

BEFORE THE  
PENNSYLVANIA PUBLIC UTILITY COMMISSION

PENNSYLVANIA PUBLIC UTILITY :  
COMMISSION :  
 : DOCKET NO. R-2014-2428743  
v. :  
 :  
PENNSYLVANIA ELECTRIC COMPANY :

SURREBUTTAL TESTIMONY

OF

BARBARA R. ALEXANDER

ON BEHALF OF THE

PENNSYLVANIA OFFICE OF CONSUMER ADVOCATE

JANUARY 6, 2015

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1 **I. INTRODUCTION AND SUMMARY**

2 Q. PLEASE STATE YOUR NAME, ADDRESS AND OCCUPATION.

3 A. My name is Barbara R. Alexander. I use the title of Consumer Affairs Consultant. My  
4 address is 83 Wedgewood Dr., Winthrop, ME 04364. I appear in this case as a witness  
5 on behalf of the Pennsylvania Office of Consumer Advocate (OCA).

6 Q. HAVE YOU PREVIOUSLY SUBMITTED TESTIMONY IN THESE PROCEEDINGS?

7 A. Yes. I submitted Direct Testimony on behalf of the OCA on November 24, 2014 for each  
8 of the four FirstEnergy Electric Distribution Companies in response to their filing for  
9 base rate increases. My testimony addressed FirstEnergy's statements concerning  
10 reliability of service, customer service and operation of the billing system, particularly  
11 estimated billing policies, the proposed Storm Damage Expense Rider, and the proposed  
12 revisions of the Companies' Electric Service Tariffs.

13 Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY AT THIS TIME?

14 A. I am filing Surrebuttal Testimony on behalf of the OCA in response to certain testimony  
15 filed by the FirstEnergy Companies on December 18, 2014. In addition, I will respond  
16 to the Companies' filings on December 26, 2014 in response to the directive of the  
17 Administrative Law Judges in their Procedural Order issued December 5, 2014.

18 Q. HOW IS YOUR SURREBUTTAL TESTIMONY ORGANIZED AND HOW WILL  
19 YOU PRESENT YOUR TESTIMONY FOR THE FOUR FIRSTENERGY  
20 COMPANIES?

21 A. My testimony will address certain common issues and proposals that are reflected in the  
22 Rebuttal Testimony filed by the FirstEnergy electric distribution companies (Companies)

1 to make a significant increase in their base rates and customer bills. The FirstEnergy  
2 Companies are Metropolitan Edison Co. (Met-Ed), Pennsylvania Electric Co. (Penelec),  
3 Pennsylvania Power Co. (Penn Power) and West Penn Power Co. (West Penn). When I  
4 refer to the four distribution companies, I will use the term “Companies.” When I need to  
5 refer to the individual company I will use their names or abbreviations as noted.

6 Q. PLEASE EXPLAIN THE ISSUES YOU WILL ADDRESS IN YOUR SURREBUTAL  
7 TESTIMONY IN THESE FOUR PROCEEDINGS.

8 A. I will respond to the Rebuttal Testimony of Steven Strah with respect to:

- 9 • Reliability of service;
- 10 • Customer service, including the performance of the call center, billing and  
11 estimated billing policies, complaint handling, and other metrics tracked by the  
12 Commission.

13 I will respond to the Rebuttal Testimony of Kimberlie Bortz with respect to:

- 14 • The proposal to adopt a new Storm Damage Charge Rider; and
- 15 • The proposal to revise the Companies’ retail electric distribution service tariffs.

16

1 **II. SUMMARY OF CONCLUSIONS AND RECOMMENDATIONS**

2  
3 Q. PLEASE SUMMARIZE YOUR OVERALL CONCLUSIONS AND  
4 RECOMMENDATIONS.

5 A. My conclusions and recommendations remain as originally included in my Direct  
6 Testimony. The Companies' Rebuttal was unpersuasive, unresponsive, and, in some  
7 cases, unrelated to the factual information and conclusions in my testimony. Therefore, I  
8 present my conclusions and recommendations again to ensure a complete record:

9 • Reliability of Service.

10 1) There are grounds to reject the Companies' allegation that their reliability of service  
11 has improved or that they have met the applicable reliability performance standards in  
12 recent years. In fact, the reliability performance for Penelec, Penn Power, and West  
13 Penn shows evidence of deterioration as reflected in the Commission's 2013 Annual  
14 Reliability Report for several standards.

15 2) As a result, there are no grounds for supporting Mr. Fullem's recommendation and the  
16 apparent endorsement of this recommendation in Mr. Strah's Rebuttal that the  
17 Companies' reliability performance should be rewarded through an above average rate  
18 of return.

19 • Customer Service Performance and Estimated Billing.

20 1) The Commission should reject the Companies' claim of high levels of customer  
21 satisfaction based on rewards from the Edison Electric Institute or results of the J.D.  
22 Power Electric Utility Customer Satisfaction Study.

1 2) Rather, the Commission should focus on the Companies' performance as reflected in  
2 the customer service and credit and collection reports obtained from all Pennsylvania  
3 electric distribution companies. Pursuant to that evidence, the FirstEnergy Companies  
4 operate either at the average or low range of performance compared to other electric  
5 distribution companies in most measurements. Therefore, there are no grounds to  
6 support Mr. Fullem's claim and Mr. Strah's apparent endorsement in his Rebuttal that  
7 the Companies' performance in this area deserves a higher than average rate of return.

8 3) The incidence of customer complaints submitted to the Companies has risen  
9 significantly from 2010 through 2013 with the exception of Penn Power.

10 4) More importantly, my evaluation of these performance areas indicates that West Penn  
11 performs below average in most categories compared to not only the other FirstEnergy  
12 Companies, but other Pennsylvania electric distribution companies as well. As a  
13 result, I recommend that the Commission order West Penn to improve its customer  
14 service performance in all categories to, at a minimum, perform at a level equal to the  
15 average level of the other FirstEnergy Companies as a condition of any rate increase  
16 approved in this proceeding. West Penn's shareholders should bear the incremental  
17 costs to achieve this reasonable performance level.

18 5) With regard to my evaluation of how the Companies have implemented bi-monthly  
19 estimated billing for Met-Ed, Penelec, and West Penn, I find that those Companies  
20 tolerate and rely on a very high level of consecutive estimated bills that do not appear  
21 to conform to the Chapter 56 standards. Mr. Strah's Rebuttal testimony that alleges  
22 that "weather" is the primary cause of consecutive estimated meter reads is not  
23 accompanied by any facts or analysis. Furthermore, his Rebuttal testimony fails to

1 take into account the pattern that reflects a significant difference in the performance in  
2 this regard between Met-Ed, Penelec, and West Penn as compared to Penn Power.  
3 This pattern is most evident when comparing the incidence of consecutive estimated  
4 bills for those three Companies compared to Penn Power. Penn Power's stated policy  
5 is to issue all its bills based on actual meter readings but there is evidence that Penn  
6 Power tolerates a high level of routine estimated bills as well. The difference in  
7 customer complaints from the three Companies that rely on estimated bills compared  
8 to Penn Power customer complaints is also significant. I recommend that the  
9 Commission require the following conditions in these proceedings:

- 10 i) Met-Ed, Penelec, and West Penn should be ordered to immediately institute  
11 policies and practices to ensure compliance with Chapter 56 and dramatically  
12 reduce the number of consecutive estimated bills. All FirstEnergy Companies  
13 should be required to regularly document and report the basis for the failure to  
14 issue a bill based on an actual meter reading every other month pursuant to Chapter  
15 56;
- 16 ii) The revenue requirements proposed by Met-Ed, Penelec, and West Penn should be  
17 assumed to reflect their ongoing obligation to comply with Chapter 56's billing  
18 requirements. Therefore, if there are any incremental costs associated with  
19 implementing reforms to ensure compliance with Chapter 56, the Companies'  
20 shareholders should bear any incremental expenses associated with the correction  
21 of this failure to comply;
- 22 iii) Met-Ed, Penelec, and West Penn should promptly revise their websites and  
23 customer education materials to explicitly inform their customers of the standard

1 policy to issue bills based on actual meter readings every other month, conduct  
2 statistically valid surveys of its customers about their experiences with this policy  
3 and the methods offered by the Companies to consider customer provided meter  
4 readings in a timely manner, and report the results of these outreach and research  
5 recommendations within six months of an order in this proceeding; and

6 iv) The Commission may want to pursue an audit after these proceedings to determine  
7 that the Companies have implemented appropriate reforms to assure compliance  
8 with the Chapter 56 billing requirements, as well as evaluate the impact of certain  
9 of the reforms recently adopted by the Companies and as described by Mr. Strah in  
10 his Rebuttal.

11 • Storm Damage Charge Rider. The Commission should reject the proposal to  
12 create a new Storm Damage Charge Rider for the reasons set forth in my testimony. This  
13 recommendation is applicable as well to the alternative proposal discussed by Ms. Bortz  
14 in her Rebuttal.

15 • Revised Tariffs. The Commission should require numerous reforms and  
16 additional language in the Companies' proposed tariff revisions in its General Rules and  
17 Regulations to conform to statutory and regulatory policies as set forth in my testimony.  
18 The reasons provided by Ms. Bortz in her Rebuttal to reject my recommendations are not  
19 persuasive and reflect internal inconsistencies.

1 **III. RESPONSE TO STEVEN STRAH'S REBUTTAL TESTIMONY ON**  
2 **RELIABILITY OF SERVICE PERFORMANCE**

3  
4 Q. WHAT DOES MR. STRAH PROVIDE IN HIS REBUTTAL TESTIMONY THAT  
5 RESPONDS TO YOUR CONCLUSIONS ABOUT THE RELIABILITY OF SERVICE  
6 PERFORMANCE OF THE FIRST ENERGY COMPANIES?

7 A. According to Mr. Strah, my conclusions are "erroneous" because I have relied on  
8 "dissimilar data to compare the Company's current versus historic System Average  
9 Interruption Frequency Index (SAIFI), Customer Average Interruption Duration Index  
10 (CAIDI), and System Average Interruption Duration Index (SAIDI)." Mr. Strah's  
11 statements are based on his conclusion that data collected from 1994 through 1998 were  
12 obtained prior to when the Companies' Outage Management Systems (OMS) were  
13 installed and that these systems resulted in recording more outages and more outage  
14 minutes compared to the older manual systems.<sup>1</sup> As a result, Mr. Strah claims that I have  
15 relied on "inherently biased data"<sup>2</sup> to present trends in reliability metrics.

16 Q. DO YOU AGREE WITH MR. STRAH'S CHARACTERIZATION OF YOUR  
17 ANALYSIS OF RELIABILITY PERFORMANCE RESULTS?

18 A. No. Mr. Strah has created a "red herring" that is not applicable to any of my statements  
19 about the reliability of performance of the Companies. First, the Commission has  
20 established numerical performance standards for each Company and those were updated

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<sup>1</sup> See, e.g., Rebuttal Testimony of Steven Strah, West Penn Statement No. 11-R, at 2-3. These same allegations and statements are reflected in his testimony for all four Companies.

<sup>2</sup> Ibid., at 4, line 9.

1 in 2006.<sup>3</sup> To the extent that Mr. Strah has any concerns with the Commission's  
2 performance standards, his criticism is misplaced in this proceeding. The standards that  
3 are applicable to Penn Power, Met-Ed, and Penelec were revised in 2006 to explicitly  
4 respond to this allegation that the installation of OMS should result in a reconsideration  
5 of the 2004 standards. It was never my intent to relitigate the standards applicable to the  
6 FirstEnergy Companies. Rather, my presentation of reliability performance was derived  
7 from the Commission's own 2013 Annual Reliability Report and do not reflect any facts  
8 or conclusions that this Report does not otherwise reflect.

9 Q. PLEASE DISCUSS THE SOURCE OF THE FACTS AND OBSERVATIONS YOU  
10 INCLUDED IN YOUR DIRECT TESTIMONY ABOUT THE RELIABILITY  
11 PERFORMANCE OF THE COMPANIES.

12 A. I relied on the Commission's 2013 Annual Reliability Report to describe the recent  
13 performance of the Companies. This Report states the following with regard to the  
14 establishment of the benchmarks and standards:

15 The Commission also established reliability benchmarks and standards to  
16 measure the performance of each EDC. Given the uncertainty of weather  
17 and other events that can affect reliability performance, the Commission  
18 has stated that EDCs should set goals to achieve benchmark performance  
19 in order to prepare for times when unforeseen circumstances push the  
20 metrics above the benchmark. As mandated, enforcement of the three-year  
21 rolling average standard began with the utilities' filing of their 2006  
22 annual reports. The three-year performance standard only allows a  
23 deviation of 10 percent from the reliability index benchmark, as compared  
24 with the 20 percent or 35 percent deviations allowed by the 12-month  
25 performance standard. The Commission set the performance standard as

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<sup>3</sup> The SAIFI, CAIDI, and SAIDI reliability standards applicable to Penn Power, Met-Ed, and Penelec were revised based on a negotiated settlement in Docket No. P-00042115 and the resulting standards were approved by the Commission in its Order Entered February 17, 2006. These standards were negotiated as a result of FirstEnergy's petition on behalf of these Companies that alleged that the standards adopted by the Commission in 2004 failed to properly take into account the result of the installation of the Outage Management Systems. This petition did not include West Penn Power since that distribution company was not owned by FirstEnergy at that time.

1 the minimum level of EDC reliability performance. Reliability  
2 Performance Standards that are not in compliance require EDCs to provide  
3 an evaluation to the Commission that includes a Corrective Action Plan or  
4 a credible basis that would justify no corrective action is required.  
5 Performance Standards that are not achieved during an assessment period  
6 will be followed up by the Commission to ensure there is not a systemic  
7 breakdown.<sup>4</sup>  
8

9 As a result, the performance standards are designed to reflect the normal annual variation.

10 The benchmark and performance standards include normal weather events, but they exclude  
11 “major events.” The standards establish the “minimum level of performance.” Mr. Strah’s  
12 attempt to explain the historical or recent reliability performance of the FirstEnergy Companies  
13 by reference to the installation of OMS should be rejected. The FirstEnergy Companies installed  
14 OMS many years ago and the standards applicable to the FirstEnergy Companies have reflected  
15 the impact of the OMS on reported reliability results for over 10 years.<sup>5</sup>

16 I also note that the settlement that resulted in some modest changes to the Penn Power,  
17 Met-Ed, and Penelec reliability performance standards was supported by the OCA on the  
18 grounds that the revised standards would continue to ensure the statutory obligation of the  
19 distribution companies to maintain reliability performance that existed prior to the onset of  
20 restructuring, which is why the 1994-1998 performance data was the focus of the initial and  
21 revised reliability standards applicable to the FirstEnergy Companies. In fact, the negotiated  
22 settlement that led to the revised standards presented the revisions based on their comparison to  
23 the 1994-1998 performance and the 2004 standards based on 1994-1998 average performance.  
24 The revised reliability performance standards are the standards reflected in the Commission’s  
25 Annual Reliability Performance Reports that I have quoted in my testimony.

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<sup>4</sup> 2013 Reliability Report, at 1.

<sup>5</sup> Penelec installed OMS in January 2000 (Penelec Response to OCA-XX-12); West Penn installed OMS in January 2001 (West Penn Response to OCA-XX-12); Met-Ed installed OMS in January 2000 (Met-Ed Response to OCA-XX-12); Penn Power installed OMS in June 2003 (Penn Power Response to OCA-XX-12).

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Q. IS IT YOUR STATEMENT THAT WEATHER IS NOT A FACTOR IN  
DISTRIBUTION COMPANY RELIABILITY PERFORMANCE?

A. Of course not. I recognize the potential for “weather” to influence the frequency and duration of customer outages. However, Mr. Strah’s lack of any factual support for his undefined “weather” to excuse the Companies’ ability to comply with the required benchmark and performance standards when those standards already reflect weather-related events over a multiple year period should be rejected. In addition, the standards reflect the operation of the OMS systems. Furthermore, the Companies report the reasons for customer outages to the Commission and “weather” is not typically reported as a category of the causes of outages in these reports. I reject Mr. Strah’s attempts to excuse the actual reliability performance results that I presented in my Direct Testimony.

1                                   **WEST PENN POWER RELIABILITY PERFORMANCE**

2    Q.    MR. STRAH STATES THAT WEST PENN’S RELIABILITY PERFORMANCE  
3           REMAINS “STRONG” AND THE “PEAKS AND VALLEYS” IN PERFORMANCE  
4           RESULTS ARE LARGLY DRIVEN BY WEATHER.<sup>6</sup> DO YOU AGREE WITH THIS  
5           STATEMENT?

6    A.    No. As described above, the performance standards reflect a multi-year average of  
7           normal weather conditions and “major events” are excluded. Furthermore, West Penn’s  
8           own data documents that the major causes of outage events and customer outage minutes  
9           are “trees” and “equipment failure,” both categories that reflect actions that are subject to  
10          the Company’s control in the form of vegetation management practices and repair and  
11          maintenance. According to the Commission’s 2013 Reliability Report:<sup>7</sup>

12          •       Four EDCs, two of which are FirstEnergy Companies, (Citizens’, Penelec, Pike  
13                  County and **West Penn**) failed to meet the rolling three-year SAIFI performance  
14                  standard in 2013, compared to one EDC (Met-Ed) in 2012.

15          •       Five EDCs, three of which are FirstEnergy Companies, (Citizens’, Penelec, Penn  
16                  Power, Pike County and **West Penn**) failed to meet the rolling three-year SAIDI  
17                  performance standard by 116 minutes total in 2013, compared to two EDCs (Penelec, and  
18                  Pike County) by 33 minutes total in 2012.

19          •       **CAIDI:** Rolling 12-month for West Penn: Decreased from 226 minutes in 2012  
20                  to 183 minutes in 2013; failed to achieve benchmark by 8 percent. Three-year average:  
21                  Decreased from 189 minutes in 2012 to 187 minutes in 2013; achieved standard by 0.2

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<sup>6</sup> West Penn Statement No. 11-R, at 5.

<sup>7</sup> At 39-42.

1 percent.

2 • **SAIDI:** Rolling 12-month for West Penn: Decreased from 241 minutes in 2012  
3 to 222 minutes in 2013; failed to achieve benchmark by 24 percent. Three-year average:  
4 Increased from 214 minutes in 2012 to 225 minutes in 2013; failed to achieve standard by  
5 3.5 percent.

6 • **SAIFI:** Rolling 12-month for West Penn: Increased from 1.07 outages in 2012 to  
7 1.21 outages in 2013; failed to achieve benchmark by 15 percent. Three-year average:  
8 Increased from 1.16 outages in 2012 to 1.23 outages in 2013; failed to achieve standard  
9 by 6 percent.

10 • According to the Commission's Annual Report, "**Improvement is needed to**  
11 **drive performance goals below benchmark, especially in the number of**  
12 **interruptions experienced by customers.**"

13 • Figure 46 in the Commission's Report states that West Penn reported that  
14 "weather" accounted for less than 5% of outages, but that "trees" and "equipment failure"  
15 contributed over 60% of the outage minutes experienced by customers.

16 Q. MR. STRAH PRESENTS INFORMATION THAT CONTRASTS WEST PENN'S  
17 RELIABILITY PERFORMANCE FOR TWO YEARS PRIOR TO THE MERGER  
18 WITH DATA FOR A ROLLING 12-MONTH PERIOD AS OF NOVEMBER 2014. IS  
19 THIS INFORMATION RELEVANT?

20 A. Mr. Strah has presented data for two selected years and compared performance for a  
21 rolling 12-month period ending November 2014 for SAIDI, SAIFI, and CAIDI.<sup>8</sup> While  
22 the "numbers" may be accurate, this presentation is not how the Commission evaluates

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<sup>8</sup> West Penn Statement No. 11-R, at 6.

1 reliability performance. As described in the Commission's 2013 Reliability Report, each  
2 Company's three-year average and rolling 12-month average performance is compared to  
3 the required benchmarks and performance standards.

4 Q. MR. STRAH DESCRIBES THE COMPANY'S PROGRAMS TO ENHANCE  
5 RELIABILITY OF SERVICE, INCLUDING VEGETATION MANAGEMENT AND  
6 ROUTINE INSPECTION AND MAINTENANCE POLICIES. ARE THESE  
7 PROGRAMS RELEVANT OR RESPONSIVE TO YOUR TESTIMONY?

8 A. No. I did not evaluate and I did not provide any opinion on the scope, scale, or  
9 reasonableness of the West Penn's preventive maintenance, vegetation management, or  
10 inspection programs. Rather, I have focused on the actual results in the form of  
11 reliability performance as measured by the Commission's regulations.

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1 **PENELEC RELIABILITY PERFORMANCE**

2 Q. MR. STRAH STATES THAT PENELEC’S RELIABILITY PERFORMANCE  
3 REMAINS “STRONG” AND THE “PEAKS AND VALLEYS” IN PERFORMANCE  
4 RESULTS ARE LARGELY DRIVEN BY WEATHER.<sup>9</sup> DO YOU AGREE WITH THIS  
5 STATEMENT?

6 A. No. As described above, the performance standards reflect a multi-year average of  
7 normal weather conditions and “major events” are excluded. Furthermore, Mr. Strah’s  
8 statements do not reflect Penelec’s own data that shows that the major cause of outages  
9 are “trees” and “equipment failure,” both categories that reflect actions that are subject to  
10 the Company’s control in the form of vegetation management practices and repair and  
11 maintenance. According to the Commission’s 2013 Reliability Report:<sup>10</sup>

12 • Four EDCs (Citizens’, **Penelec**, Pike County and West Penn) failed to meet the  
13 rolling three-year SAIFI performance standard in 2013, compared to one EDC (Met-Ed)  
14 in 2012.

15 • Five EDCs (Citizens’, **Penelec**, Penn Power, Pike County and West Penn)  
16 failed to meet the rolling three-year SAIDI performance standard by 116 minutes total in  
17 2013, compared to two EDCs (**Penelec**, and Pike County) by 33 minutes total in 2012.

18 • **CAIDI:** Rolling 12-month for Penelec: Decreased from 138 minutes in 2012 to  
19 117 minutes in 2013; and exactly achieved benchmark of 117. Three-year average:  
20 Decreased slightly from 143 minutes in 2012 to 141 minutes in 2013; failed to achieve  
21 standard by 9 percent.

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<sup>9</sup> Penelec Statement No. 11-R, at 5.

<sup>10</sup> At 21-23.

1 • **SAIDI:** Rolling 12-month for Penelec: Decreased from 194 minutes in 2012 to  
2 174 minutes in 2013; failed to achieve benchmark by 18 percent. Three-year average:  
3 Increased from 196 minutes in 2012 to 200 minutes in 2013; failed to achieve standard by  
4 12 percent.

5 • **SAIFI:** Rolling 12-month for Penelec: Increased from 1.4 outages in 2012 to  
6 1.48 outages in 2013; failed to achieve benchmark by 18 percent. Three-year average:  
7 Increased from 1.37 outages in 2012 to 1.43 outages in 2013; failed to achieve standard  
8 by 3 percent.

9 • Penelec's CAIDI has been trending downward the last two quarters and is now at  
10 benchmark, while **SAIFI has been trending away from achieving benchmark.**

11 • Figure 22 in the Commission's Report reflects that Penelec did not report  
12 "weather" as an event that resulted in outage events, but rather reported that "trees" and  
13 "equipment failure" contributed over 55% of the outage minutes experienced by  
14 customers.

15 Q. MR. STRAH PRESENTS INFORMATION THAT CONTRASTS PENELEC'S  
16 RELIABILITY PERFORMANCE IN 2013 WITH THE TWO YEARS PRIOR TO THE  
17 LAST RATE CASE (2003-2005 AVERAGE). IS THIS INFORMATION RELEVANT?

18 A. Mr. Strah has presented data for two selected years and compared performance for 2013  
19 for SAIDI, SAIFI, and CAIDI.<sup>11</sup> While the "numbers" may be accurate, this presentation  
20 is not how the Commission evaluates reliability performance. As described in the  
21 Commission's 2013 Reliability Report, each Company's three-year average and rolling  
22 12-month average performance is compared to the required benchmarks and performance

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<sup>11</sup> Penelec Statement No. 11-R, at 5.

1 standards.

2 Q. MR. STRAH DESCRIBES THE COMPANY'S PROGRAMS TO ENHANCE  
3 RELIABILITY OF SERVICE, INCLUDING VEGETATION MANAGEMENT AND  
4 ROUTINE INSPECTION AND MAINTENANCE POLICIES. ARE THESE  
5 PROGRAMS RELEVANT OR RESPONSIVE TO YOUR TESTIMONY?

6 A. No. I did not evaluate and I do not provide any opinion on the scope, scale, or  
7 reasonableness of Penelec's preventive maintenance, vegetation management, or  
8 inspection programs. Rather, I have focused on the actual results in the form of  
9 reliability performance as measured by the Commission's regulations.

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1 achieve standard by 14 percent.

2 • **SAIFI:** Rolling 12-month for Penn Power: Increased from 1.17 outages in 2012  
3 to 1.35 outages in 2013; and failed to achieve benchmark by 21 percent. Three-year  
4 average: Increased from 1.07 outages in 2012 to 1.18 outages in 2013; but achieved  
5 standard by 4 percent.

6 • Tree-related incidents and equipment failure account for a significant portion of  
7 customer outages. Figure 27 of the Reliability Report shows the historical trend of the top  
8 two major outage causes. The most frequent outage cause was lightning; however this is  
9 trending lower than last year.

10 • **According to the 2013 Annual Report, “It appears Penn Power customer**  
11 **outages are taking longer to restore and occurring more frequently during this time**  
12 **period. The PUC has met with Penn Power in June 2014 to assess low performance**  
13 **scores during this time period and a corrective action plan from Penn Power is due**  
14 **in July 2014 for PUC review.”** The Company’s testimony in this proceeding does not  
15 recognize this directive or indicate how it has responded to it.

16 Q. MR. STRAH PRESENTS INFORMATION THAT CONTRASTS PENN POWER’S  
17 RELIABILITY PERFORMANCE IN TWO DIFFERENT FOUR-YEAR PERIODS  
18 WITH A ROLLING 12-MONTH AVERAGE. IS THIS INFORMATION RELEVANT?

19 A. Mr. Strah has presented data that compares the 2001-2005 average, the 2006-2013  
20 average, and the rolling 12-month average ending November 2014 for SAIDI, SAIFI, and  
21 CAIDI.<sup>14</sup> While the “numbers” may be accurate, this presentation is not how the  
22 Commission evaluates reliability performance. As described in the Commission’s 2013

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<sup>14</sup> Penn Power Statement No. 11-R, at 5.

1 Reliability Report, each Company's three-year average and rolling 12-month average  
2 performance is compared to the required benchmarks and performance standards.

3 Q. MR. STRAH DESCRIBES THE COMPANY'S PROGRAMS TO ENHANCE  
4 RELIABILITY OF SERVICE, INCLUDING VEGETATION MANAGEMENT AND  
5 ROUTINE INSPECTION AND MAINTENANCE POLICIES. ARE THESE  
6 PROGRAMS RELEVANT OR RESPONSIVE TO YOUR TESTIMONY?

7 A. No. I did not evaluate and I do not provide any opinion on the scope, scale, or  
8 reasonableness of Penn Power's preventive maintenance, vegetation management, or  
9 inspection programs. Rather, I have focused on the actual results in the form of  
10 reliability performance as measured by the Commission's regulations.

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1 **MET-ED RELIABILITY PERFORMANCE**

2 Q. MR. STRAH STATES THAT MET-ED’S RELIABILITY PERFORMANCE REMAINS  
3 “STRONG” AND THE “PEAKS AND VALLEYS” IN PERFORMANCE RESULTS  
4 ARE LARGLY DRIVEN BY WEATHER.<sup>15</sup> DO YOU AGREE WITH THIS  
5 STATEMENT?

6 A. No. As described above, the performance standards reflect a multi-year average of  
7 normal weather conditions and “major events” are excluded. Furthermore, Mr. Strah’s  
8 statements do not reflect Met-Ed’s own data that shows that the major cause of outages  
9 are “trees” and “equipment failure” both categories that reflect actions that are subject to  
10 the Company’s control in the form of vegetation management practices and repair and  
11 maintenance. According to the Commission’s 2013 Reliability Report:<sup>16</sup>

12 • **CAIDI:** Rolling 12-month for Met-Ed: Decreased from 120 minutes in 2012 to  
13 105 minutes in 2013; achieved benchmark by 10 percent. Three-year average: Decreased  
14 slightly from 119 minutes in 2012 to 114 minutes in 2013; achieved standard by 12  
15 percent.

16 • **SAIDI:** Rolling 12-month for Met-Ed: Decreased from 155 minutes in 2012 to  
17 115 minutes in 2013; achieved benchmark by 15 percent. Three-year average: Decreased  
18 from 159 minutes in 2012 to 137 minutes in 2013; achieved standard by 16 percent.

19 • **SAIFI:** Rolling 12-month for Met-Ed: Decreased from 1.29 outages in 2012 to  
20 1.09 outages in 2013; achieved benchmark by 5 percent. Three-year average: Decreased  
21 from 1.34 outages in 2012 to 1.20 outages in 2013; failed to achieve standard by 6

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<sup>15</sup> Met-Ed Statement No. 11-R, at 4-5.

<sup>16</sup> At 15-17.

1 percent.

2 • Figure 15 of the Reliability Report shows a historical trend of the top major  
3 outage causes, which shows that “equipment failure” is the most frequent cause of a  
4 power outage.

5 • During the past 12 months, Met-Ed’s average outage duration (CAIDI) decreased  
6 and frequencies (SAIFI) decreased. Met Ed’s rolling 12-month CAIDI and SAIFI were  
7 trending downward and below benchmark the last two quarters of 2013.

8 Q. MR. STRAH PRESENTS INFORMATION THAT CONTRASTS MET-ED’S  
9 RELIABILITY PERFORMANCE FOR 2003-2005 WITH 2013 PERFORMANCE. IS  
10 THIS INFORMATION RELEVANT?

11 A. Mr. Strah has presented data that compares the 2003-2005 average with the performance  
12 results for 2013 for SAIDI, SAIFI, and CAIDI.<sup>17</sup> While the “numbers” may be accurate,  
13 this presentation is not how the Commission evaluates reliability performance. Nor does  
14 this comparison reflect the revised standards adopted in 2006 that Mr. Strah correctly  
15 notes are the applicable standards to use in showing performance results. As described  
16 in the Commission’s 2013 Reliability Report, each Company’s three-year average and  
17 rolling 12-month average performance is compared to the required benchmarks and  
18 performance standards.

19 Q. MR. STRAH DESCRIBES THE COMPANY’S PROGRAMS TO ENHANCE  
20 RELIABILITY OF SERVICE, INCLUDING VEGETATION MANAGEMENT AND  
21 ROUTINE INSPECTION AND MAINTENANCE POLICIES. ARE THESE  
22 PROGRAMS RELEVANT OR RESPONSIVE TO YOUR TESTIMONY?

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<sup>17</sup> Met-Ed Statement No. 11-R, at 5.

1 A. No. I did not evaluate and I do not provide any opinion on the scope, scale, or  
2 reasonableness of Met-Ed's preventive maintenance, vegetation management, or  
3 inspection programs. Rather, I have focused on the actual results in the form of  
4 reliability performance as measured by the Commission's regulations.

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1 **IV. RESPONSE TO THE REBUTTAL TESTIMONY OF MR. STEVEN STRAH**  
2 **ON CUSTOMER SERVICE PERFORMANCE**

3  
4 Q. PLEASE IDENTIFY THE ISSUES RAISED IN THE COMPANIES' REBUTTAL  
5 TESTIMONY THAT YOU WILL ADDRESS IN THIS SECTION OF YOUR  
6 TESTIMONY.

7 A. I will address three aspects of Mr. Strah's Rebuttal Testimony:

8 • Mr. Strah has submitted Rebuttal Testimony for each Company that continues to  
9 propose that the Commission rely on the JD Power Customer Satisfaction Survey results  
10 and the awards presented to the Companies by Edison Electric Institute to evaluate  
11 customer service performance. While Mr. Strah states that the Pennsylvania-based  
12 performance results required to be reported to the Commission and reflected in its Annual  
13 Customer Service Performance Report and Customer Activities Report and Evaluation  
14 are "important sources of information about the Company's performance,"<sup>18</sup> Mr. Strah  
15 continues to push for reliance on these external surveys and rewards relating to customer  
16 satisfaction to buttress its statements about the performance of the Companies' customer  
17 service function.

18 • Mr. Strah then discusses some of the customer performance data and conclusions  
19 I presented in my Direct Testimony for each Company, alleging in most cases that my  
20 conclusions are not appropriate or not supported by the underlying information. I will  
21 respond to the generic statements and the individual Company statements by Mr. Strah.

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<sup>18</sup> See, e.g., Met-Ed Statement No. 11-R, at 13, lines 13-14.

1           •       With regard to the issues relating to the implementation of bi-monthly bills based  
2           on estimated meter readings, Mr. Strah’s Rebuttal provides some useful information  
3           about newly adopted procedures and reforms, but, as I will indicate below, fails to  
4           provide the basis for ensuring that Chapter 56’s billing mandates and the newly adopted  
5           reforms will provide adequate and reasonable customer service.

6   Q.    AS A PRELIMINARY MATTER, DO YOU AGREE WITH MR. STRAH’S  
7           STATEMENT THAT THESE COMPANIES PROVIDE “EXCELLENT CUSTOMER  
8           SERVICE”<sup>19</sup>?

9   A.    No. For the reasons set forth in my Direct Testimony and in this Surrebuttal Testimony, I  
10          cannot recommend that these Companies provide “excellent” customer service. I agree  
11          that some of the FirstEnergy Companies provide reasonable and average customer  
12          service in some areas. However, there is no basis for a finding of “excellent” or above  
13          average customer service. Furthermore, there is reasonable evidence to support my  
14          statements that several of the Companies, and West Penn in particular, provide a level of  
15          customer service that is below average in several key indicators compared to other  
16          Pennsylvania distribution companies. Finally, my evaluation of the Companies’  
17          estimated billing policies and performance have documented significant defects and  
18          concerns, many of which the Companies have only recently started to address.

19   Q.    WHAT EVIDENCE DO YOU RELY UPON IN YOUR REVIEW OF THE  
20          COMPANIES’ CUSTOMER SERVICE PERFORMANCE?

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<sup>19</sup> See, Met-Ed Statement No. 11-R, at 16; Penelec Statement No. 11-R, at 21; Penn Power Statement No. 11-R, at 16; West Penn Power Statement No. 11-R, at 23.

1 A. I rely on the customer service indicators reported to the Commission and reflected in the  
2 Commission's Annual Customer Service Performance Report and the Commission's  
3 Consumer Activities Report and Evaluation (UCARE) reports that reflect information on  
4 call center performance, complaint handling, payment arrangements, and other indicia of  
5 a company's credit and collection activities.<sup>20</sup> In addition, I have explored the issues  
6 associated with the Companies' customer service and billing performance in discovery in  
7 these proceedings. I have also reviewed the customer comments filed in response to the  
8 public notice about these proposed rate increases and the transcripts of the public  
9 hearings.

10 Q. DO YOU HAVE ANY ADDITIONAL COMMENTS ON YOUR REASONS FOR  
11 RELYING ON PENNSYLVANIA-REQUIRED REPORTING OF ACTUAL  
12 CUSTOMER SERVICE PERFORMANCE AND YOUR REJECTION OF  
13 FIRSTENERGY'S RELIANCE ON THIRD PARTY SURVEYS AND AWARDS AS  
14 SET FORTH IN YOUR DIRECT TESTIMONY?

15 A. My only additional comment on this matter is that FirstEnergy's reliance on third party  
16 survey results and third party awards for "customer satisfaction" does not address the  
17 Companies' actual performance and the customer comments and concerns raised by  
18 letters and communications from customers in writing and at the public hearings. I  
19 continue to recommend that third party customer satisfaction surveys in which the survey  
20 instrument and the methodology of calculating the resulting index are not publicly  
21 available should not be relied upon by the Commission for any conclusion that impacts

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<sup>20</sup> These reports are published on the Commission's website at:  
[http://www.puc.state.pa.us/filing\\_resources/yearly\\_publications\\_reports.aspx](http://www.puc.state.pa.us/filing_resources/yearly_publications_reports.aspx). My testimony primarily relies on the  
most recent 2013 annual reports that typically also contain the most recent three-year performance to show trends.

1 the rates and revenues at issue in this proceeding. Rather, the Commission should rely on  
2 actual performance from a wide variety of metrics and reports that are required by  
3 Commission regulations, reported in a manner that is approved by the Commission, and  
4 that allows an evaluation of trends and performance over a multi-year period in  
5 comparison with other Pennsylvania distribution companies.

6 Q. DO YOU HAVE ANY CHANGES TO YOUR CONCLUSIONS AND  
7 RECOMMENDATIONS AS SET FORTH IN YOUR DIRECT TESTIMONY?

8 A. No. In general, the FirstEnergy Companies do not reflect above average performance in  
9 most customer service performance categories. While performance is within the average  
10 range for some Companies and some indicators, the poor performance of West Penn  
11 stands out with respect to its call center performance, response to customer complaints,  
12 volume of customer complaints, customer satisfaction survey results, and indicators of  
13 “infractions” in complaints reviewed by the Commission’s Bureau of Consumer Services.  
14 This poor performance by one of the FirstEnergy Companies compared to the other  
15 Companies is also an indication that West Penn customers receive a lower level of  
16 customer service compared to other Pennsylvania distribution companies. This suggests  
17 that FirstEnergy has an obligation to improve its customer service performance and this  
18 poor performance by West Penn, in particular, should be taken into account when  
19 establishing the proper rate of return on equity in this proceeding. I continue to  
20 recommend that the Commission give the lowest reasonable level of rate of return for  
21 West Penn compared to other FirstEnergy Companies as a result of this poor  
22 performance. Finally, there is no evidence that any of the FirstEnergy Companies should  
23 earn a higher than average rate of return based on these performance results.

1 Q. DO YOU RECOMMEND THAT THE COMMISSION CONTINUE TO ALLOW  
2 WEST PENN TO PERFORM AT A BELOW AVERAGE LEVEL OF CUSTOMER  
3 SERVICE PERFORMANCE FOR THE INDICATORS YOU HAVE DOCUMENTED?

4 A. No. I recommend that the Commission require West Penn to improve its level of  
5 customer service in all categories to perform at a minimum equal to the average level of  
6 the other FirstEnergy Companies as a condition of any rate increase approved in this  
7 proceeding. It is not reasonable for FirstEnergy to evaluate and recommend rates and  
8 rates of return for West Penn in the same manner as for its other Pennsylvania  
9 subsidiaries and allow the persistent pattern of below average performance to continue as  
10 business as usual.

11 Q. DO YOU HAVE ANY ADDITIONAL RECOMMENDATIONS ABOUT THE  
12 IMPLEMENTATION OF ESTIMATED BILLING BY MET-ED, PENELEC, AND  
13 WEST PENN AS A RESULT OF YOUR REVIEW OF THE COMPANIES'  
14 REBUTTAL TESTIMONY?

15 A. I do not have any changes to my recommendations for reform of the bi-monthly  
16 estimated billing programs being implemented by Met-Ed, Penelec, and West Penn. I do  
17 acknowledge that the Companies have implemented some potentially useful reforms,  
18 most of which have been implemented since the onset of these rate case proceedings.  
19 However, the results of those reforms and the lack of any factual data in the Companies'  
20 Rebuttal Testimony with regard to the impact of those reforms on recent and future  
21 performance means that my recommendations continue to be valid and appropriate. I  
22 continue to support my finding that there are reasonable grounds to find that the reliance  
23 on estimated billing by Met-Ed, Penelec, and West Penn has had a negative impact on

1 customer service and raises questions about whether these Companies are complying  
2 with Chapter 56 of the Commission's regulations concerning bills based on actual meter  
3 readings:

4 • Mr. Strah's Rebuttal Testimony continues to allege that "weather" and "safety and  
5 access" issues explain the high rates of consecutive estimated bills (three or more) or  
6 Met-Ed, Penelec, and West Penn. Mr. Strah fails to address the obvious question as to  
7 why this presumably same weather and other reasons would not result in comparable  
8 levels of estimated bills for Penn Power (where the Company's policy is to read the meter  
9 every month). Furthermore, the use of these generic categories to explain the continued  
10 failure to read thousands of customer meters every other month is an insufficient  
11 response to the obligations required by Chapter 56. Winter weather is a norm for these  
12 Companies and they should manage their meter reading obligations to reflect those winter  
13 weather conditions. The occasional major storm is not the basis for the ongoing pattern I  
14 documented in my Direct Testimony that tolerates a high level of consecutive estimated  
15 bills.

16 • Mr. Strah's response to my evidence concerning the incidence of customer  
17 complaints and dissatisfaction with the estimated billing policies of Met-Ed, Penelec, and  
18 West Penn as compared with complaints and customer concerns as those reflected by  
19 Penn Power's customers is weak and nonresponsive to the facts in my testimony.

20 Q. PLEASE SUMMARIZE YOUR RECOMMENDATIONS FOR IMPROVEMENTS IN  
21 HOW MET-ED, PENELEC, AND WEST PENN IMPLEMENT ESTIMATED  
22 BILLING.

1 A. First, I rely on the customer complaint trends about billing generally and the complaints  
2 relating to estimated billing specifically as I identified in my Direct Testimony, as well as  
3 what appears to be a failure to routinely issue bills based on actual meter readings at least  
4 every other month by Met-Ed, Penelec, and West Penn as an additional reason to deny  
5 any reward or consideration for a higher than average rate of return in these rate case  
6 filings.

7 In addition, I have the following specific recommendations that the Commission  
8 should require as a condition of any approved rate increase in these proceedings:

9 • Met-Ed, Penelec, and West Penn should be ordered to immediately institute  
10 policies and practices that dramatically reduce the number of consecutive estimated bills  
11 to a level that resembles the issuance of consecutive estimated bills by Penn Power and  
12 that they document and report the basis for the failure to issue a bill based on an actual  
13 meter reading every other month pursuant to Chapter 56;

14 • Any incremental costs that Met-Ed, Penelec, and West Penn incur to comply with  
15 the provisions of Chapter 56 with regard to issuing residential bills based on an actual  
16 meter reading every other month should not be reflected in the revenue requirement or  
17 allowable rates approved in these proceeding since those Companies have been obligated  
18 to comply with these Chapter 56 billing provisions in the past and shareholders should  
19 bear any incremental expenses associated with the correction of this failure to comply;

20 • Mr. Strah did not respond to or recognize my recommendation that Met-Ed,  
21 Penelec, and West Penn should promptly revise their websites and customer education  
22 materials to explicitly inform customers of their standard policy to issue bills based on  
23 actual meter readings every other month. I continue to recommend this reform;

1 • Mr. Strah did not respond to or recognize my recommendation with respect to  
2 gathering valid survey results from customers about their experiences with the estimated  
3 billing policies of the Companies. To the extent that the Companies allege that their  
4 customer satisfaction with respect to their estimated billing performance is reasonable, I  
5 continue to recommend that the Companies conduct statistically valid surveys of  
6 customers about their experiences with this policy and the methods offered by the  
7 Company to consider customer provided meter readings in a timely manner, and report  
8 the results of these outreach and research recommendations within six months of an order  
9 in this proceeding; and

10 • The Companies have adopted some reforms associated with their estimated billing  
11 policies as described by Mr. Strah in his Rebuttal Testimony. However, Mr. Strah does  
12 not provide any factual evidence as to the impact of these reforms to improve customer  
13 satisfaction and the implementation of more regular bi-monthly actual meter reads. I  
14 recommend that the Commission order an audit of the Companies' performance of its  
15 estimated billing policies as a condition of any rate increase in order to document the  
16 impact of these reforms and to ensure that the Companies have or will comply with the  
17 Chapter 56 directives relating to the issuance of estimated bills.

18 Q. PRIOR TO YOUR DISCUSSION OF THE INDIVIDUAL COMPANY  
19 PERFORMANCE BELOW, PLEASE COMMENT ON MR. STRAH'S REBUTTAL  
20 TESTIMONY CONCERNING THE INCIDENCE OF CUSTOMER COMPLAINTS.

21 Q. Mr. Strah generically responds to my statements about the increase in customer  
22 complaints from 2010 to 2013 by alleging that (1) 99.96% of all customers have not filed  
23 complaints; and (2) the total of complaints, payment agreement requests, and inquiries for

1 all four FirstEnergy Companies combined actually decreased by 4% from 2012 to 2013.<sup>21</sup>  
2 These statements are not responsive to my testimony and create a “red herring” that  
3 should be ignored. First, the volume of complaints for any utility or business is always  
4 the “tip of the iceberg.” Complaints are always a reflection of a small group of customers  
5 who have taken the time and effort to file a complaint or dispute a Company’s policy or  
6 position. The point is to evaluate these complaints to find if there is a root cause or trend  
7 that suggests that there is an underlying problem or concern that impacts a wide number  
8 of customers beyond those who filed a complaint. Mr. Strah’s observation appears to  
9 assume that 99.96% of all customers did not experience a dissatisfaction or objection to  
10 the Company’s actions and that is not a reasonable or proper assumption. Second, the  
11 presentation of the average results of all four Companies over a one-year period is not  
12 relevant to any issue in this proceeding. This is not a single rate case that governs all four  
13 Companies. It is a set of four rate cases that require an analysis of each Company’s  
14 customer service performance in the context of the specific rate increase sought by the  
15 Company. This is not a “FirstEnergy” rate case. It is a rate case for Met-Ed, Penelec,  
16 Penn Power, and West Penn. As a result, the presentation of some average combined  
17 results for four Companies is completely irrelevant to the issues in these proceedings.

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<sup>21</sup> See, e.g., Met-Ed Statement No. 11-R, at 16, lines 6-12.

**PENELEC'S CUSTOMER SERVICE PERFORMANCE**

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Q. DO YOU HAVE ANY RESPONSE TO MR. STRAH'S REBUTTAL TESTIMONY WITH REGARD TO PENELEC'S CUSTOMER SERVICE PERFORMANCE AS COMPARED TO THE FACTUAL INFORMATION INCLUDED IN YOUR DIRECT TESTIMONY?

A. I have the following responses to Mr. Strah's Rebuttal Testimony:

- I do not dispute the data presented by Mr. Strah with respect to Penelec's call center performance. I stated in my Direct Testimony that FirstEnergy's unified call center for Penelec, Met-Ed, and Penn Power performed at a "typical" level and that in some cases, showed "improvement."

- With regard to disputes that take more than 30 days for a response, Mr. Strah states that Penelec changed the way such disputes were counted and that this change had the effect of reporting more accurate and increased number of disputes reported, but that this reporting change does not indicate "degradation" of service.<sup>22</sup> Mr. Strah also notes recent improvement in this metric. I reviewed the BCS 2012 Annual Customer Service Performance Report to determine if there was any reference to this change in method of reporting this information that was evident in 2012. In that Report the significant increase in the number of disputes not responded to within 30 days was highlighted as substantially increased for all the FirstEnergy Companies. According to that Report:

FirstEnergy noted the increase in this category for Met-Ed, Penelec, and Penn Power and explained that "the focus of integrating the former Allegheny companies into our business software (SAP) Customer Care System (CCS) impacted the timely completion of the residential disputes."

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<sup>22</sup> Penelec Statement No. 11-R, at 21.

1 FirstEnergy also noted that by year end, it had “realized improvements in  
2 the contact center operations, such as lower average handle time (AHT)  
3 for calls, affording more time to complete the residential disputes.”  
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5 The explanation provided by West Penn Power for its significant increase  
6 in the average monthly number of disputes not closed in 30 days noted  
7 two primary reasons, both related to its merger with FirstEnergy and  
8 transition to FirstEnergy’s systems and practices. The conversion to  
9 FirstEnergy’s business software (SAP) enabled more accurate reporting  
10 than in previous years; secondly, West Penn agents began asking  
11 questions of its customers to determine satisfaction consistent with  
12 FirstEnergy’s practice. This led to an increased number of disputes.<sup>23</sup>  
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14 As a result, it does not appear that the change in reporting methodology relied  
15 upon by Mr. Strah to explain the significant deterioration in this performance is  
16 applicable to any of the FirstEnergy Companies other than West Penn. This explanation  
17 as stated in the 2012 Report clearly reflects Penelec’s failure to perform due to other  
18 priorities relating to the installation of a new billing system. Finally, I note that Penelec’s  
19 2013 performance, while showing some improvement compared to 2012, is still far  
20 below other Pennsylvania distribution companies (other than FirstEnergy Companies):

21 Number of EDC Residential Disputes That Did Not Receive a Response Within 30 Days<sup>24</sup>  
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Company	2011	2012	2013
Duquesne	29	14	28
Met-Ed	462	2,604	2,109
Penelec	500	1,851	1,379
Penn Power	232	274	167
PPL	99	91	60
PECO	57	141	15
UGI- Electric	0	0	0
West Penn	3	2,338	1,580

<sup>23</sup> Customer Service Performance Report 2012, at 20-21. As noted previously, this Report, as well as all other BCS and Commission reports of this nature, are posted on the Commission’s website.

<sup>24</sup> Customer Service Performance Report 2013, at 21.

1 Q. TURNING TO THE USE OF ESTIMATED BILLING AND THE COMPANY'S  
2 COMPLIANCE WITH CHAPTER 56 AS PRESENTED IN YOUR TESTIMONY, PLEASE  
3 COMMENT ON MR. STRAH'S REBUTTAL.

4 A. I recognize that the Company has implemented certain reforms in recent months. I have  
5 no reason to object to those reforms. I am hopeful that these reforms, particularly the  
6 hiring of additional personnel to conduct meter readings on a bi-monthly schedule, will  
7 result in a meter reading program that meets the Chapter 56 requirements. However, Mr.  
8 Strah did not provide any new factual information and did not provide any basis for  
9 rejecting or questioning the factual information I included in my Direct testimony about  
10 the frequency of consecutive estimated bills, customer complaints about estimated bills,  
11 or the statements in the Company's website and customer education materials that do not  
12 clearly explain the current policy to read a meter every other month and what criteria  
13 must be met to excuse a failure to comply with this policy.

14 Q. PLEASE COMMENT ON MR. STRAH'S EXPLANATIONS FOR WHY METERS  
15 ARE NOT ROUTINELY READ EVERY OTHER MONTH.

16 A. I particularly reject Mr. Strah's reference to "weather" as an excuse for not meeting the  
17 Chapter 56 requirements because he does not provide any factual basis for the "weather"  
18 to have resulted in the large volume of consecutive estimated readings I documented for  
19 Penelec. If "weather" impacted Penelec's ability to read meters as required, why did  
20 Penn Power appear to have read a much higher percentage of its meters routinely every  
21 month during these same periods? The large number and repeated pattern of using  
22 "weather" as an excuse not to read a customer's meter every other month is not a  
23 reasonable explanation for the continuing and ongoing use of this excuse. Every utility

1 operates under weather conditions that are typical of its service territory and each utility  
2 is obligated to take steps to manage its obligations under all weather conditions other than  
3 extreme weather events such as those that call for wide scale outages due to major  
4 storms. In fact, Mr. Strah now acknowledges the obvious conclusion that the Companies  
5 can solve a good deal of this problem with hiring additional staff. I welcome Mr. Strah's  
6 admission that "staffing concerns" led to not reading meters on some routes "as  
7 planned."<sup>25</sup> Even this admission was not accompanied by any analysis of the impact of  
8 the lack of staff to properly read meters every other month as reflected in the data I  
9 presented in my Direct Testimony. Nor does Mr. Strah include any specific performance  
10 standards or goals that the Company will meet as a result of these reforms other than a  
11 reference to internal management objectives that he does not identify or make any  
12 commitment to achieve.

13 Q. AS A RESULT OF MR. STRAH'S REBUTTAL TESTIMONY WITH REGARD TO  
14 ESTIMATED BILLING, DO YOU HAVE ANY CHANGES TO YOUR  
15 RECOMMENDATIONS?

16 A. The reforms described by Mr. Strah are commendable, particularly those relating to  
17 hiring additional staff for meter reading. Unfortunately, there is no evidence to support  
18 the impact of these reforms on actual performance at this time. There is evidence that  
19 Penelec's performance was unreasonable in that the Company tolerated a larger volume  
20 of consecutive estimated bills than has been justified pursuant to the Chapter 56  
21 requirements and did not move to improve its staffing levels in this regard until after the  
22 filing of this rate case in 2014. As a result, I continue to recommend the conditions that

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<sup>25</sup> Penelec Statement No. 11-R, at 23, lines 22-23.

1           should be imposed on Penelec with regard to ensuring improvement in performance and  
2           compliance with Chapter 56's billing policies as set forth in my Direct Testimony and  
3           summarized above.

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**MET-ED'S CUSTOMER SERVICE PERFORMANCE**

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Q. DO YOU HAVE ANY RESPONSE TO MR. STRAH'S REBUTTAL TESTIMONY WITH REGARD TO MET-ED'S CUSTOMER SERVICE PERFORMANCE AS COMPARED TO THE FACTUAL INFORMATION INCLUDED IN YOUR DIRECT TESTIMONY?

A. I have the following responses to Mr. Strah's Rebuttal Testimony:

- I do not dispute the data presented by Mr. Strah with respect to Met-Ed's call center performance. I stated in my Direct Testimony that FirstEnergy's unified call center for Penelec, Met-Ed, and Penn Power performed at a "typical" level and that in some cases, showed "improvement."
- With regard to disputes that take more than 30 days for a response, Mr. Strah states that Met-Ed changed the way such disputes were counted and that this change had the effect of reporting more accurate and increased number of disputes reported, but that this reporting change does not indicate "degradation" of service.<sup>26</sup> Mr. Strah also notes recent improvement in this metric. I reviewed the BCS 2012 Customer Service Performance Report to determine if there was any reference to this change in method of reporting this information that was evident in 2012. In that Report the significant increase in the number of disputes not responded to within 30 days was highlighted as substantially increased for all the FirstEnergy Companies. According to that Report:  
  
FirstEnergy noted the increase in this category for Met-Ed, Penelec, and Penn Power and explained that "the focus of integrating the former Allegheny companies into our business software (SAP) Customer Care System (CCS) impacted the timely completion of the residential disputes."

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<sup>26</sup> Met-Ed Statement No. 11-R, at 17.

Surrebuttal Testimony of Barbara R. Alexander  
On Behalf of the OCA

1 FirstEnergy also noted that by year end, it had “realized improvements in  
2 the contact center operations, such as lower average handle time (AHT)  
3 for calls, affording more time to complete the residential disputes.”  
4

5 The explanation provided by West Penn Power for its significant increase  
6 in the average monthly number of disputes not closed in 30 days noted  
7 two primary reasons, both related to its merger with FirstEnergy and  
8 transition to FirstEnergy’s systems and practices. The conversion to  
9 FirstEnergy’s business software (SAP) enabled more accurate reporting  
10 than in previous years; secondly, West Penn agents began asking  
11 questions of its customers to determine satisfaction consistent with  
12 FirstEnergy’s practice. This led to an increased number of disputes.<sup>27</sup>  
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14 As a result, it does not appear that the change in reporting methodology relied  
15 upon by Mr. Strah to explain the significant deterioration in this performance is  
16 applicable to any of the FirstEnergy Companies other than West Penn. This explanation  
17 as stated in the 2012 Report clearly reflects Met-Ed’s failure to perform due to other  
18 priorities relating to the installation of a new billing system. Finally, I note that Met-Ed’s  
19 2013 performance, while showing some improvement compared to 2012, is still far  
20 below other Pennsylvania distribution companies (other than FirstEnergy Companies):

21 Number of EDC Residential Disputes That Did Not Receive a Response  
22 Within 30 Days<sup>28</sup>

Company	2011	2012	2013
Duquesne	29	14	28
Met-Ed	462	2,604	2,109
Penelec	500	1,851	1,379
Penn Power	232	274	167
PPL	99	91	60
PECO	57	141	15
UGI- Electric	0	0	0
West Penn	3	2,338	1,580

<sup>27</sup> Customer Service Performance Report 2012, at 20-21. As noted previously, this Report, as well as all other BCS and Commission reports of this nature, are posted on the Commission’s website.

<sup>28</sup> Customer Service Performance Report 2013, at 21.

1 Q. TURNING TO THE USE OF ESTIMATED BILLING AND MET-ED'S  
2 COMPLIANCE WITH CHAPTER 56 AS PRESENTED IN YOUR TESTIMONY,  
3 PLEASE COMMENT ON MR. STRAH'S REBUTTAL.

4 A. I recognize that the Company has implemented certain reforms in recent months. I have  
5 no reason to object to those reforms. I am hopeful that these reforms, particularly the  
6 hiring of additional personnel to conduct meter readings on a bi-monthly schedule, will  
7 result in a meter reading program that meets the Chapter 56 requirements. However, Mr.  
8 Strah did not provide any new factual information and did not provide any basis for  
9 rejecting or questioning the factual information I included in my Direct testimony about  
10 the frequency of consecutive estimated bills, customer complaints about estimated bills,  
11 or the statements in the Company's website and customer education materials that do not  
12 clearly explain the current policy to read a meter every other month and what criteria  
13 must be met to excuse a failure to comply with this policy.

14 Q. PLEASE COMMENT ON MR. STRAH'S EXPLANATIONS FOR WHY METERS  
15 ARE NOT ROUTINELY READ EVERY OTHER MONTH.

16 A. I particularly reject Mr. Strah's reference to "weather" as an excuse for not meeting the  
17 Chapter 56 requirements because he does not provide any factual basis for the "weather"  
18 to have resulted in the large volume of consecutive estimated readings I documented for  
19 Met-Ed. If "weather" impacted Met-Ed's ability to read meters as required, why did  
20 Penn Power appear to have read a much higher percentage of its meters routinely every  
21 month during these same periods? The large number and repeated pattern of using  
22 "weather" as an excuse not to read a customer's meter every other month is not a  
23 reasonable explanation for the continuing and ongoing use of this excuse. Every utility

1 operates under weather conditions that are typical of its service territory and each utility  
2 is obligated to take steps to manage its obligations under all weather conditions other than  
3 extreme weather events such as those that call for wide scale outages due to major  
4 storms. In fact, Mr. Strah now acknowledges the obvious conclusion that the Companies  
5 can solve a good deal of this problem with hiring additional staff. I welcome Mr. Strah's  
6 admission that "staffing concerns" led to not reading meters on some routes "as  
7 planned."<sup>29</sup> Even this admission was not accompanied by any analysis of the impact of  
8 the lack of staff to properly read meters every other month as reflected in the data I  
9 presented in my Direct Testimony. Nor does Mr. Strah include any specific performance  
10 standards or goals that the Company will meet as a result of these reforms other than a  
11 reference to internal management objectives that he does not identify or make any  
12 commitment to achieve.

13 Q. AS A RESULT OF MR. STRAH'S REBUTTAL TESTIMONY WITH REGARD TO  
14 ESTIMATED BILLING, DO YOU HAVE ANY CHANGES TO YOUR  
15 RECOMMENDATIONS?

16 Q. The reforms described by Mr. Strah are commendable, particularly those relating to  
17 hiring additional staff for meter reading. Unfortunately, there is no evidence to support  
18 the impact of these reforms on actual performance at this time. There is evidence that  
19 Met-Ed's performance was unreasonable in that the Company tolerated a larger volume  
20 of consecutive estimated bills than has been justified pursuant to the Chapter 56  
21 requirements and did not move to improve its staffing levels in this regard until after the  
22 filing of this rate case in 2014. As a result, I continue to recommend the conditions that

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<sup>29</sup> See, e.g., Penelec Statement No. 11-R, at 23, lines 22-23.

1           should be imposed on Met-Ed with regard to ensuring improvement in performance and  
2           compliance with Chapter 56's billing policies as set forth in my Direct Testimony and  
3           summarized above.

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**WEST PENN'S CUSTOMER SERVICE PERFORMANCE**

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2  
3 Q. DO YOU HAVE ANY RESPONSE TO MR. STRAH'S REBUTTAL TESTIMONY  
4 WITH REGARD TO WEST PENN'S CUSTOMER SERVICE PERFORMANCE AS  
5 COMPARED TO THE FACTUAL INFORMATION INCLUDED IN YOUR DIRECT  
6 TESTIMONY?

7 A. I have the following responses to Mr. Strah's Rebuttal Testimony:

8 • Mr. Strah appears to confirm the below average performance of the call center  
9 that serves West Penn customers. While I agree that an "improvement" has occurred,  
10 that is not a sufficient explanation for why West Penn's customers must experience a call  
11 center performance that is significantly below that provided to other FirstEnergy  
12 customers in Pennsylvania. In light of the request for a significant base rate increase as  
13 proposed in this proceeding, I continue to recommend that the West Penn service quality  
14 generally and its call center specifically be brought up to the same level as other  
15 FirstEnergy Companies in Pennsylvania.

16 • Mr. Strah's Rebuttal does not dispute the factual information I presented in my  
17 Direct Testimony with regard to West Penn's Justified Complaint Ratio, Justified  
18 Payment Arrangement Ratio, and Infraction Rate. Rather, his only comment is to point  
19 out how the Justified Complaint Rate is only 2% higher than the average and that the  
20 Justified Payment Arrangement Rate is only 2% higher than the average, stating that this  
21 performance cannot be characterized as "poor."<sup>30</sup> I disagree. I stated correctly that West  
22 Penn's results for these metrics were among the highest (i.e. the worst) for any  
23 Pennsylvania electric distribution company. The only reason that the Pennsylvania

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<sup>30</sup> West Penn Statement No. 11-R, at 25, lines 2-6.

1 average for the Justified Complaint Rate was 16% in 2013 was due to the performance of  
2 the FirstEnergy Companies: 17% for Met-Ed, Penn Power, and Penelec, and 18% for  
3 West Penn. The other distribution companies had a performance of 11% for Duquesne,  
4 16% for PECO, and 10% for PPL.<sup>31</sup> I note as well that Mr. Strah did not address the  
5 information I provided with respect to West Penn's Infraction Rate, which was the  
6 highest of any Pennsylvania distribution company in 2013.

7 • With regard to disputes that take more than 30 days for a response, Mr. Strah  
8 states that West Penn changed the way such disputes were counted and that this change  
9 had the effect of reporting more accurate and increased number of disputes reported, but  
10 that this reporting change does not indicate "degradation" of service.<sup>32</sup> Mr. Strah also  
11 notes recent improvement in this metric and provides some information for 2014.<sup>33</sup> I  
12 reviewed the BCS 2012 Annual Customer Service Performance Report to determine if  
13 there was any reference to this change in method of reporting this information that was  
14 evident in 2012. In that Report the significant increase in the number of disputes not  
15 responded to within 30 days was highlighted as substantially increased for all the  
16 FirstEnergy Companies. According to that Report:

17 FirstEnergy noted the increase in this category for Met-Ed, Penelec, and  
18 Penn Power and explained that "the focus of integrating the former  
19 Allegheny companies into our business software (SAP) Customer Care  
20 System (CCS) impacted the timely completion of the residential disputes."  
21 FirstEnergy also noted that by year end, it had "realized improvements in  
22 the contact center operations, such as lower average handle time (AHT)  
23 for calls, affording more time to complete the residential disputes."  
24

25 The explanation provided by West Penn Power for its significant increase

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<sup>31</sup> Quarterly Update to UCARE Report, January through December 2013, at 6.

<sup>32</sup> West Penn Statement No. 11-R, at 24.

<sup>33</sup> The Commission's Report on 2014 performance is of course not yet available and the data provided by Mr. Strah for 2014 is not publicly available to compare this information with other Companies.

1 in the average monthly number of disputes not closed in 30 days noted  
 2 two primary reasons, both related to its merger with FirstEnergy and  
 3 transition to FirstEnergy's systems and practices. The conversion to  
 4 FirstEnergy's business software (SAP) enabled more accurate reporting  
 5 than in previous years; secondly, West Penn agents began asking  
 6 questions of its customers to determine satisfaction consistent with  
 7 FirstEnergy's practice. This led to an increased number of disputes.<sup>34</sup>  
 8

9 As a result, it does appear that the change in reporting methodology relied upon  
 10 by Mr. Strah to explain the significant deterioration in this performance is applicable to  
 11 West Penn. However, as reflected in my Direct Testimony, West Penn's 2013  
 12 performance, while showing some improvement compared to 2012, is still far below  
 13 other Pennsylvania distribution companies (other than the FirstEnergy Companies):

14 Number of EDC Residential Disputes That Did Not Receive a Response Within 30 Days<sup>35</sup>  
 15

Company	2011	2012	2013
Duquesne	29	14	28
Met-Ed	462	2,604	2,109
Penelec	500	1,851	1,379
Penn Power	232	274	167
PPL	99	91	60
PECO	57	141	15
UGI-Electric	0	0	0
West Penn	3	2,338	1,580

16  
 17 Q. TURNING TO THE ISSUANCE OF BILLS BASED ON ESTIMATED METER  
 18 READINGS AND THE COMPANY'S COMPLIANCE WITH CHAPTER 56 AS

<sup>34</sup> Customer Service Performance Report 2012, at 20-21. As noted previously, this Report, as well as all other BCS and Commission reports of this nature, are posted on the Commission's website.

<sup>35</sup> Customer Service Performance Report 2013, at 21.

1 PRESENTED IN YOUR TESTIMONY, PLEASE COMMENT ON MR. STRAH'S  
2 REBUTTAL.

3 A. I recognize that the Company has implemented certain reforms in recent months. I have  
4 no reason to object to those reforms. I am hopeful that these reforms, particularly the  
5 hiring of additional personnel to conduct meter readings on a bi-monthly schedule, will  
6 result in a meter reading program that meets the Chapter 56 requirements. However, Mr.  
7 Strah did not provide any new factual information and did not provide any basis for  
8 rejecting or questioning the factual information I included in my Direct testimony about  
9 the frequency of consecutive estimated bills, customer complaints about estimated bills,  
10 or the statements in the Company's website and customer education materials that do not  
11 clearly explain the current policy to read a meter every other month and what criteria  
12 must be met to excuse a failure to comply with this policy.

13 Q. PLEASE COMMENT ON MR. STRAH'S EXPLANATIONS FOR WHY METERS  
14 ARE NOT ROUTINELY READ EVERY OTHER MONTH.

15 A. I particularly reject Mr. Strah's reference to "weather" as an excuse for not meeting the  
16 Chapter 56 requirements because he does not provide any factual basis for the "weather"  
17 to have resulted in the large volume of consecutive estimated readings I documented for  
18 West Penn. If "weather" impacted West Penn's ability to read meters as required, why  
19 did Penn Power appear to have read a much higher percentage of its meters routinely  
20 every month during these same periods? The large number and repeated pattern of using  
21 "weather" as an excuse not to read a customer's meter every other month is not a  
22 reasonable explanation for the continuing and ongoing use of this excuse. Every utility  
23 operates under weather conditions that are typical of its service territory and each utility

1 is obligated to take steps to manage its obligations under all weather conditions other than  
2 extreme weather events such as those that call for widescale outages due to major storms.  
3 In fact, Mr. Strah now acknowledges the obvious conclusion that the Companies can  
4 solve a good deal of this problem with hiring additional staff. I welcome Mr. Strah's  
5 admission that "staffing concerns" led to not reading meters on some routes "as  
6 planned."<sup>36</sup> Even this admission was not accompanied by any analysis of the impact of  
7 the lack of staff to properly read meters every other month as reflected in the data I  
8 presented in my Direct Testimony. Nor does Mr. Strah include any specific performance  
9 standards or goals that the Company will meet as a result of these reforms other than a  
10 reference to internal management objectives that he does not identify or make any  
11 commitment to achieve.

12 Q. AS A RESULT OF MR. STRAH'S REBUTTAL TESTIMONY WITH REGARD TO  
13 ESTIMATED BILLING, DO YOU HAVE ANY CHANGES TO YOUR  
14 RECOMMENDATIONS?

15 Q. The reforms described by Mr. Strah are commendable, particularly those relating to  
16 hiring additional staff for meter reading. Unfortunately, there is no evidence to support  
17 the impact of these reforms on actual performance at this time. There is evidence that  
18 West Penn's performance was unreasonable in that the Company tolerated a larger  
19 volume of consecutive estimated bills than has been justified pursuant to the Chapter 56  
20 requirements and did not move to improve its staffing levels in this regard until after the  
21 filing of this rate case in 2014. As a result, I continue to recommend the conditions that  
22 should be imposed on West Penn with regard to ensuring improvement in performance

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<sup>36</sup> See, e.g., Penelec Statement No. 11-R, at 23, lines 22-23.

1 and compliance with Chapter 56's billing policies as set forth in my Direct Testimony  
2 and summarized above.

3 **PENN POWER'S CUSTOMER SERVICE PERFORMANCE**

4  
5 Q. DO YOU HAVE ANY RESPONSE TO MR. STRAH'S REBUTTAL TESTIMONY  
6 WITH REGARD TO PENN POWER'S CUSTOMER SERVICE PERFORMANCE AS  
7 COMPARED TO THE FACTUAL INFORMATION INCLUDED IN YOUR DIRECT  
8 TESTIMONY?

9 A. I have the following responses to Mr. Strah's Rebuttal Testimony:

10 • I do not dispute the data presented by Mr. Strah with respect to Penn Power's call  
11 center performance. I stated in my Direct Testimony that FirstEnergy's unified call  
12 center for Penelec, Met-Ed, and Penn Power performed at a "typical" level and that in  
13 some cases, showed "improvement."

14 • With regard to disputes that take more than 30 days for a response, Mr. Strah  
15 states that Penn Power changed the way such disputes were counted and that this change  
16 had the effect of reporting more accurate and increased number of disputes reported, but  
17 that this reporting change does not indicate "degradation" of service.<sup>37</sup> Mr. Strah also  
18 notes recent improvement in this metric. I reviewed the BCS 2012 Annual Customer  
19 Service Performance Report to determine if there was any reference to this change in  
20 method of reporting this information that was evident in 2012. In that Report the  
21 significant increase in the number of disputes not responded to within 30 days was  
22 highlighted as substantially increased for all the FirstEnergy Companies. According to  
23 that Report:

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<sup>37</sup> Penelec Statement No. 11-R, at 21.

1 FirstEnergy noted the increase in this category for Met-Ed, Penelec, and  
 2 Penn Power and explained that “the focus of integrating the former  
 3 Allegheny companies into our business software (SAP) Customer Care  
 4 System (CCS) impacted the timely completion of the residential disputes.”  
 5 FirstEnergy also noted that by year end, it had “realized improvements in  
 6 the contact center operations, such as lower average handle time (AHT)  
 7 for calls, affording more time to complete the residential disputes.”  
 8

9 The explanation provided by West Penn Power for its significant increase  
 10 in the average monthly number of disputes not closed in 30 days noted  
 11 two primary reasons, both related to its merger with FirstEnergy and  
 12 transition to FirstEnergy’s systems and practices. The conversion to  
 13 FirstEnergy’s business software (SAP) enabled more accurate reporting  
 14 than in previous years; secondly, West Penn agents began asking  
 15 questions of its customers to determine satisfaction consistent with  
 16 FirstEnergy’s practice. This led to an increased number of disputes.<sup>38</sup>  
 17

18 As a result, it does not appear that the change in reporting methodology relied upon by  
 19 Mr. Strah to explain the significant deterioration in this performance is applicable to any of the  
 20 FirstEnergy Companies other than West Penn. This explanation as stated in the 2012 Report  
 21 clearly reflects Penn Power’s failure to perform due to other priorities relating to the installation  
 22 of a new billing system. Finally, I acknowledge that Penn Power’s 2013 performance reflects a  
 23 significant improvement compared to 2012, is still below other Pennsylvania distribution  
 24 companies (other than the FirstEnergy Companies):

25 Number of EDC Residential Disputes That Did Not Receive a Response  
 26 Within 30 Days<sup>39</sup>

Company	2011	2012	2013
Duquesne	29	14	28
Met-Ed	462	2,604	2,109
Penelec	500	1,851	1,379
Penn Power	232	274	167

<sup>38</sup> Customer Service Performance Report 2012, at 20-21. As noted previously, this Report, as well as all other BCS and Commission reports of this nature, are posted on the Commission’s website.

<sup>39</sup> Customer Service Performance Report 2013, at 21.

PPL		99		91		60	
PECO		57		141		15	
UGI- Electric		0		0		0	
West Penn		3		2,338		1,580	

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Q. DID MR. STRAH RESPOND TO ANY STATEMENTS IN YOUR DIRECT TESTIMONY WITH REGARD TO PENN POWER’S BILLING POLICIES AND THE ISSUANCE OF ESTIMATED BILLS?

A. No. Mr. Strah’s Rebuttal did not address any issues relating to Penn Power’s issuance of estimated bills. As indicated in my Direct Testimony, Penn Power has a policy to read meters every month and not rely on the routine issuance of estimated bills. Penn Power has a very low rate of issuing consecutive estimated bills, but Mr. Strah did not address my conclusion that the reasons relied upon by the other FirstEnergy Companies to issue consecutive estimated bills (namely, weather, safety, and customer access) should have been equally applicable to Penn Power bills, yet there is a significant discrepancy in the frequency of consecutive estimated bills for Met-Ed, West Penn, and Penelec compared to Penn Power.

1 **V. RESPONSE TO THE COMPANIES' FILINGS ON DECEMBER 26, 2014 IN**  
2 **RESPONSE TO THE ORDER OF THE ADMINISTRATIVE LAW JUDGES.**

3 Q. HAVE YOU REVIEWED THE COMPANIES' FILINGS ON DECEMBER 26, 2014 IN  
4 RESPONSE TO THE ORDER OF THE ADMINISTRATIVE LAW JUDGES ISSUED  
5 ON DECEMBER 5, 2014?

6 A. Yes.

7 Q. PLEASE PROVIDE YOUR RESPONSE TO THE COMPANIES' RESPONSE.

8 A. The Companies provided the testimony of Mr. Charles Fullem with respect to the  
9 availability of the Companies' base rate case filings for customers to review in the service  
10 territory and the testimony of Mr. Steven Strah with respect to customer testimony on  
11 estimated billing issues, response to safety calls, repair and maintenance, and capital  
12 costs. With regard to Mr. Strah's testimony, there is no new factual information or  
13 analysis on these generic issues reflected in the testimony of the individual customers at  
14 the public hearings or the issues identified by the ALJs in their Order. Rather, Mr.  
15 Strah's response is to marginalize the individual customer concerns by pointing out how  
16 few customers have raised these issues and how they are a tiny percentage of the overall  
17 customers served by the Companies. While Mr. Strah provides some specific responses  
18 in some cases to the customer's particular billing history or prior communications with  
19 the Companies (alleging in several situations that there is no record of the customer's  
20 contact with the Company), the bulk of his testimony is a high level and generic  
21 description of the Companies' policies. Mr. Strah makes no attempt to connect the

1 individual customer testimony with any of the issues I have raised and documented as  
2 serious concerns in my Direct Testimony.

3 Q. AS A RESULT OF YOUR EVALUATION OF THE DECEMBER 26  
4 SUPPLEMENTAL TESTIMONY, DO YOU HAVE ANY OVERALL CONCLUSION  
5 ABOUT THE VALUE OF THIS TESTIMONY?

6 A. The testimony submitted by Mr. Strah on December 26, 2014 is not responsive to the  
7 generic issues that are reflected in the customer testimony at the public hearings and my  
8 evaluation of the evidence pursued through discovery in this proceeding as set forth in  
9 my Direct Testimony. Mr. Strah's attempt to discredit any of the customer testimony on  
10 any of these issues based on the comparison between the number of customers who  
11 testified and the number of customers served by the individual Company is a reflection of  
12 the Companies' failure to use customer complaints and communications to trigger a  
13 targeted investigation to detect patterns and practices that may need management's  
14 attention. Instead, the customer complaints are marginalized and explained away by  
15 presenting a high level presentation of Company policy that that does not reflect or  
16 adequately address actual customer experiences.

17

1 VI. RESPONSE TO THE REBUTTAL TESTIMONY OF MS. KIMBERLIE  
2 BORTZ CONCERNING THE PROPOSED STORM DAMAGE CHARGE RIDER

3  
4 Q. MS. BORTZ REJECTS YOUR POLICY ARGUMENTS TO SUPPORT YOUR  
5 RECOMMENDATION THAT THE COMMISSION REJECT THE PROPOSED  
6 STORM DAMAGE CHARGE RIDER. PLEASE RESPOND.

7 A. Ms. Bortz filed essentially the same Rebuttal Testimony on this issue for all four  
8 Companies. She did not address all the policy arguments and factual concerns with the  
9 operation of this Rider that I included in my Direct Testimony. However, I offer the  
10 following in response to her statements:

- 11 • With regard to the issue of whether this proposed Rider constitutes “single issue”  
12 or “piecemeal” ratemaking, there can be no doubt that the proposal can be properly so  
13 characterized. The issue here is whether the Commission should create an exception for  
14 recovery of these costs outside of a regular base rate case in light of the long history of  
15 recovering these costs through base rates and the lack of any documented harm to the  
16 Companies if this longstanding policy is continued. In her response to this issue, Ms.  
17 Bortz references the Universal Service Cost Rider and the Energy Efficiency and  
18 Conservation Charge Rider as examples of similarly constructed riders to recover  
19 “similar reconcilable costs.”<sup>40</sup> Ms. Bortz’s analogy is not correct or appropriate. First,  
20 the Energy Efficiency and Conservation Charge Rider is explicitly authorized by the  
21 Public Utility Code and does not, therefore, reflect any findings pursuant to Section

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<sup>40</sup> See, e.g., Penelec Statement No. 3-R, at 7, lines 16-18.

1 1307.<sup>41</sup> The proposed Storm Damage Expense Rider is not explicitly authorized by the  
2 Public Utility Code. Furthermore, the Public Utility Code also allows for universal  
3 service costs to be recovered through a non-bypassable mechanism. Even more  
4 importantly, the two riders referenced by Ms. Bortz operate very differently than the  
5 proposed Storm Damage Expense Rider. The Universal Service Cost Rider recovers  
6 costs for programs that the Commission has approved pursuant to a three-year plan with  
7 budgets, historical costs, and evaluations of programs. As a result, the Commission  
8 knows fairly accurately what categories of costs and what cost estimates are likely to  
9 occur prior to the distribution company's implementation of the approved programs. The  
10 Commission pre-approves a budget for these programs prior to incurring costs to  
11 implement the approved plan. Also, as to the Energy Efficiency and Conservation  
12 Charge Rider, the recovered costs are a reflection of a multi-year plan with proposed  
13 budgets and evaluations that is approved prior to cost recovery. These two Riders would  
14 operate in a dramatically different manner than the Storm Damage Charge Rider where  
15 there is no plan, projected costs, budget constraints, or evaluation criteria that would be  
16 reviewed prior to incurring the storm recovery costs.

- 17 • Ms. Bortz references the FirstEnergy Emergency Plan for Service Restoration  
18 during storm events as a response to my concerns about the lack of any incentives or  
19 constraints to minimize storm-related expenses. However, the referenced Plan is not  
20 storm-specific and only gives a generic and high level description of the emergency  
21 management actions and responses that will naturally vary by the type and severity of an

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<sup>41</sup> Ms. Bortz's statement in her Response to OCA-West Penn-XX-2 (and the similar response to the same data request for Met-Ed, Penelec, and Penn Power) that the Energy Efficiency and Conservation Charge Rider was established pursuant to the general authority of Section 1307 is incorrect. This Rider is explicitly authorized by Section 2806.1 (k) of the Public Utility Code.

1 “emergency.” More importantly, this proposal for recovery of Storm Damage costs is not  
2 limited to those incurred when the Emergency Plan is triggered. Rather, the proposal  
3 does not limit recovery of costs that qualify for “major events” or “emergencies” that are  
4 the category of costs for which the Companies have sought permission to defer in the  
5 past. As I stated in my Direct Testimony, the Companies’ proposal will allow collection  
6 of “storm damage costs”<sup>42</sup> in excess of the amount included in base rates without regard  
7 to the severity or nature of the storm. The term “storm” is not defined in the proposed  
8 Tariff. Therefore, this proposal is not only poor public policy, but overly broad and  
9 would eliminate any obligation of the Company to manage its costs incurred for routine  
10 “storm” events in between rate cases.

11 Q. WHAT IS YOUR RESPONSE TO MS. BORTZ’S DESCRIPTION OF THE  
12 ALTERNATIVE METHOD OF RECOVERY OF STORM DAMAGE COSTS THAT  
13 WOULD BE ACCEPTABLE BASED ON I&E STAFF’S PROPOSAL?

14 A. Mr. Ralph Smith on behalf of the OCA will address the operation of the alternative  
15 presented by Ms. Bortz in detail. However, embedded in Ms. Bortz’s proposal is the  
16 continued use of a Rider to recover “storm costs” in excess of the amount included in  
17 base rates or to replenish the amounts depleted from the storm reserve account. I object  
18 to the use of a rider for recovery of “storm costs” for the same reasons identified in my

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<sup>42</sup> The Proposed Rider B allows recovery of “storm damage costs” in excess of those “storm damage costs” included in base rates. The term “storm” is not defined. The Tariff defines “Storm Damage Costs” as “direct, indirect and administrative costs (including wages and administration) incurred by the Company to provide storm damage restoration for the SDC Reconciliation Year, for the following activities and work:

- Pole replacements
- Line reconstruction
- All other services and equipment necessary to be performed and/or installed by the Company and/or its contractors to restore service to Customers following a storm.

1 Direct Testimony and in this Surrebuttal Testimony as applicable to the Companies'  
2 original proposal.

3 Q. DID MS. BORTZ RESPOND TO YOUR OBSERVATION THAT THE COMPANIES  
4 HAD NOT DOCUMENTED ANY HARM THAT THEY INCUR UNDER THE  
5 CURRENT STORM COST RECOVERY POLICIES?

6 A. No. As a result, there is no evidence in this record that justifies any conclusion that the  
7 Company or its shareholders are harmed by the current cost recovery policies.

8

1 VII. RESPONSE TO THE REBUTTAL TESTIMONY OF MS. KIMBERLIE  
2 BORTZ WITH REGARD TO THE PROPOSED REVISIONS TO THE  
3 COMPANIES' TARIFFS  
4

5 Q. DOES MS. BORTZ ACCEPT ANY OF YOUR RECOMMENDED ADDITIONS AND  
6 CHANGES TO THE PROPOSED ELECTRIC SERVICE TARIFF?

7 A. With only one exception, Ms. Bortz has rejected my proposals to reflect more detail in  
8 the proposed Tariff and my recommendations to modify the proposed language to reflect  
9 some generic concerns. The only exception relates to her agreement to add a provision  
10 relating to the right to require a cash deposit from a customer eligible for a customer  
11 assistance program that reflects a recently enacted statutory directive.<sup>43</sup>

12 Q. PLEASE RESPOND TO MS. BORTZ'S POSITION THAT THE COMPANY CAN  
13 ADD LANGUAGE RESERVING ITS RIGHT TO ACT PURSUANT TO ITS "SOLE  
14 DISCRETION" IN THESE TARIFFS.

15 A. According to Ms. Bortz, my concern about this language in the revised Tariffs (which, to  
16 be clear, does not appear in the Companies' current Tariffs) implies that the "Company  
17 will otherwise not operate within the confines of applicable statutes and regulations."<sup>44</sup>  
18 However, that is not a proper interpretation of my concern. I oppose the use of the term  
19 "sole discretion" because it provides no boundary for the associated actions of the  
20 Company and there is no statutory or regulatory mandate that would authorize such  
21 language. Quite simply, the Company cannot act at its "sole discretion" on any matter

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<sup>43</sup> See, e.g., Penelec Statement No. 3-R, at 3-4.

<sup>44</sup> See, e.g., Penelec Statement No. 3-R, at 5, lines 12-17.

1 involving its interactions with customers for application of service, provision of service,  
2 or discontinuance of service. All of its actions are subject to the oversight and control of  
3 the Commission and all of its actions should be held to a standard of reasonableness in  
4 light of the circumstances of the facts at issue. This phrase should be eliminated from the  
5 Companies' proposed Tariffs. When asked to provide any precedent for the insertion of  
6 this phrase throughout its proposed Tariffs, Ms. Bortz was only able to point to an  
7 approved tariff provision applicable to National Fuel Gas Distribution Corp. concerning  
8 the utility's right to install an automated meter reading device and the obligation of the  
9 customer to allow such connection,<sup>45</sup> an example that is not related to the types of  
10 interactions between the utility and its customers that are at issue in the proposed Tariffs.

11 Q. WITH REGARD TO THE LEVEL OF DETAIL THAT YOU HAVE RECOMMENDED  
12 TO REFLECT THE SPECIFIC OBLIGATIONS AND STANDARDS OF THE  
13 COMMISSION'S REGULATIONS, PARTICULARLY CHAPTER 56, DO YOU  
14 AGREE WITH MS. BORTZ'S RESPONSE TO YOUR CONCERNS AND HER  
15 REFUSAL TO ADOPT ANY ADDITIONAL LANGUAGE IN THE PROPOSED  
16 TARIFFS?

17 A. No. Ms. Bortz appears to take the position that the Company's tariffs can recite a very  
18 high level of general policy in its interactions with customers to grant, implement, and  
19 deny a monopoly distribution service and include almost no details in its Tariffs to  
20 describe how it will implement the minimum requirements of Chapter 56. In every  
21 suggestion included in my Direct Testimony to include more details on the Companies'

---

<sup>45</sup> See, e.g., West Penn Response to OCA-XX-10. Ms. Bortz gives the same response for Met-Ed, Penelec, and Penn Power.

1 policies and its obligation to ensure compliance with the rights and requirements of  
2 Chapter 56 (deposits, billing policies, collection activities, payment plans, etc.), Ms.  
3 Bortz has refused to adopt my recommended language. This is not a reasonable response.  
4 While Chapter 56 contains numerous detailed obligations, there is discretion left to the  
5 distribution companies in how it will implement certain provisions and it allows  
6 companies to adopt more customer friendly or more protective provisions. As a result,  
7 merely referencing one or more provisions of Chapter 56 is not sufficient. Furthermore,  
8 the Tariff is a public document that can be used to explain customer rights and remedies  
9 and the policies of the distribution companies, but under Ms. Bortz's approach, the Tariff  
10 is nothing more than a list of interactions with residential customers with citations to  
11 Commission regulations and, in some cases, not even any high level statements of  
12 interactions, such as the collection actions concerning discontinuance of service that I  
13 identified in my Direct Testimony.

14 Q. DOES MS. BORTZ USE INTERNALLY INCONSISTENT REASONS TO REJECT  
15 YOUR PROPOSALS?

16 A. Yes. At one point she states that the Tariff language with respect to budget billing that I  
17 identified as not reflecting the language of Chapter 56 should be retained as proposed "to  
18 more clearly explain the budget billing process, in an effort to avoid customer  
19 confusion."<sup>46</sup> This admission appears to recognize that the Tariff must provide  
20 information to "explain" the Companies' policies and "avoid customer confusion." All  
21 of my recommendations to more fully "explain" the Companies' policies and ensure a

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<sup>46</sup> See, e.g., Penelec Statement No. 3-R, at 4, lines 10-12.

1 more substantive explanation of Chapter 56 policies, rights, and remedies are intended to  
2 “avoid customer confusion” and I continue to recommend they be adopted.

3 Q. CAN YOU PROVIDE AN ADDITIONAL EXAMPLE OF WHERE THE COMPANIES  
4 FAIL TO PROVIDE SUFFICIENT DETAIL TO REFLECT THEIR ACTUAL  
5 POLICIES IN THE PROPOSED TARIFFS?

6 A. Yes. According to Ms. Bortz, the proposed Tariff will merely state the right to obtain a  
7 deposit from residential customers pursuant to the criteria in Chapter 56, yet Ms. Bortz  
8 acknowledges that the Companies will use “deposit criteria and credit scoring  
9 methodologies” that are not otherwise identified in the proposed Tariffs. When asked to  
10 identify such criteria and methodologies, Ms. Bortz answers, “The Company uses  
11 information collected either in the application process or by evaluating existing  
12 customer’s bill paying habits and other behaviors to determine a ‘risk score.’ A  
13 numerical value is calculated and applied to a customer based on their individual  
14 factors.”<sup>47</sup> This is exactly the type of information that should be included in the Tariff to  
15 make it clear that the deposit may be based on risk factors that are obtained from a credit  
16 score. While I agree that one of the key purposes of the Tariff is to “ensure that utilities  
17 apply non-discriminatory practices to all customers,”<sup>48</sup> it is not possible to achieve this  
18 objective without identifying the actions that the utility will undertake and the criteria  
19 that the utility will use in its interactions with existing and prospective customers.

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<sup>47</sup> See, e.g., West Penn Response to OCA-XX-7. Ms. Bortz gives the same response for Met-Ed, Penelec, and Penn Power.

<sup>48</sup> See, e.g., West Penn Response to OCA-XX-8. Ms. Bortz gives the same response for Met-Ed, Penelec, and Penn Power.

1 Q. ACCORDING TO MS. BORTZ, THE PROPOSED TARIFFS ARE INTENDED TO  
2 AVOID “ADMINISTRATIVE BURDEN AND DELAY” THAT MAY OCCUR WITH  
3 THE NEED TO MAKE CHANGES TO REFLECT NEW DIRECTIVES OR  
4 REGULATIONS. DID SHE DOCUMENT THAT ANY “BURDEN” OR “DELAY”  
5 HAS ACTUALLY OCCURRED?

6 A. No. According to Ms. Bortz, each Company has had to make two filings in the last five  
7 years to respond to changing regulations.<sup>49</sup> In my opinion, this is not burdensome.

8 Q. IS IT YOUR INTENTION TO SUGGEST THAT THE LACK OF SUBSTANTIVE  
9 DETAILS IN THE PROPOSED TARIFFS IS AN INSINUATION THAT THE  
10 COMPANIES WILL NOT COMPLY WITH CHAPTER 56?

11 A. Absolutely not. Ms. Bortz states that my recommendations are “implied evidence that  
12 the Company will otherwise not operate within the confines of applicable statutes and  
13 regulations.”<sup>50</sup> My recommendations are not designed to suggest that the Companies will  
14 not comply with Chapter 56. Rather, my recommendations are intended to ensure that  
15 this public document that is in the nature of a contract between the monopoly distribution  
16 service company and its customers fairly and substantively identifies and explains the  
17 material and essential nature of the terms and conditions that are applicable to all  
18 customers, particularly residential customers.

19

20 Q. DOES THIS CONCLUDE YOUR TESTIMONY AT THIS TIME?

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<sup>49</sup> See, e.g., West Penn Response to OCA-XX-11. Ms. Bortz gives the same response to Met-Ed, Penelec, and Penn Power.

<sup>50</sup> See, e.g., Penelec Statement No. 3-R, at 5, lines 12-17.

1 A. Yes. However, I reserve the right to supplement my testimony upon receipt of late-filed  
2 discovery.

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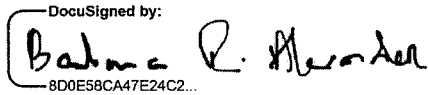
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BEFORE THE  
PENNSYLVANIA PUBLIC UTILITY COMMISSION

Pennsylvania Public Utility Commission :  
v. : Docket No. R-2014-2428743  
Pennsylvania Electric Company :  
:

VERIFICATION

I, Barbara R. Alexander hereby state that the facts above set forth in my Surrebuttal Testimony, OCA Statement No. 5 SR, are true and correct and that I expect to be able to prove the same at a hearing held in this matter. I understand that the statements herein are made subject to the penalties of 18 Pa.C.S. § 4904 (relating to unsworn falsification to authorities).

Signature:   
Barbara R. Alexander

Consultant Address: 83 Wedgewood Dr.  
Winthrop, ME 04364

DATED: January 3, 2015