval and billing quality interval use data through a web portal. *See* I.D., p. 62. Following deliberations among the WPWG, the Commission entered a Tentative Order on April 23, 2015 ("Tentative Order"), which proposed technical standards and implementation deadlines for EDCs based on the WPWG's findings. Although the Tentative Order briefly affirmed that "customer consent" shall be required to obtain historic interval or billing quality interval data, the reference to data privacy issues remained generalized and limited in comparison to the Tentative Order's primary focus on adoption of technical standards for EDC web portals. *See* Tentative Order, p. 9. Accordingly, while PPLICA will additionally participate in the web portal proceeding, certain components of PPLICA's data privacy concerns remain specific to PPL's Supplier Portal.

Because PPLICA's proposal to modify the Supplier Portal by identifying specific protocols for access to event log data differs from the subject matter of the web portal investigation, the Commission should reverse the I.D. and adopt PPLICA's recommended modification in this proceeding. As recounted in PPLICA's briefs, PPL's development of an event log may not reduce the potential for unauthorized access of customer usage data, but would at least afford customers and the Commission with an opportunity to investigate any suspected incidence of unauthorized data access. *See* PPLICA M.B., p. 6. However, PPL has cautioned that customer requests for event log data would be evaluated on a case-by-case basis. *See id.* at 8. To ensure the availability of this recourse for customers, PPLICA recommends that the Commission direct PPL to publish specific protocols governing customer access to the stored event log data. Customer requests for a record of which entities have accessed their account data should be processed and fulfilled by PPL in a timely manner. This additional modification

would provide customers with assurance that requests for event log data will not be denied for unanticipated reasons.

Further, PPLICA acknowledges that the web portal investigation may be an appropriate forum to discuss PPLICA's recommendation to require affirmative customer authorization prior to releasing usage data, but further avers that such issues raised with regard to PPL's Supplier Portal should also be addressed on the record in this proceeding, even if ultimately subject to a subsequent Final Order at Docket No. M-2009-2092655. PPLICA concurs with the language in the Tentative Order indicating the "*explicit* customer permission" should be required for release of customer's usage data. *See* Tentative Order, p. 9 (Emphasis added). Consistent with the ALJ's recommendation, PPLICA will file Comments to the Tentative Order at Docket No. M-2009-2092655. However, as the Commission must rule on PPL's Supplier Portal in this proceeding, PPLICA recommends that the Commission address PPLICA's observation that implementation of the Supplier Portal could facilitate and incentivize unauthorized access to customers' data unless EDCs are compelled to affirm explicit and present customer authorization beyond mere possession of a customer's account number.

B. Exception No. 2: The ALJ Erred in Finding PPLICA's Request for a Compliance Filing Itemizing PPL's Line Loss Factors to be Untimely. (I.D., p. 67).

Upon review of PPLICA's request for a Compliance Filing itemizing PPL's line loss factors, the ALJ dismissed the request as untimely, claiming that PPLICA failed to develop the issue through discovery and testimony. This finding failed to consider the applicable circumstances, where the necessity for a Compliance filing arose from cross-examination questions related to discovery propounded by PPLICA in this proceeding. Accordingly, PPLICA properly developed the issue through discovery and cross-examination. Additionally, the Compliance filing seeks only to confirm PPL's stated representations as to the calculation of its

line loss factors. For these reasons, the Commission should reverse the I.D. on this issue and compel PPL to prepare and submit a Compliance Filing itemizing its line loss calculation.

The I.D. overlooked PPLICA's efforts to develop a record on the necessity to adjust PPL's tariff rates to reflect changes to the Company's UFE levels. As summarized in the I.D., PPL anticipates that the SMPI will improve the Company's UFE rates. *See* I.D., p. 66; *see also* PPLICA M.B., p. 10. Because questioning upon cross-examination expanded upon prior discovery regarding the relationship between UFE and PPL's line losses, PPLICA requested that the Commission direct PPL to submit a Compliance Filing disclosing its calculation of the line loss factors to confirm whether the published line loss rates include UFE. *See* I.D., p. 66. The I.D. denied PPLICA's request, finding that: (1) PPLICA should have developed the issue through discovery and testimony; and (2) PPL had established that UFE would not be reflected in the line loss factors. *Id.* at 67.

Contrary to the finding in the I.D., PPLICA developed an evidentiary record on the matter of whether PPL's expectation for improved UFE rates may necessitate adjustments to the Company's tariff rates. Prior to commencement of the evidentiary hearings, PPLICA propounded discovery on PPL requesting the following:

C. How will PPL reflect the projected changes to its unaccounted-for energy and/or distribution loss rates in customer bills? Please include the methodology for reflecting changes in unaccounted-for energy and/or distribution line loss rates to the following PPL tariff charges:

- i. Generation Service Charge – 1;
- ii. Generation Service Charge – 2;
- iii. Transmission Service Charge (each customer class);
- iv. Act 129 Compliance Rider -1;
- v. Act 129 Compliance Rider - 2;
- vi. Smart Meter Rider;
- vii. Any additional Electric Distribution rates and/or surcharges incorporating unaccounted-for energy and/or distribution losses; and

- viii. Any provisions of PPL's Electric Generation Supplier Coordination Tariff incorporating *unaccounted-for energy and/or distribution line losses*.

See PPLICA M.B., p. 11 *citing* PPLICA Cross-Examination Exhibit No. 3, p. 1 (Emphasis added). In response, PPL explained that "[t]o the extent unaccounted-for-energy is reduced; it is inherently incorporated in sales used for distribution rates in base rate proceedings and riders when the rates are recalculated." *See id.* at 2. At the evidentiary hearing, PPL Witness Bethany Johnson expanded upon the initial discovery response, clarifying that the Company also grosses up EGS deliveries to reflect line loss factors, but defined line loss factors to include only "system line losses" as distinct from UFE losses occurring after the customer's meter. *See* PPLICA M.B., p. 12. Further, Ms. Johnson testified that, if the calculation of system line loss factors did include UFE, then it should be adjusted to reflect changes the Company's UFE rates. *See id. citing* Tr. 138.

As PPLICA propounded discovery regarding the effect of adjusted UFE rates on PPL's Supplier Tariff rates and conducted cross-examination in an attempt to affirm the relationship between PPL's UFE rates and the line loss calculation in the Supplier Tariff, PPLICA properly furnished evidence supporting its position that PPL expects to improve its UFE rates, but does not propose to adjust any tariff provisions as a result of the expected lower UFE rates. *See* PPLICA M.B., p. 11 *citing* PPLICA Cross-Examination Exhibit No. 3, p. 1. PPL's contention that the Commission should dismiss PPLICA's requested Compliance Filing for failure to develop the issue through discovery and testimony conflicts with the evidentiary record.

Further, the Commission should consider that the public interest would be better served by resolving the outstanding issue necessary to ensure just and reasonable rates following implementation of PPL's SMPI Plan. During the aforementioned cross-examination, PPL's

witness confirmed a general understanding that system line losses exclude UFE, but also expressed a degree of uncertainty regarding whether the line loss factor calculation reflected this distinction. *See* PPLICA M.B., p. 12 (witness affirming the discussion of "system losses" as used in the Supplier Tariff to be "getting outside [her] expertise."). Further, PPL's witness agreed that the line loss factors should be adjusted if UFE was included in the calculation. *See* Tr. 138. Therefore, because the Supplier Tariff does not include a specific definition or itemization of the components of system line losses, the Commission should fully resolve the before closing this proceeding. Accordingly, the Commission should direct PPL to submit a written Compliance Filing establishing whether, consistent with statements at the evidentiary hearing, the calculated line loss rates in Section 6.8 of its Supplier Tariff exclude UFE.

III. CONCLUSION

WHEREFORE, the PP&L Industrial Customer Alliance respectfully requests that the Pennsylvania Public Utility Commission:

- (1) Grant the Exceptions of the PP&L Industrial Customer Alliance;
- (2) Direct PPL to establish definitive protocols through which customers may access event log data through the Supplier Portal;
- (3) Reevaluate its policies authorizing EDCs to disclose usage data to an Electric Generation Supplier upon presentation of a customer account number and require confirmation of present and explicit customer authorization to disclose usage data through the Supplier Portal;
- (4) Direct PPL to publish the calculation of its line loss factor set forth in Section 6.8 of its Electric Generation Supplier Coordination Tariff; and
- (5) Grant any additional relief deemed appropriate and consistent with the above recommendations.

Respectfully submitted,

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By 

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