

BEFORE THE  
PENNSYLVANIA PUBLIC UTILITY COMMISSION

PENNSYLVANIA PUBLIC UTILITY  
COMMISSION

v.

PENNSYLVANIA ELECTRIC COMPANY :

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DOCKET NO. R-2014-2428743

DIRECT TESTIMONY

OF

BARBARA R. ALEXANDER

ON BEHALF OF THE

PENNSYLVANIA OFFICE OF CONSUMER ADVOCATE

NOVEMBER 24, 2014

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## I. INTRODUCTION AND SUMMARY

Q. PLEASE STATE YOUR NAME, ADDRESS AND OCCUPATION.

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

Q. WHAT IS YOUR BACKGROUND AND EXPERIENCE WITH RESPECT TO THE ISSUES ON WHICH YOU ARE PROVIDING TESTIMONY IN THIS PROCEEDING?

A. I opened my consulting practice in March 1996, after nearly ten years as the Director of the Consumer Assistance Division of the Maine Public Utilities Commission. While there, I testified as an expert witness on consumer protection, customer service and low-income issues in rate cases and other investigations before the Commission. My consulting practice is directed to consumer protection, customer service and low-income programs and policies relating to the regulation of the telephone, electric and gas industries. My practice has included policy issues relating to the adoption of retail energy markets and the regulation of public utility distribution service, particularly relating to reliability of service, rate programs, customer service performance, as well as default service programs and policies. I have appeared in over 30 U.S. and Canadian jurisdictions on behalf of state utility consumer advocates and AARP. In addition, I have recently completed an engagement on behalf of a professional and clerical workers union before the British Columbia Public Utility Commission concerning a multi-year performance-based rate plan by a combined electric-gas utility.

I am a graduate of the University of Michigan (B.A. 1968) and the University of

Maine School of Law (J.D. 1976).

I have appeared before the Pennsylvania Public Utility Commission (PUC or Commission) many times on behalf of the OCA. I filed testimony on consumer education, consumer protection, supplier licensing, customer enrollment, default service, and Code of Conduct issues for the OCA in the Commission's electric restructuring proceedings in 1997 and 1998, as well in all in the natural gas restructuring cases beginning in 1999. With respect to issues relating to retail market competition policies, I have filed testimony on behalf of the OCA on policies that should govern the planning and acquisition of Default Service for residential customers and on proposals to adopt Purchase of Receivables (POR) programs, Customer Referral Programs, and other "retail market enhancement" programs for electric and natural gas utilities, including FirstEnergy distribution companies. I have provided testimony submitted on behalf of the OCA on service quality and low-income program issues associated with recent electric and natural gas distribution company mergers, including FirstEnergy's acquisition of the former GPU companies in 2001 and FirstEnergy's acquisition of West Penn Power from Allegheny in 2012. In addition, I provided expert witness testimony on behalf of the OCA on the Commission's investigation of the reliability of service by the FirstEnergy distribution companies in 2004. My updated CV with the specific identification of relevant proceedings is attached as Exhibit BA-1.

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

A. My testimony will address certain common issues and proposals that are reflected in the filings by the FirstEnergy electric distribution companies (Companies) to make a

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

I will introduce each of the issues that I will address in a generic fashion that is applicable to all the Companies. Then I will separately provide Company-specific information and facts that support my overall conclusions and recommendations. Each topic will include generic statements and conclusions as well as Company-specific information that will be presented with appropriate titles and labels to allow the reader to link my testimony to each of the four rate case filings.

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

A. I will address the following issues in these proceedings:

- Reliability of service;
- Customer service, including the performance of the call center, billing and estimated billing policies, complaint handling, and other metrics tracked by the Commission;
- The proposal to adopt a new Storm Damage Charge Rider; and
- The proposal to revise the Companies’ retail electric distribution service tariffs.

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<sup>1</sup> Met-Ed has proposed an 11.5% increase in revenues. Penelec has proposed an 8.6% increase in revenues. Penn Power has proposed an 8.7% increase in revenues. West Penn has proposed an 8.4% increase in revenues. See Exhibit CVF-5 for each Company’s filing.

Q. WILL YOU PROPOSE CHANGES TO THE REVENUE REQUIREMENT OR RATES PROPOSED BY FIRSTENERGY FOR THE FOUR COMPANIES?

A. Not directly. My testimony concerning customer service and reliability of service performance is intended to have an impact on the appropriate rate of return that the Commission approves in these rate cases and should be considered with the testimony of Dr. Marlon Griffing on behalf of the OCA who makes a specific recommendation on the appropriate level of the rate of return that should be used to calculate the revenue requirement and rates in these proceedings. My testimony on these issues responds to Mr. Charles Fullem's testimony on behalf of the Companies in which he described their customer service and reliability of service performance as justifying a rate of return at the top of the range of rates of return on common equity developed by the Companies' rate of return witness.<sup>2</sup> With regard to the proposal to adopt a Storm Damage Charge Rider, my testimony responds to the Companies' testimony by Ms. Kimberlie Bortz who recommends this new Rider, but I do not address the proper level of recovery of any particular amount of storm damage costs in base rates. With regard to the tariff revisions also supported by Ms. Bortz in her testimony on behalf of the Companies, my review is not directed to the rates and rate design, but the rules and regulations and customer service policies reflected in the tariffs.

In addition, I have several specific performance standards and changes to the current Companies' policies that I have included in my recommendations. These changes are designed to respond to below average performance and/or assure compliance with current Commission regulations.

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<sup>2</sup> Testimony of Mr. Charles Fullem at 25, lines 14-23. Mr. Fullem's testimony is filed in each of the four rate cases.

## II. SUMMARY OF CONCLUSIONS AND RECOMMENDATIONS

Q. PLEASE SUMMARIZE YOUR OVERALL CONCLUSIONS AND RECOMMENDATIONS.

A. I recommend the following conclusions and reforms in these proceedings, organized by the four topics I address in my testimony:

- Reliability of Service.

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

2) As a result, there are no grounds for supporting Mr. Fullem's recommendation that the Companies' reliability performance should be rewarded through an above average rate of return.

- Customer Service Performance and Estimated Billing.

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

2) Rather, the Commission should focus on the Companies' performance as reflected in the customer service and credit and collection reports obtained from all electric distribution companies. Pursuant to that evidence, the FirstEnergy Companies operate either at the average or low range of performance compared to other electric

distribution companies in most measurements. Therefore, there are no grounds to support Mr. Fullem's claim that the Companies' performance in this area deserves a higher than average rate of return.

- 3) The incidence of customer complaints submitted to the Companies has risen significantly from 2010 through 2013 with the exception of Penn Power.
- 4) More importantly, my evaluation of these performance areas indicates that West Penn performs below average in most categories compared to not only the other FirstEnergy Companies, but other Pennsylvania distribution companies as well. As a result, I recommend that the Commission order West Penn to improve its customer service performance in all categories to, at a minimum, perform at a level equal to the average level of the other FirstEnergy Companies as a condition of any rate increase approved in this proceeding. West Penn's shareholders should bear the incremental costs to achieve this reasonable performance level.
- 5) With regard to my evaluation of how the Companies have implemented bi-monthly estimated billing for Met-Ed, Penelec, and West Penn, I find that those Companies tolerate and rely on a very high level of consecutive estimated bills that do not appear to conform to the Chapter 56 standards. This pattern is most evident when comparing the incidence of consecutive estimated bills for those three Companies compared to Penn Power. Penn Power's stated policy is to issue all its bills based on actual meter readings, but there is evidence that Penn Power tolerates a high level of routine estimated bills as well. The difference in customer complaints from the three Companies that rely on estimated bills compared to Penn Power customer complaints

is also significant. I recommend that the Commission require the following conditions in these proceedings:

- i) Met-Ed, Penelec, and West Penn should be ordered to immediately institute policies and practices to ensure compliance with Chapter 56 and dramatically reduce the number of consecutive estimated bills. All FirstEnergy Companies should be required to regularly document and report the basis for the failure to issue a bill based on an actual meter reading every other month pursuant to Chapter 56;
- ii) The revenue requirements proposed by Met-Ed, Penelec, and West Penn should be assumed to reflect their ongoing obligation to comply with Chapter 56's billing requirements. Therefore, if there are any incremental costs associated with implementing reforms to ensure compliance with Chapter 56, the Companies' shareholders should bear any incremental expenses associated with the correction of this failure to comply;
- iii) Met-Ed, Penelec, and West Penn should promptly revise their websites and customer education materials to explicitly inform their customers of the standard policy to issue bills based on actual meter readings every other month, conduct statistically valid surveys of its customers about their experiences with this policy and the methods offered by the Companies to consider customer provided meter readings in a timely manner, and report the results of these outreach and research recommendations within six months of an order in this proceeding;
- iv) The Commission may want to pursue a compliance audit after these proceedings to determine that the Companies have implemented appropriate reforms to assure

compliance with the Chapter 56 billing requirements, as well as evaluate certain of the reforms recently adopted by the Companies based on the investigation recently concluded on estimated billing practices in West Virginia;

- v) Storm Damage Charge Rider. The Commission should reject the proposal to create a new Storm Damage Charge Rider for the reasons set forth in my testimony; and
- vi) Revised Tariffs. The Commission should require numerous reforms and additional language in the Companies' proposed tariff revisions in its General Rules and Regulations to conform to statutory and regulatory policies as set forth in my testimony.

### III. RELIABILITY OF SERVICE PERFORMANCE

Q. WHAT DOES MR. FULLEM SAY ABOUT THE RELIABILITY OF SERVICE PROVIDED BY THE COMPANIES IN HIS TESTIMONY IN SUPPORT OF THE RATE INCREASES?

A. According to Mr. Fullem, the Companies have implemented so many customer service and reliability-related enhancements that he cannot reasonably describe them all.<sup>3</sup> However, with regard to reliability of service, Mr. Fullem points to their enhanced communications during major storms and states that the Companies have made system enhancements and implemented specific initiatives “designed to enhance reliability and provide customers high-quality, dependable service.”<sup>4</sup> These statements are accompanied by a table that presents each Company’s performance as measured by System Average Interruption Duration Index (SAIDI, a measurement of the average length of interruptions), System Average Interruption Frequency Index (SAIFI, a measurement of the average frequency of interruptions), and Customer Average Interruption Frequency Index (CAIDI, a measurement of the average length of interruption by customers).<sup>5</sup> According to Mr. Fullem, the Companies’ reliability metrics have been better than the Commission’s 12-month standard in 94% of the 2009-2013 comparisons he provides and better than the Commission’s benchmark in 32% of the

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<sup>3</sup> Testimony of Mr. Fullem at 13.

<sup>4</sup> Testimony of Mr. Fullem at 18, lines 14-15.

<sup>5</sup> These three measurements are defined by the Commission in its regulations [52 Pa. Code Section 57.191-197] and are used to measure all Pennsylvania electric distribution companies’ performance for non-storm outages or interruptions. Therefore, these measurements exclude the outages associated with “major events” and are designed to reflect the “normal” operation of the distribution system under routine weather conditions and events.

comparisons.<sup>6</sup> Mr. Fullem then points to the transmission and distribution capital expenditures made by the Companies to suggest that these performance levels reflect the impact of those capital outlays.<sup>7</sup>

Q. DO YOU AGREE THAT MR. FULLEM HAS PRESENTED A FULL AND FAIR DESCRIPTION OF THE COMPANIES' RELIABILITY PERFORMANCE?

A. No. As I will describe in more detail for each Company, there have been significant defects and indicators of less than adequate performance for three of the four Companies and, in some situations, there is evidence of a persistent deterioration in performance. Furthermore, there is a pattern of customer complaints and dissatisfaction with the Companies' reliability performance that I will also describe below in my presentation of each of the Companies' recent reliability performance.

Q. IN ORDER TO COMPARE MR. FULLEM'S STATEMENTS ABOUT THE RELIABILITY PERFORMANCE OF THE COMPANIES IN THESE RATE CASES, PLEASE EXPLAIN HOW THE COMMISSION MEASURES AND COMPARES RELIABILITY PERFORMANCE.

Q. The Commission measures each Company's performance against two different standards: a *benchmark* that represents the statistical average of each distribution company's annual, system wide, reliability performance index values for the five years from 1994-98. According to the PUC, "The benchmark serves as a reference point to compare and gauge

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<sup>6</sup> Testimony of Mr. Fullem at 19, lines 2-4.

<sup>7</sup> Testimony of Mr. Fullem, at 19, presents a table showing transmission and distribution capital outlays for each Company for 2009 through 2013, reflecting expenditures that are reported pursuant to 52 Pa. Code Section 57.195(b)(8), referring to one of the requirements for the reliability reports that each distribution company must file with the Commission.

an EDC's sustainable reliability performance, which should continually improve.”<sup>8</sup> The performance *standard* is a numerical value representing an EDC's performance control limit established for each reliability index. Performance standards are based on individual EDC historical performance benchmarks. Both long-term (rolling three-year) and short-term (rolling 12-month) performance standards have been established for each EDC. The rolling 12-month standard is 120 percent of the benchmark for the large EDCs and 135 percent for the small EDCs. The rolling three-year standard is 110 percent of the benchmark for all EDCs.<sup>9</sup> The three-year average performance is measured against the standard at the end of each calendar year. For example, the rolling three-year standard analysis contained in the 2013 Report uses 2011, 2012 and 2013 calendar year data.

Q. DOES THE TABLE PROVIDED BY MR. FULLEM IN HIS TESTIMONY REFLECT THE PROPER BENCHMARK AND ROLLING THREE-YEAR AND 12-MONTH STANDARDS APPLICABLE TO THE COMPANIES?

A. Mr. Fullem's table includes the proper historical benchmark that is based on the average of the actual 1994-1998 performance and includes the rolling 12-month standard. However, Mr. Fullem's table omits the rolling three-year standard that is also used to measure the distribution company's annual performance.

Q. DOES MR. FULLEM'S TABLE FOR THE FOUR COMPANIES SUPPORT THE STATEMENTS IN HIS TESTIMONY?

A. I believe that the table he provides clearly shows that the performance is deteriorating and not improving. I include the chart Mr. Fullem presented in his testimony below. It is

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<sup>8</sup> PUC, 2013 Annual Reliability Report, at 1-2.

<sup>9</sup> Any result over 100% of the benchmark represents a lower level of performance than the benchmark.

clear that the majority of instances in which the performance was better than (i.e., a number lower than the benchmark is “better”) the benchmark (which reflects the 1994-1998 average performance) occurred in 2009 and very seldom since then. While this may result in meeting one or more annual standards, this trend reveals a lower level of performance compared to historical performance. Therefore, simply adding up the years in which performance was better than the benchmark gives an incorrect impression. Furthermore, Mr. Fullen’s presentation does not reflect the Commission’s analysis of the Companies’ performance with the rolling three-year indicator, a matter I will discuss further below for each Company. This omission is significant because many of the indicators that show a failure to meet the Commission’s performance standards are missing from this chart.

**Mr. Fullem's Table (Direct Testimony at 19):**

Company	12 month rolling	Pennsylvania						
		Benchmark	12-Month Standard	2009	2010	2011	2012	2013
Met-Ed	SAIDI	135	194	134	181	142	155	115
	SAIFI	1.15	1.38	1.21	1.51	1.21	1.29	1.09
	CAIDI	117	140	111	120	117	120	105
Penn Power	SAIDI	113	162	87	95	143	133	188
	SAIFI	1.12	1.34	0.75	1.01	1.08	1.17	1.35
	CAIDI	101	121	116	95	138	114	140
Penelec	SAIDI	148	213	143	162	233	194	174
	SAIFI	1.26	1.52	1.22	1.31	1.40	1.41	1.48
	CAIDI	117	141	117	124	167	138	117
West Penn Power	SAIDI	179	257	161	191	211	241	222
	SAIFI	1.05	1.26	0.97	1.00	1.40	1.07	1.21
	CAIDI	170	204	166	190	151	226	183

31.7%    19    Exceed Benchmark  
 61.7%    37    Between Benchmark and Standard  
 6.7%    4    below Standard

**Q. HAS THE COMMISSION INVESTIGATED THE RELIABILITY PERFORMANCE OF THE FIRSTENERGY COMPANIES IN THE PAST?**

**A. Yes.** In 2004, the Commission opened a formal investigation of the reliability performance of Met-Ed, Penelec, and Penn Power in Docket No. I-00040102. I testified in that proceeding on behalf of the OCA. This investigation resulted in a settlement approved in November 2004.<sup>10</sup> This settlement included specific commitments to improve reliability performance and specific commitments to operate its call center to meet an annual standard of answering 80% of the customer calls within 30 seconds.

Paragraph 14 (d) of the settlement states:

The Settlement will serve as a means to closely monitor the progress the FirstEnergy Companies have committed to over the next several years. Within the Settlement, FirstEnergy has committed to take all reasonable efforts to meet all applicable benchmarks, as they may be modified from time to time. To this end, and in addition to the Commission regulations already in place, FirstEnergy has committed to improve the SAIDI for each of the FirstEnergy Companies in

<sup>10</sup>Final Order entered Nov. 4, 2004.

Pennsylvania by specified percentages over their 2003 performance levels. FirstEnergy commits that its SAIDI for calendar years 2005 and 2006 will reflect values that are equal to or better than its achieved SAIDI for 2003. The above-mentioned monitoring tools will allow all parties to closely monitor FirstEnergy's compliance with this Settlement and its endeavor to improve reliability. In addition, the Companies will identify 5% of each Company's worst performing circuits each quarter, develop a remediation plan, and ensure that remediation efforts are completed on those circuits within a specified time period. If those remediation efforts do not fully address the problem and the circuit again appears on the 5% worst performing circuit list, the Companies will undertake additional remediation efforts in an expeditious manner. These provisions, along with commitments to take actions on other deficiencies or problems identified by the more rigorous inspection practices should improve service to customers in a timely manner.

Q. DO THE COMPANIES HAVE INTERNAL STANDARDS DESIGNED TO FOCUS MANAGEMENT ATTENTION TO THE ACHIVEMENT OF THE APPLICABLE RELIABILITY STANDARDS?

A. Yes. The Companies have internal corporate reliability performance standards, referred to as Key Performance Indicator (KPI) metrics. And, these metrics are based on the PUC's reliability benchmarks and standards. According to the Companies, "There is a threshold, target, and stretch goal for achieving reliability requirements. The Threshold goal is the 3-year Standard and the Stretch goal is Benchmark. The Target is simply the midpoint between the Threshold and Stretch."<sup>11</sup> I have two comments on these internal metrics that are tied to measuring management performance. First, these metrics include the three-year standard, but Mr. Fullem's table and statements about reliability performance fail to reflect this standard. Second, I question why a company that is dedicated to exceptional service would not establish the Commission's benchmark standard as the Threshold instead of only a Stretch factor.<sup>12</sup>

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<sup>11</sup> See, e.g., Penn Power Response to OCA-III-20.

<sup>12</sup> These internal performance measurements are used in part for incentive compensation policies. A "stretch factor" is designed to achieve performance beyond what is considered acceptable performance, i.e., the "target."

Q. PLEASE SUMMARIZE YOUR ANALYSIS OF THE INDIVIDUAL COMPANY'S MOST RECENT RELIABILITY PERFORMANCE AS DESCRIBED IN THE COMMISSION'S 2013 RELIABILITY REPORT THAT YOU PRESENT BELOW.

A. I conclude that Mr. Fullem has not presented the whole story. Based on the Commission's 2013 Annual Reliability Report, there are numerous instances in which Penelec, Penn Power, and West Penn failed to meet applicable reliability standards and, in several cases, there is evidence of deterioration in performance over time. As a result, Mr. Fullem's testimony concerning the Companies' reliability performance, particularly in the context of his recommendation for a higher rate of return on equity, should not be relied upon.

### **PENELEC'S RELIABILITY PERFORMANCE**

Q. PLEASE SUMMARIZE PENELEC'S RECENT RELIABILITY PERFORMANCE RESULTS.

A. According to the Commission's 2013 Annual Reliability Report, Penelec failed to achieve the three-year average standard for CAIDI by 9%; failed to achieve the rolling 12-month benchmark for SAIDI by 18%; failed to achieve the three-year average standard for SAIDI by 12%; failed to achieve the rolling 12-month benchmark for SAIFI by 18%; and failed to achieve the three-year average SAIFI standard by 3%. According to the data provided by Penelec, the Commission's report noted that equipment failures were the top cause of outages. The Report noted that Penelec's SAIFI performance is trending away from achieving the benchmark.<sup>13</sup>

Q. HOW DID PENELEC RESPOND TO YOUR REQUEST THAT THEY EXPLAIN THE BASIS FOR ANY FAILURE TO MEET ONE OF MORE OF THE RELIABILITY STANDARDS?

A. Penelec's response failed to assume any responsibility for actual performance results as I summarized above and appears to blame "weather-related" outages for their failure to meet one or more standards even though those weather events did not qualify for exclusion from the measurements that reflect customer outage experiences, stating:

All three of Penelec's reliability standards (SAIFI, SAIDI and CAIDI) in 2013 were better than the Commission's 12-Month Standard. The second quarter 2014 12-month rolling CAIDI and SAIDI reliability standards are also better than the Commission's 12-Month Standard. Penelec's higher than normal SAIFI performance is directly attributed to three non-excludable storm events that occurred on January 6-8, March 12-13 and June 18-20, 2014 which contributed 0.12 to SAIFI.

In 2013, Penelec continued the full circuit protection coordination and main line

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<sup>13</sup> PUC, 2013 Annual Reliability Report at 21-22.

protection programs. These programs sought to improve reliability by ensuring that circuits carrying more than 300 customers were equipped with a mid-line recloser and coordinating fuse protection on every mainline tap. The programs are part of a multi-year effort to add protective devices to circuits that experience an abnormally high number of outages. Penelec engineering examined in excess of 100 of the poorest performing circuits from a SAIDI perspective, in addition to the worst performance circuit program. These efforts have yielded results that surpassed the 12-month standard in all three reliability indices, in addition to achieving benchmark performance for CAIDI.

In addition to the efforts mentioned above, Penelec continues to proactively inspect and replace damaged equipment discovered during the annual inspections of the distribution system including poles, conductors and associated devices. System improvements such as the replacement of porcelain fused cutouts with new, more robust polymer models took place throughout the Penelec distribution system to address outages caused by failing equipment. Penelec also continued their vegetation control efforts including off corridor and overhang tree removal to maintain proper clearances and mitigate potential damage to distribution facilities. Penelec remains committed to providing safe and reliable service to their customers.<sup>14</sup>

Q. IS THERE EVIDENCE OF CUSTOMER DISSATISFACTION WITH PENELEC'S RELIABILITY PERFORMANCE?

A. Yes. The Company provided the number of informal customer disputes and complaints handled by the Company for all categories for 2009 through August 2014. The categories labeled "service interruptions" and "service quality" are applicable to issues relating to reliability of service. Penelec's customers have registered 88 complaints in these categories in 2009, 34 in 2010, 53 in 2011, 81 in 2012, and 64 in 2013.<sup>15</sup> This trend in complaints about service interruptions and service quality does not reflect any improvement in customer satisfaction with Penelec's performance in this area in the last two years.

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<sup>14</sup> Penelec Response to OCA-III-19.

<sup>15</sup> Penelec Response to OCA-III-21, Attachment A.

### **PENN POWER'S RELIABILITY PERFORMANCE**

Q. PLEASE SUMMARIZE PENN POWER'S RECENT RELIABILITY PERFORMANCE RESULTS.

A. Penn Power's reliability performance was significantly inadequate in 2013. According to the Commission's 2013 Report, Penn Power failed to achieve the rolling 12-month CAIDI benchmark by 39%; failed to achieve the three-year average standard for CAIDI by 18%; failed to achieve the rolling 12-month SAIDI benchmark by 66%; failed to achieve the three-year average SAIDI standard by 14%; failed to achieve the rolling 12-month SAIFI benchmark by 21%; and only achieved the three-year average SAIFI standard by 4%. In addition, this Report states that the Commission met with Penn Power to review low performance and noted, "...a correction action plan from Penn Power is due in July 2014 for PUC review."<sup>16</sup>

Q. DID PENN POWER PROVIDE ANY EXPLANATION OF THESE RELIABILITY PERFORMANCE FAILURES?

Q. When asked to explain any instance in which Penn Power had not meet the applicable reliability standards, the Company's response failed to mention the PUC's review of Penn Power's poor performance. The Company stated that weather events had an impact on Penn Power's reliability performance, noting 34 "minor storm days" that occurred in 2013.<sup>17</sup> However, these weather events are not excluded from the calculation of the reliability performance standards because they are not "major events" and all electric distribution companies must calculate these reliability metrics in the same manner and

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<sup>16</sup> PUC 2013 Annual Reliability Report at 24-25.

<sup>17</sup> Penn Power Response to OCA-III-19.

compare their performance to the historical results that also reflect all these “minor storm days.” As a result, Penn Power’s explanation is not reasonable.

Q. IS THERE EVIDENCE OF CUSTOMER DISSATISFACTION WITH PENN POWER’S RELIABILITY PERFORMANCE?

A. Penn Power reports far fewer informal customer complaints about reliability of service compared to Penelec as noted above. Penn Power reports that it received 11 complaints about service interruption and service quality in 2009, 8 complaints in 2010, 5 complaints in 2011, 12 complaints in 2012, and 8 complaints in 2013.<sup>18</sup>

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<sup>18</sup> Penn Power Response to OCA-III-22, Attachment A.

**WEST PENN POWER'S RELIABILITY PERFORMANCE**

Q. PLEASE DESCRIBE WEST PENN POWER'S RECENT RELIABILITY RESULTS?

A. According to the Commission's 2013 Reliability Report, West Penn failed to achieve the rolling 12-month CAIDI benchmark by 8%; achieved the three-year average CAIDI standard by only 0.2%; failed to achieve the rolling 12-month SAIDI benchmark by 24%; failed to achieve the three-year average SAIDI standard by 3.5%; failed to achieve the rolling 12-month SAIFI benchmark by 15%; and failed to achieve the three-year average SAIFI standard by 6%. According to the Commission, "outages are occurring more frequently" and that "improvement is needed to drive performance goals below the benchmark, especially in the number of interruptions experienced by customers."<sup>19</sup>

Q. HOW DID WEST PENN RESPOND TO YOUR REQUEST TO EXPLAIN ANY INSTANCE OF NOT MEETING THE PERFORMANCE STANDARDS?

A. Similar to Penelec and Penn Power, West Penn did not provide any acknowledgement of failure to meet any standard and only stated that the Company had met the SAIFI, SAIDI, and CAIDI 12-month standard in 2013 and that their second quarter 2014 results are also better than the applicable standard in 2013.<sup>20</sup> The Company did not acknowledge or explain the conclusions reached by the Commission in its 2013 Reliability Report or explain why the Commission's Report paints an entirely different picture of West Penn's reliability performance compared to Mr. Fullem's testimony.

Q. IS THERE OTHER EVIDENCE OF CUSTOMER DISSATISFACTION WITH WEST PENN'S RELIABILITY PERFORMANCE?

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<sup>19</sup> PUC, 2013 Annual Reliability Report at 39-40.

<sup>20</sup> West Penn Response to OCC-III-20.

A. West Penn's customers have complained in large numbers about reliability of service. In 2010, West Penn recorded 134 complaints, 77 in 2011, 139 in 2012, and 143 complaints in 2013.<sup>21</sup> As a result, customer complaints have again increased in 2012 and 2013.

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<sup>21</sup> West Penn Response to OCA-III-22, Attachment A.

### **MET-ED'S RELIABILITY PERFORMANCE**

Q. PLEASE SUMMARIZE MET-ED'S RECENT RELIABILITY PERFORMANCE.

A. According to the Commission's 2013 Reliability Report, Met-Ed achieved the applicable 12-month rolling benchmark for CAIDI, SAIDI, and SAIFI, and only failed to achieve the applicable three-year standard for SAIFI by 6%, but achieved the SAIDI and CAIDI standards. The Report noted that tree-related outages decreased significantly, in part due to the Company's ongoing efforts to "harden" its three-phase distribution system backbone and also due to aggressive tree trimming.<sup>22</sup> As a result, Met-Ed's reliability performance was significantly better than the failures to meet one or more standards reported by West Penn, Penn Power, and Penelec for 2013.

Q. DO THE INFORMAL CUSTOMER COMPLAINTS ABOUT RELIABILITY OF SERVICE PERFORMANCE REPORTED BY MET-ED REFLECT THIS PERFORMANCE?

A. No. Met-Ed reports a far larger number of customer complaints about service interruptions and service quality than the other Companies: 59 in 2009, 46 in 2010, 354 in 2011, 245 in 2012, and 81 in 2013.<sup>23</sup> I note that the volume of complaints has decreased significantly in 2013.

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<sup>22</sup> PUC, 2013 Annual Reliability Report, at 15-16.

<sup>23</sup> Met-Ed Response to OCA-III-21, Attachment A.

#### IV. CUSTOMER SERVICE PERFORMANCE

Q. PLEASE IDENTIFY THE ISSUES YOU WILL ADDRESS IN THIS SECTION OF YOUR TESTIMONY.

A. By “customer service” I will refer to call center performance, billing, response to customer complaints, and other indicia of how the Companies interact with residential customers. In this section I will also address the Companies’ allegation that their implementation of the Customer Referral Program was successful.

Q. PLEASE SUMMARIZE WHAT MR. FULLEM SAYS ABOUT THE COMPANIES’ CUSTOMER SERVICE PERFORMANCE.

A. According to Mr. Fullem, the Edison Electric Institute recognized the FirstEnergy Companies for “outstanding customer service” in 2014.<sup>24</sup> Mr. Fullem also cites to the results of annual surveys undertaken and reported by J.D. Power in its Electric Utility Residential Customer Satisfaction Study, pointing out that the Companies had scores above the average.<sup>25</sup> Mr. Fullem also states that the Companies have “successfully implemented” the customer referral programs and have enrolled over 100,000 residential and small commercial customers with electric generation suppliers in that program.<sup>26</sup>

With regard to the operation of the Companies’ customer call centers, Mr. Fullem points to the integration of three call centers that serve customers in Pennsylvania, Ohio, and New Jersey and he points to the improved technology to move calls between centers and improve operations during busy call times, particularly during major storm events.

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<sup>24</sup> Testimony of Mr. Fullem at 17.

<sup>25</sup> Testimony of Mr. Fullem at 17.

<sup>26</sup> Testimony of Mr. Fullem at 17.

Mr. Fullem points to the performance of answering 80% of all calls within 30 seconds on an annual basis for the customers served by Met-Ed, Penn Power, and Penelec. With regard to the call center performance of West Penn, Mr. Fullem states that the call answering performance for those customers is “on track” to achieve a lower standard of answering 70% of calls within 30 seconds by 2015 as required by the merger agreement between FirstEnergy and Allegheny Power approved in 2012.<sup>27</sup>

Q. DO YOU AGREE WITH MR. FULLEM’S CHARACTERIZATION OF THE CUSTOMER SERVICE PERFORMANCE OF THE COMPANIES?

A. Not entirely. Mr. Fullem has left out facts and evidence about the performance of these Companies that are crucial to any overall consideration of customer service performance. I will describe the individual Company performance below, but my overall conclusion is that customer service performance is lacking in several key areas, particularly with respect to the implementation of bi-monthly meter reading and reliance on estimated bills for Met-Ed, Penelec, and West Penn customers. In addition, as documented below, the customer service performance of West Penn in several areas is significantly below the average compared to other Pennsylvania electric distribution companies and its FirstEnergy brethren. I will make several recommendations to ensure that West Penn customers receive the customer service performance that at a minimum matches that of other FirstEnergy Companies in several areas.

Q. DO YOU RECOMMEND THAT THE COMMISSION RELY ON WHETHER OR NOT FIRSTENERGY HAS RECEIVED AWARDS FROM THE EDISON ELECTRIC INSTITUTE?

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<sup>27</sup> Testimony of Mr. Fullem at 13-16.

A. No. This is a utility membership group that does not reflect state-specific regulatory requirements.

Q. DO YOU RECOMMEND THAT THE COMMISSION RELY ON ANY RESULTS FROM THE J.D. POWER CUSTOMER SURVEYS TO MEASURE THE CUSTOMER SERVICE PERFORMANCE OF THE COMPANIES?

A. No. The J.D. Power surveys rely on a survey instrument that is not publicly available. Furthermore, the survey results rely on the presentation of an “index” that manipulates the results of customer survey data in a manner that is also not publicly available. There is no basis for relying on these survey results for Pennsylvania’s regulatory oversight of these Companies. Furthermore, if there is a desire to consider customer satisfaction results for these Companies, the Commission should rely on the customer satisfaction surveys that are conducted for all the electric distribution companies in a manner supervised by this Commission and reported annually. I will provide a summary of the Pennsylvania consumer satisfaction survey results for each Company.

Q. PLEASE COMMENT ON WHETHER MR. FULLEM’S STATEMENTS ABOUT ITS IMPLEMENTATION OF THE CUSTOMER REFERRAL PROGRAM DESERVE ANY CONSIDERATION AS EVIDENCE OF CUSTOMER SERVICE PERFORMANCE IN THESE PROCEEDINGS.

A. The Customer Referral Program is described by Mr. Fullem as “successful” due entirely to the number of customers enrolled in this program. In this program, “enrollment” means that the customer has agreed to select or be assigned to a participating Electric Generation Supplier (EGS) for a fixed price 12-month contract where the initial price is 7% lower than the Price to Compare at the time of enrollment. When asked for the basis

for customer satisfaction with the program, the Companies responded with the results of surveys undertaken about the customer's experience with the third party enrollment agent under contract with the Companies to present the program and enroll customers.<sup>28</sup> However, there are several problems with Mr. Fullem's characterization of this program. As a result, I do not recommend that the Companies' implementation of this program deserves any particular reward or consideration in the context of these proceedings:

- First, I testified about the implementation of this program in the FirstEnergy Companies' application for the 2015-2017 Default Service Program filing in Docket Nos. P-2013-2391368, et al. and documented that many customers enrolled through the referral program prior to a drop in the Price to Compare (PTC).<sup>29</sup> This resulted in thousands of customers experiencing a lower level of discount or the loss of their discount in comparison to the PTC. As a result, I recommended, and the Companies agreed, to make changes to the disclosures about this program in a settlement of that proceeding.<sup>30</sup> The Companies should not be able to claim a successful implementation of this program that they agreed to reform as a result of the OCA's review.

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<sup>28</sup> See, e.g., Met-Ed Response to OCA-III-14, Attachment A. The same survey results were provided by Penn Power in response to OCA-III-14, by West Penn in response to OCA-III-15, and by Penelec in response to OCA-III-14.

<sup>29</sup> Direct Testimony of Barbara R. Alexander on behalf of the OCA, Docket Nos. P-2013-2391368, et al. "For example, Met-Ed customers who enrolled in August 2013 received a 7% discount from the PTC in effect that month, but when the PTC was changed in September 2013, the entire value of the discount disappeared and, starting in December 2013, those customers who had enrolled in August 2013 were receiving essentially no discount. However, Met-Ed residential customers that enrolled in September have retained an approximately 7% discount with the subsequent PTC changes. Even more disturbing is the fact that Penelec customers who enrolled in August 2013 are now paying 12% more for generation supply service compared to the PTC in effect in December 2013. The same result has also occurred with Penn Power customers." Direct at 9.

<sup>30</sup> See Opinion and Order entered July 24, 2014 (approving the Joint Petition for Partial Settlement without modification).

- Second, the surveys do not measure satisfaction with the program, but only the interaction with the Companies' third party enrollment agent and satisfaction with the enrollment process. There is no survey that actually reflects customer understanding of and experience with the entire program or whether they understood that the 7% discount was not a guarantee of savings compared to the ongoing quarterly changes in the PTC. Furthermore, because the surveys are designed only to focus on the customer's enrollment experience, there is no information available on customer satisfaction with their experience with the supplier, an issue that will be particularly important with regard to their understanding, or reaction to, the EGS terms of service with the renewal notices that may be issued at the end of the 12-month referral contract term.

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

A. I rely on the customer service indicators reported to the Commission and reflected in the Commission's Annual Customer Service Performance Report and the Commission's Consumer Activities Report and Evaluation (UCARE) reports that reflect information on call center performance, complaint handling, payment arrangements, and other indicia of a company's credit and collection activities.<sup>31</sup> In addition, I have explored the issues associated with the Companies' customer service and billing performance in discovery in these proceedings. I have also reviewed the customer comments filed in response to the public notice about these proposed rate increases.

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<sup>31</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.

Q. DID MR. FULLEM'S TESTIMONY OR THE TESTIMONY OF ANY OTHER FIRSTENERGY WITNESS IN THESE PROCEEDINGS DISCUSS THE COMPANIES' IMPLEMENTATION OF BILLING BASED ON BI-MONTHLY ESTIMATED METER READS?

A. No. This issue does not appear in the testimony of any witness by the Companies in these proceedings. Nor does Mr. Fullem discuss this issue in his testimony about the Companies' customer service performance. However, I address this issue in my testimony. By way of background, Met-Ed, Penelec, and West Penn bill their customers based on estimated meter readings that are supposed to occur every other month, followed by bills that reflect an actual meter read. On the other hand, Penn Power bills its customers monthly based on actual meter reads. This reliance on bi-monthly estimated meter readings to issue customer bills was initiated by the Companies apparently as a cost saving measure subsequent to their last base rate cases.<sup>32</sup> As a result of my review of customer comments in the public file relating to these announcements of rate increases and my exploration of how the Companies rely on estimated meter readings to issue monthly bills, I conclude that Met-Ed, Penelec, and West Penn have incurred significant customer dissatisfaction with their implementation of the estimated billing system, resulting in customer complaints. In addition, there is evidence that the Companies do not comply with the Commission's regulations to obtain an actual meter reading at least every other month. As a result of my review, I have specific recommendations for how Met-Ed, Penelec, and West Penn should reform their estimated

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<sup>32</sup> According to the Companies, West Penn, Penelec, and Met-Ed began the practice of issuing bi-monthly estimated bills in the second quarter of 2011 with full implementation complete in April 2012. West Penn, Penelec, and Met-Ed Response to OCA-XI-8. Penn Power has retained its policy to base monthly bills on actual meter readings. Penn Power Response to OCA-XI-8.

billing policies, which the Commission should adopt as a condition of granting any rate increases in these proceedings for these Companies.

Q. WITH REGARD TO THE OVERALL TRENDS THAT YOU PROVIDE IN COMPANY-SPECIFIC DETAIL BELOW, PLEASE SUMMARIZE YOUR CONCLUSIONS.

A. In general, FirstEnergy Companies do not reflect above average performance in most customer service performance categories. However, the poor performance of West Penn stands out with respect to its call center performance, response to customer complaints, volume of customer complaints, customer satisfaction survey results, and indicators of “infractions” in complaints reviewed by the Commission’s Bureau of Consumer Services. This poor performance by one of the FirstEnergy Companies compared to the other Companies is also an indication that West Penn customers receive a lower level of customer service compared to other Pennsylvania distribution companies and compared to the other FirstEnergy Companies. This suggests that FirstEnergy has an obligation to improve its customer service performance and this poor performance by West Penn, in particular, should be taken into account when establishing the proper rate of return on equity in this proceeding. It would be appropriate, for example, to give the lowest reasonable level of rate of return for West Penn compared to other FirstEnergy Companies as a result of this poor performance. Finally, there is no evidence that any of the FirstEnergy Companies should earn a higher than average rate of return based on these performance results.

Q. DO YOU RECOMMEND THAT THE COMMISSION ALLOW WEST PENN TO PERFORM AT A BELOW AVERAGE LEVEL OF CUSTOMER SERVICE PERFORMANCE?

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

Q. DO YOU HAVE OBSERVATIONS ABOUT THE IMPLEMENTATION OF ESTIMATED BILLING BY MET-ED, PENELEC, AND WEST PENN?

A. Yes. There are reasonable grounds to find that the reliance on estimated billing by Met-Ed, Penelec, and West Penn has had a negative impact on customer service and raises questions about whether these Companies are complying with Chapter 56 of the Commission's regulations concerning bills based on actual meter readings:

- The incidence of consecutive estimated bills (three or more) is far higher for Met-Ed, Penelec, and West Penn than could possibly be explained by permissible reasons under Chapter 56 (i.e., due to weather or access to the customer's meter), particularly when compared to the performance of Penn Power in this regard. It would be reasonable to expect that Penn Power's low incidence of consecutive estimated bills is a reflection of the same weather and customer access issues that occurs for Met-Ed, Penelec, and West Penn service territories.

- The incidence of customer complaints and dissatisfaction with the estimated billing policies of Met-Ed, Penelec, and West Penn are clearly far in excess of any such complaints and customer concerns as those reflected by Penn Power's customers. This pattern is also clearly evident in the public comments and reaction to the public notice of these rate increases that were sent to the Commission.

Q. AS A RESULT OF THIS EVIDENCE, WHAT ARE YOUR RECOMMENDATIONS FOR IMPROVEMENTS IN HOW MET-ED, PENELEC, AND WEST PENN IMPLEMENT ESTIMATED BILLING?

A. First, I rely on the customer complaints and what appears to be a failure to routinely issue bills based on actual meter readings at least every other month by Met-Ed, Penelec, and West Penn as an additional reason to deny any reward or consideration for a higher than average rate of return in these rate case filings.

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

- Met-Ed, Penelec, and West Penn should be ordered to immediately institute policies and practices that dramatically reduce the number of consecutive estimated bills to a level that resembles the issuance of consecutive estimated bills by Penn Power and that they document and report the basis for the failure to issue a bill based on an actual meter reading every other month pursuant to Chapter 56;
- Any incremental costs that Met-Ed, Penelec, and West Penn incur to comply with the provisions of Chapter 56 with regard to issuing residential bills based on an actual meter reading every other month should not be reflected in the revenue requirement or allowable rates approved in these proceeding since those Companies have been obligated

to comply with these Chapter 56 billing provisions in the past and shareholders should bear any incremental expenses associated with the correction of this failure to comply;

- Met-Ed, Penelec, and West Penn should promptly revise their websites and customer education materials to explicitly inform customers of their standard policy to issue bills based on actual meter readings every other month, conduct statistically valid surveys of customers about their experiences with this policy and the methods offered by the Company to consider customer provided meter readings in a timely manner, and report the results of these outreach and research recommendations within six months of an order in this proceeding; and

- The Companies have adopted some reforms associated with their estimated billing policies, notably with regard to the methodology used to estimate customer bills and an enhanced payment arrangement policy for customers with large make-up bills as a result of estimated bills. These reforms (among others) were directed by the West Virginia Commission in an investigation of the billing policies of the FirstEnergy companies in West Virginia.<sup>33</sup> However, due to the timing of this proceeding, there has been insufficient time to evaluate the impact of these reforms on customer satisfaction. The Commission may want to further investigate the Companies' implementation of reforms

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<sup>33</sup> The West Virginia Public Service Commission conducted an investigation of FirstEnergy's estimated billing policies for Monongahela Power Co. and Potomac Edison Co. in 2014, the results of which and associated findings are reflective of many of the concerns I have raised in my testimony. See, Commission Order, Case No. 13-0830-E-GI, *General Investigation into meter reading, billing, and customer service practices* (May 28, 2014). In fact, the FirstEnergy Companies in Pennsylvania have adopted some of the reforms ordered by the West Virginia Commission with respect to additional leniency with respect to the negotiation of payment arrangements with customers who have received a large make-up bill due to estimated meter readings. See, e.g., West Penn Response to OCA-XV-2. There has been insufficient time in this proceeding to evaluate the implementation of those reforms or their impact on customer satisfaction and dispute trends.

designed to properly comply with the billing policies Chapter 56 and these more recent enhancements as a condition of any rate increase granted in these proceedings.

### ***PENELEC'S CUSTOMER SERVICE PERFORMANCE***

Q. PLEASE DESCRIBE PENELEC'S CUSTOMER SERVICE PERFORMANCE BASED ON THE COMMISSION'S REQUIRED PERFORMANCE METRICS.

A. The following observations reflect information included in the Commission's 2013 Customer Service Performance Report and the 2013 UCARE Report:

- FirstEnergy reports unified call center data for Penelec, Met-Ed, and Penn Power. The performance for this call center is generally in the range of answering 80% of the calls within 30 seconds: 80% in 2011, 78% in 2012, and 82% in 2013. The Busy-Out Rate (the percentage of calls that experience a busy signal and that cannot get into the queue for call options) has in some years been relatively high compared to other Pennsylvania distribution companies: 6% in 2011, 2% in 2012, and 0% in 2013, a trend that shows improved performance. With regard to the Call Abandonment Rate (percentage of calls in which the caller abandons the call after entering the queue), these Companies report an average of 3%-4%, typical of other Pennsylvania electric distribution companies.
- Penelec's performance in responding to customer disputes within 30 days is deteriorating: 500 in 2011, 1,851 in 2012, and 1,379 in 2013. This means that two to three times as many customers are waiting more than 30 days to get a response to their informal disputes and complaints in recent years compared to 2011.
- With regard to measurements of customer satisfaction based on the Commission approved surveys, Penelec's results are typically within the range of other Pennsylvania companies: 83% satisfied with ease of reaching the company; 71% satisfied with ease of using the automated voice response menu; 91% satisfied with how the Company's

representative handled the contact; and 88% satisfied overall with the Company's handling of the recent contact.

- The Commission's Bureau of Consumer Services calculates Penelec's Justified Consumer Complaints and Justified Payment Agreement Requests as 17% and 5%, respectively. This is a measure of the Bureau's determination that the distribution company should have resolved the customer's dispute differently, i.e., that the customer was "justified" in filing their informal appeal of the dispute to the Bureau. The Bureau also reported that customer disputes and requests for payment arrangements submitted to the Bureau by Penelec's customers decreased in 2013 compared to 2012. The Bureau also reports the number of Verified Infractions as a measurement of those disputes in which there is evidence that the distribution company did not comply with the Commission's regulations: 88 for Penelec in 2013.

- With regard to informal disputes and complaints handled directly by Penelec, the Company reported that complaints have risen significantly in recent years: 1,974 in 2009, 2,587 in 2011, 3,078 in 2012 and 3,291 in 2013.<sup>34</sup> A substantial percentage of these informal complaints relate to "collections" and "billing" issues. It should be noted that these trends do not include the sharp rise in customer complaints and collection-related issues that all distribution companies experienced as a result of the cold weather, higher usage, and very high supplier charges passed through on variable rate contracts in early 2014.

Q. PLEASE DESCRIBE HOW PENELEC IMPLEMENTS ITS ESTIMATED BILLING POLICY.

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<sup>34</sup> Penelec Response to OCA-III-21, Attachment A.

A. Penelec’s website does not explicitly inform its customers that bills are issued every other month based on estimated usage calculations. Rather, the following statement is provided to customers about “meter reading”:

At times, severe weather conditions or other unforeseen problems might prevent us from reading your meter. When this happens, your electricity usage is estimated based on your previous electric bills. If you do not want to receive an estimated bill, you can enter your [meter reading online](#).

We organize [meter reading schedules](#) by cycles. To know when your meter is scheduled to be read, look for the meter-reading cycle code on your bill, and find the corresponding code to identify when your meter is scheduled to be read.

Please be aware that your meter might be read one day before or after the scheduled meter read date if the meter reader needs to adjust the schedule because of weather, holidays, vacation, or sick days.<sup>35</sup>

There are also links to pages that inform the customer about how to find out the meter reading schedule for their meter and how to report their own meter reading to the Company.

The only reference to estimated bills is the following information that does not directly inform customers that bills are routinely estimated every other month:

#### Why Bills are Estimated

Our meter readers have assigned routes and schedules. At times, severe weather conditions or other unforeseen problems might keep them from reading all the meters on their routes. When this happens, we estimate your electricity usage during that billing period based on your previous electric bills. Any difference between your estimated usage and actual usage is automatically adjusted the next time your meter is read.

You can avoid estimated bills by providing us with your [meter reading online](#). Or, if you would rather submit a meter reading card by mail, [contact us](#) to request the appropriate form.<sup>36</sup>

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<sup>35</sup> See, [https://www.firstenergycorp.com/content/customer/help/billingpayments/meter\\_reading\\_schedule.html](https://www.firstenergycorp.com/content/customer/help/billingpayments/meter_reading_schedule.html) [Visited on November 12, 2014].

<sup>36</sup> See, [https://www.firstenergycorp.com/content/customer/help/billingpayments/about\\_your\\_bill/why\\_bills\\_are\\_estimated.html](https://www.firstenergycorp.com/content/customer/help/billingpayments/about_your_bill/why_bills_are_estimated.html) [Visited on November 12, 2014].

According to Penelec's current tariff,<sup>37</sup> the Company commits to issue monthly bills to most customers, but "reserves the right" to read the meters on a bi-monthly schedule for most residential customers:

12. Meter Reading and Rendering of Bills

a. Meter Reading

(1) Meters shall be read and bills for service shall be rendered monthly by the Company based upon its meter reading and billing schedule, except as otherwise provided in this Tariff. The Company reserves the right to read meters in all or any part of its service area on bi-monthly or quarterly schedules, and to render standard bills for the recorded use of service based upon the time interval between meter readings.

b. Rendering of Bills

(1) Estimated Bills

At its option, when meters are read on other than a monthly schedule, the Company may render estimated bills to Customers on a monthly basis for the periods when meter readings are not obtained, and such bills shall be due and payable by each Customer upon presentation by the Company, subject to the Company's standard payment terms.

Upon request, the Company shall provide to a Customer a card upon which the Customer can mark its meter readings for any interim month, mail it to the Company, and receive a bill for the month's service.

When interim monthly bills are not rendered by the Company, a Customer, at its option, may voluntarily pay the Company its own estimate of an interim monthly bill, and such payment shall be shown by the Company as a credit on the next standard bill rendered to that Customer.

As a result, there is no direct customer communication on Penelec's website or in its tariff that plainly states that bills will be issued based on estimated meter readings every other month. Nor is there any reference on its website or in its tariff to the requirements about the issuance of monthly bills and bills based on estimated meter readings contained in Chapter 56 of the Commission's regulations. This lack of information should be corrected promptly so that customers are affirmatively informed of

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<sup>37</sup> Penelec Tariff (Electric Pa P.U.C. No. 80), General Rules and Regulations, Section 12, Original Pages 46-47, effective January 1, 2011.

the Company's actual meter reading policies. Furthermore, these disclosures should also explain the Company's obligation to issue bills based on the requirements of Chapter 56, making it explicit that it will issue a bill based on an actual meter reading every other month unless one of the criteria for not doing so as authorized by Chapter 56 are documented for each affected customer.

Q. DOES PENELEC IN FACT READ CUSTOMERS' METERS EVERY OTHER MONTH?

A. According to the Company, it does not track the number of residential bills issued based on consecutive estimates of usage, but it does track the consecutive estimate information by meters. When asked to identify the number of residential bills issued to residential customers where the bill was based on consecutive estimated meter readings (two or more months), the Company did provide information on residential meters where an actual meter reading was not obtained in three or more months (i.e., where the third reading would have been estimated and based on prior consecutive estimates).<sup>38</sup> According to this response, Penelec issued the following residential bills where an actual meter reading was not obtained for three or more months:

January 2014	58,725
February 2014	69,939
March 2014	45,451
April 2014	6,192
May 2014	1,935
June 2014	3,872

Q. IS THERE ADDITIONAL INFORMATION ON THE PERCENTAGE OF ESTIMATED METER READINGS PER MONTH?

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<sup>38</sup> Penelec Response to OCA-VII-8.

A. Yes. According to Penelec, the Company does not track the percentage of estimated meter reads by residential and non-residential customers, but does track the “number of meter readings available for scheduling,” the number of “estimated meter readings,” and the “percentage of estimated meter readings (Estimation Rate).” Based on information about the Estimation Rate from January 2013 through June 2014, this rate has never been lower than 4.70% (June 2014) and has routinely exceeded 10% and been as high as 32.06% (December 2012). I attach Penelec’s Response to OCA-XI-13<sup>39</sup> that shows a pattern of very high monthly Estimation Rates during this period.

Q. WHAT IS THE COMPANY’S INTERNAL OBJECTIVE FOR THIS ESTIMATION RATE?

A. The Company’s internal goal is to obtain an actual meter read every other month at a “year end” rate of 94%.<sup>40</sup> As a result, the Company apparently tolerates the issuance of consecutive estimated bills that varies from month to month as long as some “year end” result is achieved. As a result, there does not appear to be an internal policy designed to comply with the Chapter 56 billing requirements.

Q. IS THERE A REQUIREMENT THAT PENELEC AND OTHER ELECTRIC DISTRIBUTION COMPANIES ISSUE BILLS BASED ON AN ACTUAL METER READING EVERY OTHER MONTH AT A MINIMUM UNLESS CERTAIN EXPLICIT EXCEPTIONS ARE MET?

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<sup>39</sup> Exhibit B attached to this Testimony includes the Companies’ responses to OCA-XI-13 for each of the EDCs.

<sup>40</sup> Penelec’s Response to OCA-XI-3.

A. Yes. Chapter 56.11 of the Commission's regulations, 52 Pa. Code § 56.11, requires that residential customers be billed monthly and Chapter 56.12 states that bills must be based on actual meter readings unless one of more of the exceptions below are applicable:

(2) *Estimates for bills rendered on a monthly basis.* If a public utility bills on a monthly basis, it may estimate usage of service every other billing month, so long as the public utility provides a customer with the opportunity to read the meter and report the quantity of usage in lieu of the estimated bill. The resulting bills must be based on the information provided, except for an account when it is apparent that the information is erroneous.

(i) Upon the request of the customer, the public utility shall, at least annually, provide preaddressed postcards on which the customer may report the reading. The public utility shall provide additional preaddressed postcards on request. The public utility may choose to make available electronic and telephonic methods for customers to report meter reading information.

(ii) The public utility may establish due dates by which the customer supplied reading shall be received for a bill to be based upon the meter reading of the customer or occupant. If the reading of a customer or occupant is not received by that due date, the public utility may estimate the quantity of usage. The public utility may establish due dates for submitting a meter reading when the customer or occupant utilizes an electronic method for reporting meter readings.

(3) *Estimates permitted under exigent circumstances.* A public utility may estimate the bill of a customer if extreme weather conditions, emergencies, equipment failure, work stoppages or other circumstances prevent actual meter reading.

(4) *Estimates when public utility personnel are unable to gain access.* A public utility may estimate the bill of a customer if public utility personnel are unable to gain access to obtain an actual meter reading, as long as the following apply:

(i) The public utility has undertaken reasonable alternative measures to obtain a meter reading, including, but not limited to, the provision of preaddressed postcards upon which the customer may report the reading or the telephone reporting of the reading.

(ii) The public utility, at least every 6 months, or every four billing periods for public utilities permitted to bill for periods in excess of 1 month, obtains an actual meter reading or customer supplied reading to verify the accuracy of the estimated readings.

(iii) The public utility, at least once every 12 months, obtains an actual meter reading to verify the accuracy of the readings, either estimated or customer read.

Q. HOW DOES PENELEC EXCUSE THE VOLUME OF CONSECUTIVE ESTIMATED BILLS AS DOCUMENTED ABOVE?

A. The Company does not track the exact reasons for the failure to obtain an actual meter reading every other month, but alleges that that these events occur due to bad weather

and/or failure of the customer to allow reasonable and safe access to the meter.<sup>41</sup> However, the Company is not able to document the existence of one or more of the exceptions authorized by Chapter 56 for the reliance on consecutive estimated bills in a reportable format.

Q. IS IT YOUR VIEW THAT PENELEC MAY TOLERATE AND EXCUSE A RELIANCE ON ESTIMATED METER READINGS THAT DO NOT CONFORM TO THE REQUIREMENTS OF CHAPTER 56?

A. In my opinion, the volume of consecutive estimated meter readings, as well as the Company's internal policy, reflects a pattern that tolerates and relies on issuing estimated bills in relatively large numbers without obtaining an actual meter reading every other month. I reach this conclusion not merely because the Company cannot document the basis for this high level of consecutive estimated bills. This trend of issuing consecutive estimated bills in large numbers stands in stark contrast to the issuance of consecutive estimated bills by Penn Power (in testimony below), a Company whose policy is to read meters every month by field personnel and would be subject to the same weather and incidence of access to meters as other FirstEnergy Companies in western Pennsylvania.

Q. IS THERE A PATTERN OF CUSTOMER COMPLAINTS ABOUT ESTIMATED BILLS AND REQUIRED PAYMENTS?

A. Yes. The Company was asked to provide a compilation of customer disputes and complaints about estimated bills or the payment terms associated with estimated bills for the period January through June 2014. The Company's response identified 114

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<sup>41</sup> Penelec Response to OCA-III-1.

residential customers, many of whom had also filed informal complaints with the Commission seeking payment arrangements.

In addition to this specific information about disputes relating to estimated bills, I note that the volume of customer complaints about “billing” and “collections” that I summarized earlier indicates a large and growing pattern of informal complaints about issues that are clearly related to (although not explicitly limited to) the issuance of estimated bills.

Q. ARE THERE OTHER INDICIA CONCERNING THE ROUTINE NATURE OF RELYING ON ESTIMATED METER READINGS BY PENELEC?

A. The Commission requires electric distribution companies to report the number of residential meters not read by the Company or the Customer for six consecutive months. Penelec’s incidence of such “not read” meters has dropped from 228 (0.05%) in 2011 to 20 in 2012 and 55 in 2013. However, there is no routine reporting of the scope and scale of the reliance on three or more consecutive estimated bills as summarized above. As a result, while Penelec may avoid issuing bills based on six or more months of estimated usage, it clearly does not put the same emphasis on avoiding issuing three or more months of consecutive estimated bills. Nor does the Company have an internal policy that reflects the Chapter 56 obligation to issue a bill every other month based on an actual meter reading unless certain specific criteria are met.

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

Q. PLEASE DESCRIBE MET-ED'S CUSTOMER SERVICE PERFORMANCE BASED ON THE COMMISSION'S REQUIRED PERFORMANCE METRICS.

A. The following observations reflect information included in the Commission's 2013 Customer Service Performance Report and the 2013 UCARE Report:

- FirstEnergy reports unified call center data for Penelec, Met-Ed, and Penn Power. The performance for this call center is generally in the range of answering 80% of the calls within 30 seconds: 80% in 2011, 78% in 2012, and 82% in 2013. The Busy-Out Rate (the percentage of calls that experience a busy signal and that cannot get into the queue for call options) has in some years been relatively high compared to other Pennsylvania distribution companies: 6% in 2011, 2% in 2012, and 0% in 2013, a trend that shows improved performance. With regard to the Call Abandonment Rate (percentage of calls in which the caller abandons the call after entering the queue), these Companies report an average of 3%-4%, typical of other Pennsylvania electric distribution companies.
- Met-Ed's performance in handling customer disputes in a timely manner is deteriorating. Met-Ed reports that the following customer disputes were not responded to within 30 days: 462 in 2011, 2,604 in 2012, and 2,109 in 2013.
- With regard to customer satisfaction as reflected in the Commission's approved survey instruments, Met-Ed's 2013 results are often at the low end of the reported performance compared to other Pennsylvania electric distribution companies: 80% satisfied with ease of reaching the Company; 74% satisfied with using the Company's automated phone systems; 87% satisfied with how the Company representative handled

the contact; and 82% overall satisfaction with the Company's quality of service during the recent contact.

- The Commission's Bureau of Consumer Services calculates Met-Ed's Justified Consumer Complaints and Justified Payment Agreement Requests as 17% and 7%, respectively. This is a measure of the Bureau's determination that the distribution company should have resolved the customer's dispute differently, i.e., that the customer was "justified" in filing their informal appeal of the dispute to the Bureau. Met-Ed's Justified Payment Agreement Requests was the highest of any Pennsylvania distribution company, meaning that this result was the worst for any EDC in the Commonwealth. The Bureau also reported that customer disputes and requests for payment arrangements submitted to the Bureau by Met-Ed's customers decreased in 2013 compared to 2012. The Bureau also reports the number of Verified Infractions as a measurement of those disputes in which there is evidence that the distribution company did not comply with the Commission's regulations: 124 for Met-Ed in 2013, at the high end of other Pennsylvania distribution companies and much higher than Penelec or Penn Power.
- With regard to informal disputes and complaints handled directly by Met-Ed, the Company reported that complaints have risen significantly in recent years: 2,405 in 2009, 3,292 in 2011, 3,915 in 2012 and 3,763 in 2013.<sup>42</sup> This trend reveals a very high level of customer complaints and a trend that shows that customer complaints are increasing. A substantial percentage of these informal complaints relate to "collections" and "billing" issues.

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<sup>42</sup> Met-Ed Response to OCA-III-21, Attachment A.

Q. PLEASE DESCRIBE HOW MET-ED IMPLEMENTS ITS ESTIMATED BILLING POLICY.

A. Met-Ed's website does not explicitly inform its customers that bills are issued every other month based on estimated usage calculations. Rather, the following statement is provided to customers about "meter reading":

At times, severe weather conditions or other unforeseen problems might prevent us from reading your meter. When this happens, your electricity usage is estimated based on your previous electric bills. If you do not want to receive an estimated bill, you can enter your [meter reading online](#).

We organize [meter reading schedules](#) by cycles. To know when your meter is scheduled to be read, look for the meter-reading cycle code on your bill, and find the corresponding code to identify when your meter is scheduled to be read.

Please be aware that your meter might be read one day before or after the scheduled meter read date if the meter reader needs to adjust the schedule because of weather, holidays, vacation, or sick days.<sup>43</sup>

There are also links to pages that inform the customer about how to find out the meter reading schedule for their meter and how to report their own meter reading to the Company.

The only reference to estimated bills is the following information that does not directly inform customers that bills are routinely estimated every other month:

#### Why Bills are Estimated

Our meter readers have assigned routes and schedules. At times, severe weather conditions or other unforeseen problems might keep them from reading all the meters on their routes. When this happens, we estimate your electricity usage during that billing period based on your previous electric bills. Any difference between your estimated usage and actual usage is automatically adjusted the next time your meter is read.

You can avoid estimated bills by providing us with your [meter reading online](#). Or, if you would rather submit a meter reading card by mail, [contact us](#) to request the appropriate form.<sup>44</sup>

<sup>43</sup> See, [https://www.firstenergycorp.com/content/customer/help/billingpayments/meter\\_reading\\_schedule.html](https://www.firstenergycorp.com/content/customer/help/billingpayments/meter_reading_schedule.html) [Visited on November 12, 2014].

<sup>44</sup> See, [https://www.firstenergycorp.com/content/customer/help/billingpayments/about\\_your\\_bill/why\\_bills\\_are\\_estimated.html](https://www.firstenergycorp.com/content/customer/help/billingpayments/about_your_bill/why_bills_are_estimated.html) [Visited on November 12, 2014].

According to Met-Ed's current tariff, the Company commits to issue monthly bills to most customers, but "reserves the right" to read the meters on a bi-monthly schedule for most residential customers: "The Company reserves the right to read meters in all or any part of its service area on a bi-monthly or quarterly schedules, except as provided for under Chapter 56 of the Commission's regulations...."<sup>45</sup>

As a result, there is no direct customer communication on Met-Ed's website or in its tariff that plainly states that bills will be issued based on estimated meter readings every other month. Nor is there any explicit explanation on its website or in its tariff of the requirements about the issuance of monthly bills and bills based on estimated meter readings contained in Chapter 56 of the Commission's regulations. This lack of information should be corrected promptly so that customers are affirmatively informed of the Company's meter reading policies and the Company affirms its obligations to issue bills based on the requirements of Chapter 56.

Q. DOES MET-ED IN FACT READ CUSTOMERS' METERS EVERY OTHER MONTH?

A. According to the Company, it does not track the number of residential bills issued based on consecutive estimates of usage, but it does track the consecutive estimate information by meters. When asked to identify the number of residential bills issued to residential customers where the bill was based on consecutive estimated meter readings (two or more months), the Company did provide information on residential meters where an actual meter reading was not obtained in three or more months (i.e., where the third

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<sup>45</sup> Met-Ed Tariff (Electric Pa P.U.C. No. 51), General Rules and Regulations, Section 12 (a), Original Page 39, Effective January 1, 2013.

reading would have been estimated and based on prior consecutive estimates).<sup>46</sup>

According to this response, Met-Ed issued the following residential bills where an actual meter reading was not obtained for three or more months:

January 2014	86,845
February 2014	94,090
March 2014	66,633
April 2014	10,272
May 2014	3,828
June 2014	6,120

Q. IS THERE ADDITIONAL INFORMATION ON THE PERCENTAGE OF ESTIMATED METER READINGS PER MONTH?

A. Yes. According to Met-Ed, the Company does not track the percentage of estimated meter reads by residential and non-residential customers, but does track the “number of meter readings available for scheduling,” the number of “estimated meter readings,” and the “percentage of estimated meter readings (Estimation Rate).” Based on information about the Estimation Rate from January 2013 through June 2014, this rate has never been lower than 4.70% (June 2014) and has routinely exceeded 10% and been as high as 32.06% (December 2012). I attach Met-Ed’s Response to OCA-XI-13 that shows a pattern of very high monthly Estimation Rates during this period.

Q. WHAT IS THE COMPANY’S INTERNAL OBJECTIVE FOR THIS ESTIMATION RATE?

A. The Company’s internal goal is to obtain an actual meter read every other month at a “year end” rate of 94%.<sup>47</sup> As a result, the Company apparently tolerates the issuance of

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<sup>46</sup> Met-Ed Response to OCA-VII-3.

<sup>47</sup> Met-Ed’s Response to OCA-XI-3.

consecutive estimated bills that varies from month to month as long as some “year end” result is achieved. As a result, there does not appear to be an internal policy designed to comply with the Chapter 56 billing requirements.

Q. IS THERE A REQUIREMENT THAT MET-ED AND OTHER ELECTRIC DISTRIBUTION COMPANIES ISSUE BILLS BASED ON AN ACTUAL METER READING EVERY OTHER MONTH AT A MINIMUM UNLESS CERTAIN EXPLICIT EXCEPTIONS ARE MET?

A. Yes. Chapter 56.11 of the Commission’s regulations require that residential customers be billed monthly and Chapter 56.12 states that bills must be based on actual meter readings unless one of more of the exceptions below are applicable:

(2) *Estimates for bills rendered on a monthly basis.* If a public utility bills on a monthly basis, it may estimate usage of service every other billing month, so long as the public utility provides a customer with the opportunity to read the meter and report the quantity of usage in lieu of the estimated bill. The resulting bills must be based on the information provided, except for an account when it is apparent that the information is erroneous.

(i) Upon the request of the customer, the public utility shall, at least annually, provide preaddressed postcards on which the customer may report the reading. The public utility shall provide additional preaddressed postcards on request. The public utility may choose to make available electronic and telephonic methods for customers to report meter reading information.

(ii) The public utility may establish due dates by which the customer supplied reading shall be received for a bill to be based upon the meter reading of the customer or occupant. If the reading of a customer or occupant is not received by that due date, the public utility may estimate the quantity of usage. The public utility may establish due dates for submitting a meter reading when the customer or occupant utilizes an electronic method for reporting meter readings.

(3) *Estimates permitted under exigent circumstances.* A public utility may estimate the bill of a customer if extreme weather conditions, emergencies, equipment failure, work stoppages or other circumstances prevent actual meter reading.

(4) *Estimates when public utility personnel are unable to gain access.* A public utility may estimate the bill of a customer if public utility personnel are unable to gain access to obtain an actual meter reading, as long as the following apply:

(i) The public utility has undertaken reasonable alternative measures to obtain a meter reading, including, but not limited to, the provision of preaddressed postcards upon which the customer may report the reading or the telephone reporting of the reading.

(ii) The public utility, at least every 6 months, or every four billing periods for public utilities permitted to bill for periods in excess of 1 month, obtains an actual meter reading or customer supplied reading to verify the accuracy of the estimated readings.

(iii) The public utility, at least once every 12 months, obtains an actual meter reading to verify the accuracy of the readings, either estimated or customer read.

Q. HOW DOES MET-ED EXCUSE THE VOLUME OF CONSECUTIVE ESTIMATED BILLS AS DOCUMENTED ABOVE?

A. The Company does not track the exact reasons for the failure to obtain an actual meter reading every other month, but alleges that that these events occur due to bad weather and/or failure of the customer to allow reasonable and safe access to the meter.<sup>48</sup>

Q. IS IT YOUR VIEW THAT MET-ED MAY TOLERATE AND EXCUSE A RELIANCE ON ESTIMATED METER READINGS THAT DOES NOT CONFORM TO THE REQUIREMENTS OF CHAPTER 56?

A. In my opinion, the volume of consecutive estimated meter readings and the Company's internal policy with regard to achieving actual meter reads every other month reflects a pattern that tolerates and relies on issuing consecutive estimated bills in relatively large numbers without obtaining an actual meter reading every other month or documenting that the conditions for exception to this requirement have been met. This trend of issuing consecutive estimated bills in large numbers stands in stark contrast to the issuance of consecutive estimated bills by Penn Power (in testimony below), a Company that reads meters every month by field personnel and would be subject to the same weather and incidence of access to meters as other FirstEnergy Companies in central and western Pennsylvania.

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<sup>48</sup> Met-Ed Response to OCA-III-1.

Q. IS THERE A PATTERN OF CUSTOMER COMPLAINTS ABOUT THEIR ESTIMATED BILLS AND REQUIRED PAYMENTS?

A. Yes. The Company was asked to provide a compilation of customer disputes and complaints about estimated bills or the payment terms associated with estimated bills for the period January through June 2014. The Company's response identified 220 residential customers, many of whom had also filed informal complaints with the Commission seeking payment arrangements.

In addition to this specific information about disputes relating to estimated bills, I note that the volume of customer complaints about "billing" and "collections" that I summarized earlier indicates a large and growing pattern of informal complaints about issues that are clearly related to (although not explicitly limited to) the issuance of estimated bills.

Q. ARE THERE OTHER INDICIA OF THE ROUTINE NATURE OF RELYING ON ESTIMATED METER READINGS BY MET-ED?

Q. The Commission requires electric distribution companies to report the number of residential meters not read by the Company or the Customer in six months. Met-Ed's incidence of such "not read" meters was the highest of any Pennsylvania distribution company in 2011 at 331 or 0.07%, dropped to 95 or 0.02% in 2012, but then increased again in 2013 to 315 or 0.07%, surpassed only by West Penn. However, there is no reporting of the scope and scale of the reliance on consecutive estimated bills as summarized above. As a result, while Met-Ed may take some steps to avoid bills based on six or more months of estimated usage, it clearly does not put the same emphasis on avoiding three or more months of consecutive estimated bills. Nor does the Company

have an internal policy that reflects the Chapter 56 obligation to issue a bill every other month based on an actual meter reading unless certain specific criteria are met.

### **WEST PENN'S CUSTOMER SERVICE PERFORMANCE**

Q. PLEASE DESCRIBE WEST PENN'S CUSTOMER SERVICE PERFORMANCE BASED ON THE COMMISSION'S REQUIRED PERFORMANCE METRICS.

A. The following observations reflect information included in the Commission's 2013 Customer Service Performance Report and the 2013 UCARE Report:

- West Penn's call center performance is reported separately from other FirstEnergy Companies. West Penn's call answering performance results are generally the worst of any Pennsylvania distribution company and far worse than the other FirstEnergy Companies. With regard to answering calls within 30 seconds, West Penn reports 62% in 2011, 65% in 2012, and 69% in 2013. The Busy-Out Rate (the percentage of calls that experience a busy signal and that cannot get into the queue for call options) is generally low compared to the other FirstEnergy Companies: 0% in 2011, 1% in 2012, and 1% in 2013, a trend that shows acceptable performance. With regard to the Call Abandonment Rate (percentage of calls in which the caller abandons the call after entering the queue), West Penn has the highest such rate of any Pennsylvania distribution company (meaning the worst performance): 5% in 2011, 9% in 2012, and 7% in 2013.
- West Penn's performance in responding to customer disputes within 30 days has dramatically deteriorated since its acquisition by FirstEnergy: 3 in 2011, 2,338 in 2012, and 1,580 in 2013. This means that West Penn's customers have increasingly been made to wait more than 30 days to get a response to their informal disputes and complaints in recent years compared to 2011.
- With regard to measurements of customer satisfaction based on the Commission's approved surveys, West Penn's 2013 results are typically below the average of other

Pennsylvania companies and below the average of the other FirstEnergy Companies: 79% satisfied with ease of reaching the company; 69% satisfied with ease of using the automated voice response menu; 91% satisfied with how the Company's representative handled the contact; and 86% satisfied overall with the Company's handling of the recent contact.

- The Commission's Bureau of Consumer Services calculates West Penn's Justified Consumer Complaints and Justified Payment Agreement Requests as 18% and 6%, respectively. These are generally the worst ratings compared to other Pennsylvania distribution companies. This is a measure of the Bureau's determination that the distribution company should have resolved the customer's dispute differently, i.e., that the customer was "justified" in filing their informal appeal of the dispute to the Bureau. The Bureau also reported that customer disputes and requests for payment arrangements submitted to the Bureau generally decreased for the other FirstEnergy Companies, but increased by 7% for West Penn's in 2013 compared to 2012. The Bureau also reports the number of Verified Infractions as a measurement of those disputes in which there is evidence that the distribution company did not comply with the Commission's regulations: 183 for West Penn in 2013, the highest of any Pennsylvania distribution company.
- With regard to informal disputes and complaints handled directly by West Penn, the Company's data indicates extremely high volume of customer complaints: 3,629 in

2009, with a modest decrease to 2,945 in 2013.<sup>49</sup> A substantial percentage of these informal complaints relate to “collections” and “billing” issues.

Q. PLEASE DESCRIBE HOW WEST PENN IMPLEMENTS ITS ESTIMATED BILLING POLICY.

A. West Penn’s website does not explicitly inform its customers that bills are issued every other month based on estimated usage calculations. Rather, the following statement is provided to customers about “meter reading”:

At times, severe weather conditions or other unforeseen problems might prevent us from reading your meter. When this happens, your electricity usage is estimated based on your previous electric bills. If you do not want to receive an estimated bill, you can enter your meter reading online.

We organize meter reading schedules by cycles. To know when your meter is scheduled to be read, look for the meter-reading cycle code on your bill, and find the corresponding code to identify when your meter is scheduled to be read.

Please be aware that your meter might be read one day before or after the scheduled meter read date if the meter reader needs to adjust the schedule because of weather, holidays, vacation, or sick days.<sup>50</sup>

There are also links to pages that inform the customer about how to find out the meter reading schedule for their meter and how to report their own meter reading to the Company.

The only reference to estimated bills is the following information that does not directly inform customers that bills are routinely estimated every other month:

#### **Why Bills are Estimated**

Our meter readers have assigned routes and schedules. At times, severe weather conditions or other unforeseen problems might keep them from reading all the meters on their routes. When this happens, we estimate your electricity usage during that billing period based on your previous electric bills. Any difference between your estimated usage and actual usage is automatically

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<sup>49</sup> West Penn Response to OCA-III-22, Attachment A.

<sup>50</sup> See, [https://www.firstenergycorp.com/content/customer/help/billingpayments/meter\\_reading\\_schedule.html](https://www.firstenergycorp.com/content/customer/help/billingpayments/meter_reading_schedule.html) [Visited on November 12, 2014].

adjusted the next time your meter is read.

You can avoid estimated bills by providing us with your meter reading online. Or, if you would rather submit a meter reading card by mail, contact us to request the appropriate form.<sup>51</sup>

West Penn's tariff is somewhat different from Met-Ed's or Penelec's language on billing. According to West Penn's current tariff,<sup>52</sup>

Bills for regular service will be rendered at regular intervals of one or two months. For residential customers, bills for regular service will be rendered on a billing month basis in accordance with Chapter 56. When meters are read at intervals of more than one month, bills for the initial months of the interval may be estimated either from a like period of similar use or in some other reasonable way.

Further, the tariff recites that the Company received a waiver from the Commission from 52 Pa. Code Section 56.12(2) that allows the Company to only receive customer-supplied readings at the end of each initial month of a meter reading interval longer than one month by telephone or through the Company's internet website. And,

If the customer supplied reading is received by the Company during the three days immediately proceeding the scheduled read date of such month, the bill for such month will be computed from the customer-supplied meter reading instead of by estimate. The Company will adjust estimates of bills for changes in conditions of which it has been notified in advance by a Customer.

As a result, there is no direct customer communication on West Penn's website or in its tariff that plainly states that bills will be routinely issued based on estimated meter readings every other month. Nor is there any explicit reference on its website or in its tariff to the requirements about the issuance of monthly bills and bills based on estimated meter readings contained in Chapter 56 of the Commission's regulations. This lack of

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<sup>51</sup> See, [https://www.firstenergycorp.com/content/customer/help/billingpayments/about\\_your\\_bill/why\\_bills\\_are\\_estimated.html](https://www.firstenergycorp.com/content/customer/help/billingpayments/about_your_bill/why_bills_are_estimated.html) [Visited on November 12, 2014].

<sup>52</sup> West Penn Tariff (Supplement No. 172 to Electric Pa. P.U.C. No. 39), Final Revised Page No. 4-15, Canceling Original Page No. 4-15, Effective January 1, 2006.

information should be corrected promptly so that customers are affirmatively informed of the Company's meter reading policies and the Company affirms its obligations to issue bills based on the requirements of Chapter 56.

Q. DOES WEST PENN IN FACT READ CUSTOMERS' METERS EVERY OTHER MONTH?

A. According to the Company, it does not track the number of residential bills issued based on consecutive estimates of usage, but it does track the consecutive estimate information by meters. When asked to identify the number of residential bills issued to residential customers where the bill was based on consecutive estimated meter readings (two or more months), the Company did provide information on residential meters where an actual meter reading was not obtained in three or more months (i.e., where the third reading would have been estimated and based on prior consecutive estimates).<sup>53</sup>

According to this response, West Penn issued the following residential bills where an actual meter reading was not obtained for three or more months:

January 2014	71,703
February 2014	53,253
March 2014	62,011
April 2014	22,233
May 2014	20,881
June 2014	16,432

Q. IS THERE ADDITIONAL INFORMATION ON THE PERCENTAGE OF ESTIMATED METER READINGS PER MONTH?

A. Yes. According to West Penn, the Company does not track the percentage of estimated meter reads by residential and non-residential customers, but does track the "number of

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<sup>53</sup> West Penn Response to OCA-VII-11.

meter readings available for scheduling,” the number of “estimated meter readings,” and the “percentage of estimated meter readings (Estimation Rate).” Based on information about the Estimation Rate from January 2013 through June 2014, this rate has never been lower than 4.81% (June 2014) and has routinely exceeded 10% and been as high as 28.76% (December 2013). I attach West Penn’s Response to OCA-XI-13 that shows a pattern of very high monthly Estimation Rates during this period.

Q. WHAT IS THE COMPANY’S INTERNAL OBJECTIVE FOR THIS ESTIMATION RATE?

A. The Company’s internal goal is to obtain an actual meter read every other month at a “year end” rate of 94%.<sup>54</sup> As a result, the Company apparently tolerates the issuance of consecutive estimated bills that varies from month to month as long as some “year end” result is achieved. As a result, there does not appear to be an internal policy designed to comply with the Chapter 56 billing requirements.

Q. IS THERE A REQUIREMENT THAT WEST PENN AND OTHER ELECTRIC DISTRIBUTION COMPANIES ISSUE BILLS BASED ON AN ACTUAL METER READING EVERY OTHER MONTH AT A MINIMUM UNLESS CERTAIN EXPLICIT EXCEPTIONS ARE MET?

A. Yes. Chapter 56, Section 56.11 of the Commission’s regulations require that residential customers be billed monthly and Section 56.12 states that bills must be based on actual meter readings unless one of more of the exceptions below are applicable. I note that the waiver that West Penn references in its tariff refers to the manner in which customers must provide customer-supplied meter readings in lieu of estimated bills and does not

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<sup>54</sup> West Penn’s Response to OCA-XI-3.

impact the overall requirements of this provision of Chapter 56 that requires that a bill based on an actual meter reading must be provided every other month.

(2) *Estimates for bills rendered on a monthly basis.* If a public utility bills on a monthly basis, it may estimate usage of service every other billing month, so long as the public utility provides a customer with the opportunity to read the meter and report the quantity of usage in lieu of the estimated bill. The resulting bills must be based on the information provided, except for an account when it is apparent that the information is erroneous.

(i) Upon the request of the customer, the public utility shall, at least annually, provide preaddressed postcards on which the customer may report the reading. The public utility shall provide additional preaddressed postcards on request. The public utility may choose to make available electronic and telephonic methods for customers to report meter reading information.

(ii) The public utility may establish due dates by which the customer supplied reading shall be received for a bill to be based upon the meter reading of the customer or occupant. If the reading of a customer or occupant is not received by that due date, the public utility may estimate the quantity of usage. The public utility may establish due dates for submitting a meter reading when the customer or occupant utilizes an electronic method for reporting meter readings.

(3) *Estimates permitted under exigent circumstances.* A public utility may estimate the bill of a customer if extreme weather conditions, emergencies, equipment failure, work stoppages or other circumstances prevent actual meter reading.

(4) *Estimates when public utility personnel are unable to gain access.* A public utility may estimate the bill of a customer if public utility personnel are unable to gain access to obtain an actual meter reading, as long as the following apply:

(i) The public utility has undertaken reasonable alternative measures to obtain a meter reading, including, but not limited to, the provision of preaddressed postcards upon which the customer may report the reading or the telephone reporting of the reading.

(ii) The public utility, at least every 6 months, or every four billing periods for public utilities permitted to bill for periods in excess of 1 month, obtains an actual meter reading or customer supplied reading to verify the accuracy of the estimated readings.

(iii) The public utility, at least once every 12 months, obtains an actual meter reading to verify the accuracy of the readings, either estimated or customer read.

Q. HOW DOES WEST PENN EXCUSE THE VOLUME OF CONSECUTIVE ESTIMATED BILLS AS DOCUMENTED ABOVE?

A. The Company does not track the exact reasons for the failure to obtain an actual meter reading every other month, but alleges that that these events occur due to bad weather and/or failure of the customer to allow reasonable and safe access to the meter.<sup>55</sup>

Q. IS IT YOUR VIEW THAT WEST PENN MAY TOLERATE AND EXCUSE A RELIANCE ON ESTIMATED METER READINGS THAT DO NOT CONFORM TO THE REQUIREMENTS OF CHAPTER 56?

A. In my opinion, the volume of consecutive estimated meter readings reflect a pattern that tolerates and relies on issuing consecutive estimated bills in relatively large numbers without obtaining an actual meter reading every other month or documenting that the conditions for exception to this requirement have been met. This trend of issuing consecutive estimated bills in large numbers stands in stark contrast to the issuance of consecutive estimated bills by Penn Power (as described in my testimony), a Company that reads meters every month by field personnel and would be subject to the same weather and incidence of access to meters as other FirstEnergy Companies in central and western Pennsylvania.

Q. IS THERE A PATTERN OF CUSTOMER COMPLAINTS ABOUT THEIR ESTIMATED BILLS AND REQUIRED PAYMENTS?

A. Yes. The Company was asked to provide a compilation of customer disputes and complaints about estimated bills or the payment terms associated with estimated bills for the period January through June 2014. The Company's response identified 101

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<sup>55</sup> West Penn Response to OCA-III-1.

residential customers, many of whom had also filed informal complaints with the Commission seeking payment arrangements.<sup>56</sup>

In addition to this specific information about disputes relating to estimated bills, I note that the volume of customer complaints about “billing” and “collections” that I summarized earlier indicates a large and growing pattern of informal complaints about issues that are clearly related to (although not explicitly limited to) the issuance of estimated bills.

Q. ARE THERE OTHER INDICIA OF THE ROUTINE NATURE OF RELYING ON ESTIMATED METER READINGS BY WEST PENN?

Q. A. The Commission requires electric distribution companies to report the number of residential meters not read by the Company or the Customer in six months. West Penn’s incidence of such “not read” meters is routinely among the highest of any Pennsylvania distribution company: 280 or 0.04% in 2011, 2,135 or 0.35% in 2012, and 879 or 0.14% in 2013. However, there is no reporting of the scope and scale of the reliance on estimated consecutive bills as summarized above. As a result, while West Penn may put some corporate attention to avoid issuing bills based on six or more months of estimated usage, it clearly does not put the same emphasis on avoiding three or more months of consecutive estimated bills. Nor does the Company have an internal policy that reflects the Chapter 56 obligation to issue a bill every other month based on an actual meter reading unless certain specific criteria are met.

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<sup>56</sup> West Penn Response to OCA-VII-10.

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

Q. PLEASE DESCRIBE PENN POWER'S CUSTOMER SERVICE PERFORMANCE BASED ON THE COMMISSION'S REQUIRED PERFORMANCE METRICS.

A. The following observations reflect information included in the Commission's 2013 Customer Service Performance Report and the 2013 UCARE Report:

- FirstEnergy reports unified call center data for Penelec, Met-Ed, and Penn Power. The performance for this call center is generally in the range of answering 80% of the calls within 30 seconds: 80% in 2011, 78% in 2012, and 82% in 2013. The Busy-Out Rate (the percentage of calls that experience a busy signal and that cannot get into the queue for call options) has in some years been relatively high compared to other Pennsylvania distribution companies: 6% in 2011, 2% in 2012, and 0% in 2013, a trend that shows improved performance. With regard to the Call Abandonment Rate (percentage of calls in which the caller abandons the call after entering the queue), these Companies report an average of 3%-4%, typical of other Pennsylvania electric distribution companies.
- Penn Power's performance in responding to customer disputes within 30 days has improved, a trend that stands in distinct contrast to the other FirstEnergy Companies: 232 in 2011, 274 in 2012, and 167 in 2013.
- With regard to measurements of customer satisfaction based on the Commission approved surveys, Penn Power's 2013 results were typically higher than other FirstEnergy Companies and even higher than average compared to all Pennsylvania electric companies: 87% satisfied with ease of reaching the company; 76% satisfied with ease of using the automated voice response menu; 93% satisfied with how the

Company's representative handled the contact; and 88% satisfied overall with the Company's handling of the recent contact.

- The Commission's Bureau of Consumer Services calculates Penn Power's Justified Consumer Complaints and Justified Payment Agreement Requests as 17% and 3%, respectively. This is a measure of the Bureau's determination that the distribution company should have resolved the customer's dispute differently, i.e., that the customer was "justified" in filing their informal appeal of the dispute to the Bureau. The Bureau also reported that customer disputes and requests for payment arrangements submitted to the Bureau by Penn Power's customers decreased in 2013 compared to 2012. The Bureau also reports the number of Verified Infractions as a measurement of those disputes in which there is evidence that the distribution company did not comply with the Commission's regulations: 11 for Penn Power in 2013, which is the lowest of all the FirstEnergy Companies.

- With regard to informal disputes and complaints handled directly by Penn Power, the Company reported that complaints were much lower than other FirstEnergy Companies and reflect a downward trend: 945 in 2011, 810 in 2012, and 795 in 2013.<sup>57</sup> A substantial percentage of these informal complaints relate to "collections" and "billing" issues.

Q. PLEASE DESCRIBE HOW PENN POWER IMPLEMENTS ITS ESTIMATED BILLING POLICY.

A. Penn Power is the only FirstEnergy Company that continues to issue monthly bills based on actual meter reads. As a result, the level of customer complaints and disputes about

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<sup>57</sup> Penn Power Response to OCA-III-21, Attachment A.

this issue is very low. Furthermore, the incidence of consecutive estimated bills is also very low.

Q. DOES PENN POWER TRACK THE INCIDENCE OF CONSECUTIVE ESTIMATED BILLS?

A. According to the Company, it does not track the number of residential bills issued based on consecutive estimates of usage, but it does track the consecutive estimate information by meters. When asked to identify the number of residential bills issued to residential customers where the bill was based on consecutive estimated meter readings (two or more months), the Company did provide information on residential meters where an actual meter reading was not obtained in three or more months (i.e., where the third reading would have been estimated and based on prior consecutive estimates).<sup>58</sup>

According to this response, Penn Power issued the following residential bills where an actual meter reading was not obtained for three or more months:

January 2014	1,716
February 2014	2,190
March 2014	939
April 2014	337
May 2014	164
June 2014	224

Q. IS THERE ADDITIONAL INFORMATION ON THE PERCENTAGE OF ESTIMATED METER READINGS PER MONTH?

A. Yes. According to Penn Power, the Company does not track the percentage of estimated meter reads by residential and non-residential customers, but does track the “number of meter readings available for scheduling,” the number of “estimated meter readings,” and

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<sup>58</sup> Penn Power Response to OCA-VII-2.

the “percentage of estimated meter readings (Estimation Rate).” Based on information about the Estimation Rate from January 2013 through June 2014, this rate has never been lower than 19% (April 2014) and has routinely exceeded 20% and been as high as 44% (January 2014). I attach Penn Power’s Response to OCA-XI-13 that shows a pattern of very high monthly Estimation Rates during this period.

Q. WHAT IS THE COMPANY’S INTERNAL OBJECTIVE FOR THIS ESTIMATION RATE?

A. The Company’s internal goal is to obtain an actual meter read every other month at a “year end” rate of 75%.<sup>59</sup> This rate is much lower than the policy in effect for Penelec, West Penn, and Met-Ed. As a result, while the Company does not issue as high a rate of consecutive estimated bills (three of more) compared to the other FirstEnergy Companies, Penn Power tolerates a very high level of relying on estimated bills. As a result, while the Company states that its policy is to read customer meters every month, it clearly tolerates a very high reliance on estimated bills, a policy that may not comply with the Chapter 56 billing requirements.

Q. DID YOU OBTAIN INFORMATION ABOUT THE NUMBER OF CUSTOMER COMPLAINTS FILED WITH PENN POWER CONCERNING ESTIMATED BILLS?

A. Yes. Not surprisingly, the volume of customer complaints about estimated bills from residential customers from January through June 2014 is very low. The Company was only able to identify 3 such disputes.<sup>60</sup>

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<sup>59</sup> Penn Power’s Response to OCA-XI-3.

<sup>60</sup> Penn Power Response to OCA-VII-1.

Q. WHAT DO YOU CONCLUDE ABOUT PENN POWER'S COMPLIANCE WITH CHAPTER 56'S BILLING REQUIREMENTS COMPARED TO THE OTHER FIRSTENERGY COMPANIES?

A. The evidence concerning the incidence of consecutive estimated bills reported by Penn Power and the incidence of customer complaints about estimated bills stands in stark contrast to the incidence of these same events compared to Met-Ed, Penelec, and West Penn. However, the Company's policy to only achieve a year-end read rate of 75% is troubling and requires further review and possible reform.

## V. THE PROPOSED STORM DAMAGE CHARGE RIDER

Q. PLEASE DESCRIBE THE PROPOSAL BY THE FIRSTENERGY COMPANIES TO CREATE A NEW STORM DAMAGE CHARGE RIDER IN THESE PROCEEDINGS.

A. Ms. Kimberlie Bortz has submitted testimony on behalf of each of the FirstEnergy Companies in support of the proposal to adopt a new Storm Damage Charge Rider (“Storm Rider”). According to Ms. Bortz, the Storm Rider would allow a new charge on customer bills to reflect the difference, on an annual basis, between the respective storm damage expenses recovered in the Companies’ base rates and the actual storm damage expenses incurred by the Companies. She states, “In that way, the proposed riders will eliminate the risk created by recovering such costs only in base rates that a Company could recover too much or too little, or that recovery could be unreasonably delayed.”<sup>61</sup> She also alleges that such a Rider is appropriate for recovery under the Section 1307 adjustment clause (Section 1307(a) of the Pennsylvania Public Utility Code, 66 Pa. C.S. Section 1307(a)) because “they are valid operating expenses, can be clearly identified, are volatile, are outside a utility’s control, are material in amount, and are likely to escape full recovery if a Section 1308 base rate proceeding were the only way to reflect such costs in customer rates.”<sup>62</sup> Pursuant to this recommendation, the revised and proposed tariff for each Company includes a new Rider B, Storm Damage Charge Rider.

Q. DO YOU AGREE WITH THIS PROPOSAL TO CREATE A NEW STORM DAMAGE CHARGE RIDER?

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<sup>61</sup> Testimony of Ms. Bortz, at 26, lines 9-11.

<sup>62</sup> Testimony of Ms. Bortz, at 26, lines 13-17.

A. No. I recommend that the Commission reject this proposal. The reasons for my rejection reflect policy and fact-based issues and concerns.

Q. AS A PRELIMINARY MATTER, ARE YOU OFFERING A LEGAL OPINION ABOUT THE VALIDITY OF THIS PROPOSED RIDER?

A. No. There are legal issues associated with this proposal that I will not address. However, it is appropriate to note that the Office of Consumer Advocate is presently appealing an order of this Commission that approved what appears to be a similar proposed rider by PPL Electric.<sup>63</sup> As a result, the legal basis for suggesting that Section 1307(a) of the Public Utility Code is a proper basis for approving this proposal appears unresolved at this time as far as the judicial interpretation is concerned. However, I will raise policy issues and fact-based issues relating to the criteria set forth in Section 1307(a) that are appropriate to address at this time.

Q. PLEASE ADDRESS THE POLICY ISSUES THAT SUPPORT YOUR RECOMMENDATION THAT THIS STORM RIDER BE REJECTED.

A. First, the use of a rider to recover costs incurred by a utility outside of a base rate case should be generally discouraged. A rider such as that proposed by the Companies represents single-issue ratemaking and would allow the Companies to recover an unlimited dollar amount of costs each Company claims to have incurred without any means to ensure that the costs were prudent, or prior to any determination by the Commission that the costs should be recovered as reasonable and prudent. The cost recovery mechanism recommended by the Companies eliminates the checks and balances

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<sup>63</sup> See Pa. P.U.C. v. PPL Electric Utilities Corp., Docket No. R-2012-2290597, appeal docketed, 1023 C.D. 2014 (Pa. Commw. 2014).

associated with a base rate case in which all of the utility's costs, expenses, and revenues can be considered prior to allowing rates to be set and when a consideration of prudence concerning the utility's expenditures can be considered. A rider eliminates the timely consideration of prudence and it would allow a utility to increase customer rates for expenses without consideration of all the costs and revenues that can be reviewed at the time of a rate case.

Second, a rider sends the wrong signal to the utility about the need for efficient and least cost approaches to the expenditures that are sought to be included in a rider. When a utility can recover costs when incurred, there is no incentive to keep costs as low as possible or to ensure that other activities are undertaken to ameliorate the impact of the increased costs for the expenditure item in question.

Third, the proposed Rider is not limited to "extraordinary" or even "major" storm cost recovery. Under the Companies' proposal, they will seek to collect "storm damage costs"<sup>64</sup> in excess of the amount included in base rates without regard to the severity or nature of the storm. Therefore, this proposal is not only poor public policy, but overly broad and would eliminate any obligation of the Company to manage its routine storm costs in between rate cases.

Therefore, there are important policy reasons to reject this proposal.

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<sup>64</sup> The Proposed Rider B allows recovery of "storm damage costs" in excess of those "storm damage costs" included in base rates. 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.

Q. DO YOU HAVE EXAMPLES OF HOW YOUR POLICY CONCERNS CAN OPERATE TO THE DETRIMENT OF RATEPAYERS IF THIS PROPOSAL IS APPROVED?

A. Yes. Currently, the Commission conducts reviews of major storm events and investigates how the electric company has responded to the storm in terms of restoration activities, communications with customers and local and state officials, implementation of the emergency management plan, proper pre-event planning, deployment of utility and outside utility crews, as well as restoration implementation. The Commission has adopted regulations that require utilities to submit a major storm event report shortly after restoration has been completed<sup>65</sup> and these reports are typically the focal point of the Commission's review of the Company's storm response activities. In addition, the Commission has adopted guidelines with respect to how it will review distribution company storm restoration activities in its Final Policy Statement Regarding Utility Service Outage Public Notification Guidelines in December 2011.<sup>66</sup> The Commission described the policy statement as being linked to the statutory reasonableness standard:

The policy statement is intended to provide guidance to the industry regarding the types of public notice necessary to meet the reasonableness standard in the Public Utility Code at 66 Pa. C.S. § 1501. The purpose of this policy statement is to help ensure that actual, timely notice to customers is provided by utilities whenever any event disrupts service or potentially endangers public safety. Our policy statement includes a series of acceptable methods for improving the timeliness and effectiveness of notice to utility customers during an outage. In addition, the final policy statement provides guidelines for public notice templates and notice to Commission personnel. [Order at 7]

And,

While we recognize that a policy statement is not binding on a utility in the manner of a regulation, utilities should be aware that with this final policy statement, the Commission

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<sup>65</sup> 52 Pa. Code Section 67.1.

<sup>66</sup> Docket No. M-2008-2065532, issued December 15, 2011.

has established an expectation of regular communication with customers with suggestions of various ways of how this could be accomplished. [Order at 25]

These regulatory reviews and policy statements would not be applicable to the Companies' proposal to recover storm damage costs until after those costs were put in rates and collected from customers. In fact, the Companies acknowledged that their proposal would allow recovery of costs prior to any investigation of the major storm and restoration event and determination of prudence and that the only remedy to recapture costs that the Commission might disallow would be for the Commission to order a credit be applied through the rider.<sup>67</sup> As a result, under the Companies' proposal the rider would recover costs from ratepayers prior to any determination of prudence or reasonableness and would shift the risk to ratepayers that any such future determination of imprudence or unreasonableness could be recouped.

Finally, there are other aspects to this proposal that, at the least, require further investigation. If the FirstEnergy Companies have insurance coverage for damages that might result from major storm or other emergency events, those insurance proceeds must be considered prior to any recovery of incremental costs from ratepayers. Furthermore, the costs must also consider the potential for cost recovery that might result from state or federal emergency management agencies and programs. The Companies failed to recognize these situations in their proposal. I am aware that the Commission's Bureau of Investigation and Enforcement is seeking additional information on this issue in discovery that has only recently been requested. As a result, there may be more information relating to this theoretical concern during the pendency of this proceeding.

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<sup>67</sup> See, e.g., West Penn Response to OCA-III-46.

Q. ARE THERE FACTUAL CONSIDERATIONS RELATING TO THE CRITERIA SET FORTH IN SECTION 1307(a) OF THE PUBLIC UTILITY CODE THAT SUPPORT YOUR OPPOSITION TO THIS RIDER PROPOSAL?

A. Yes.

- As to whether the costs are “valid operating expenses,” I agree that storm damage costs in theory are valid operating costs, but, as I discussed above, whether the actual costs incurred are reasonable and prudent is a matter that should be determined prior to cost recovery from customers.

- With regard to whether the costs “can be clearly identified,” this is also a potential matter for dispute. The costs must be determined to be incremental of insurance proceeds and any payments for storm damage recovery from state or federal agencies. In addition, since the Company has not limited its “storm damage costs” to “major” storms as defined in the Commission’s regulations or to those storm damage costs that have historically been allowed to be deferred after Commission review, the determination of incremental costs incurred above and beyond the normal storm damage costs included in base rates will be difficult to determine since the costs included in base rates reflect an annualized estimate of routine storm damage costs.

- With regard to whether the costs are “outside of a utility’s control,” I disagree with what appears to be the Companies’ assumption that storm damage costs are outside of a utility’s control. Utilities must manage storm restoration activities prudently and have properly implemented ongoing tree trimming and other vegetation and hardening programs to reduce the amount of storm damage. The failure to properly implement these non-storm related planning and investments can have a significant impact on storm

related damage and the costs relating to the storm damage that should not be recovered from ratepayers if there is a determination that ongoing investments were not undertaken as required. Furthermore, how a Company manages its storm restoration efforts can have a significant impact on the level of costs incurred. If, for example, the Company does not properly implement its command structure or take steps to implement its emergency management plan properly, the results could very well increase storm damage assessment and restoration costs.

- With regard to whether the costs are “material,” I disagree that this proposal would allow for compliance with this criterion. The Companies’ proposal is not limited to “major” or even “extraordinary” storm damage costs. Any costs associated with any “storm” would apparently qualify for recovery under this proposed Rider and there are no grounds for determination as to whether these costs would be “material.”

- Finally, there is no basis for concluding that storm damage costs would be “likely to escape full recovery if a Section 1308 base rate proceeding were the only way to reflect such costs in customer rates.” The Companies’ proposal would include any “storm damage costs” for any type of storm or event that required certain storm damage recovery expenses. Since base rates are designed to include a representative level of “storm damage costs” in base rates, there is no basis for a claim that storm damage costs must be treated in a manner that is different from the myriad number of factors that impact a utility’s sales and revenues and expenses in between rate cases. In fact, the Companies have admitted that they have not been denied storm recovery costs in the past<sup>68</sup> and that the only harm that the Companies can describe under the current practice of amortizing

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<sup>68</sup> See, e.g., West Penn Response to OCA-III-37.

extraordinary storm damage costs and recovering them in future rate cases is the potential for unreasonable delay in recovering those costs, referring to the time period between the Commission's approval for deferral of extraordinary storm damage expenses and the request for recovery in a subsequent rate case.<sup>69</sup> However, the Companies have control over whether or not a base rate case is filed. If there is financial harm to the Company with a delay in recovery, the Company can file for a rate case where all costs and expenses can be considered prior to approval or any rate increase (or decrease). Therefore, the Companies' defense of their compliance with the criteria in Section 1307 is not reasonable. It is entirely within the control and discretion of the Companies as to whether to file a rate case and seek inclusion of storm damage costs in base rates.

As a result, I do not believe that the facts associated with the Companies' proposal for a Storm Damage Charge Rider justify the limited criteria for a surcharge or rider as alleged by Ms. Bortz in her testimony.

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<sup>69</sup> See, e.g., West Penn Response to OCA-III-39.

## VI. THE PROPOSED REVISIONS TO THE COMPANIES' TARIFFS

Q. PLEASE DESCRIBE THE COMPANIES' PROPOSAL TO REVISE THE ELECTRIC SERVICE TARIFF FOR ALL COMPANIES.

A. Ms. Kimberlie Bortz presents testimony in each proceeding to support the complete re-writes of each Company's electric service tariff. According to Ms. Bortz, these changes will result in a uniform presentation of the electric service language for its rules and regulations relating to credit, collections, billing, and customer service.

Q. HAVE YOU REVIEWED THE REVISED TARIFFS AND, IF SO, DO YOU HAVE ANY CONCERNS AND RECOMMENDATIONS?

A. I have reviewed the revised tariffs that were provided in redline and clean formats for each Company. I do have several important high level concerns and a number of specific issues that should be cause for revisions to the proposed tariffs prior to approval in these proceedings. My testimony will reflect the specific provisions quoted from the proposed Met-Ed tariff, but these recommendations and concerns are applicable to all FirstEnergy Companies.

Q. DOES YOUR TESTIMONY INCLUDE A REVISED VERSION OF THE PROPOSED TARIFFS FOR EACH COMPANY?

A. No. I have not rewritten or revised the proposed tariffs to reflect the issues and concerns I will identify in my testimony. Rather, I recommend that the Companies revise the proposed tariffs to reflect my recommendations either at the Rebuttal stage of this proceeding or as a condition of the filing of compliance tariffs to reflect the final order in these proceedings.

Q. PLEASE DESCRIBE YOUR HIGH LEVEL CONCERNS ABOUT HOW THE COMPANIES HAVE PROPOSED TO REVISE THEIR TARIFFS.

A. I have four high level issues that will be reflected in my specific recommendations identified in more detail below.

- First, the Companies have eliminated some Company-specific consumer protections that are more liberal than required by Chapter 56, and there is no basis presented to justify these changes. I see no reason why historical consumer protections should not be continued, and I recommend that the stronger consumer protection be implemented for all Companies.

- Second, the Companies' revised tariffs rely on very generic references to Chapter 56 without any level of detail or recognition of some important Chapter 56 criteria. As a result, it is not clear from the proposed tariff language that the Company recognizes and will comply with certain specific directives in Chapter 56. I recommend that a more detailed tariff should be adopted in several areas.

- In several instances the proposed tariff establishes the authority of each Company "in its sole and exclusive judgment" to undertake some duty or exercise its authority. This is in most situations far too broad a grant of jurisdiction. Every action of the Companies must be undertaken in a fair and reasonable manner and, in some situations, cannot be undertaken without explicit compliance with certain provisions of law or regulation. This phrase, or other phrases with like meaning, should be eliminated.

- Finally, the Companies' revised tariffs do not explicitly explain the billing policies relating to the reliance on estimated bills. The revised tariffs should include this information, with the explicit obligation and recognition that, in Chapter 56, bills based

on an actual meter reading will be issued every other month unless one of the specific exemptions set forth in Chapter 56 are applicable to the customer's location. Furthermore, additional consumer protections relating to the negotiation of payment arrangements for a make up bill that results from estimated usage bills that the Company has in fact implemented should be stated in the tariff.

- Q. PLEASE IDENTIFY THE SPECIFIC ISSUES THAT NEED REFORM AND REVISION IN THE COMPANIES' PROPOSED TARIFFS.
- A. I will present my specific concerns using the Met-Ed proposed tariff and make note of differences or Company-specific issues as required. My testimony concerning these proposed tariff changes is to identify the specific Rule, followed by bullet points that set forth each issue or concern within that Rule. In each Rule I have presented the Companies' proposed language in *italics*.

**Rule 2: Deposits**

- The Companies' authority as set forth in Met-Ed Tariff at Rule 2, Deposits, to demand the payment of a deposit is proposed to read:

*Where an Applicant's/Customer's credit is not established or the credit of a Customer with the Company has, in the Company's judgment become impaired, or where the Company deems it necessary, a deposit or other guarantee satisfactory to the Company may be required to be supplied by the Applicant/Customer as security for the payment of future and final bills before the Company shall commence or continue to render any type of electric service to the Applicant/Customer. Deposits required by the Company for Tariff charges shall include unpaid EGS charges that are subject to the Company's POR.*

This language to obtain a deposit from applicants for residential service is written in too broad a manner and does not conform to the explicit criteria set forth in Chapter 56 to allow a distribution company to require a deposit. Section 1404(a) only permits a

utility to require a deposit in certain, specific instances as detailed in (a)(1) – (3).<sup>70</sup> Subsection (a)(2) provides the utility with some discretion, but still requires the utility to determine creditworthiness “through the use of a generally accepted credit scoring methodology, as provided in a commission approved tariff, and which employs standards for using the methodology that fall within the range of general industry practice.” Additionally, the Tariff does not provide the credit scoring methodology and standards that the utility will employ (which must fall within the range of general industry practice).<sup>71</sup> Additionally, § 1404(a)(1) prohibits a utility from requiring a customer or applicant that is confirmed to be eligible for a customer assistance program to provide a cash deposit.

- Other issues relating to the proposed language for deposits that need revision include:

*The Company may request deposits from Customers taking service for a period of less than thirty (30) days, in an amount equal to the estimated bill for the cost of total services provided by the Company for such temporary period.*

Section 56.34 of Chapter 56 refers to Section 53.82, which only permits requiring a deposit for temporary service in situations in which a utility is “furnishing public utility service beyond their corporate limits.”

*Deposits may be required by the Company from all other Customers, in an amount that is equal to one-sixth (1/6) of the Applicant's/Customer's estimated annual bill at the time the Company determines a deposit is required.*

The “all other customers” language is overly broad. See the general discussion above relating to the overly broad language.

*If the total of the Applicant's/Customer's bill in any two consecutive months exceeds the amount of the deposit, the Company may require that the deposit be proportionately increased.*

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<sup>70</sup> 66 Pa.C.S. § 1404(a).

<sup>71</sup> See also, 52 Pa. Code §§ 56.31 (Policy Statement), 56.32(a), and 56.36(a), and (b).

This is not in compliance with § 1404(a) or § 56.32(a). The cash deposit must be established at the time the public utility determines a deposit is required.

*Deposits from all other Customers may be held by the Company, in its sole and exclusive judgment, until the Customer discontinues service or the Company determines that the Customer has established a satisfactory payment record.*

This is overly broad and not in compliance with the Code and the Commission's regulations. Specifically, the utility does not have sole and exclusive judgment to determine whether a customer has established a satisfactory payment record. Rather, §1404(c) states that a utility may hold a customer deposit "until a timely payment history is established," which is established when "a customer has paid in full and on time for twelve consecutive months."<sup>72</sup>

#### **Rule 10: Meter Reading and Rendering of Bills**

- The proposed language relating to meter reading states:

*The Company reserves the right to read meters in all or any part of its service area on bi-monthly or quarterly schedules, except as provided for under Chapter 56 of the Commission's regulations and to render standard bills for the recorded use of service based upon the time interval between meter readings.*

This provision should specifically state each Company's policy to read meters every other month and issue bills based on estimated usage in alternate months. Furthermore, this language should be revised to track the language of Chapter 56, §56.12(2) and specifically state that for residential customers billed on a monthly basis, the company may estimate usage of service every other billing month, so long as the public utility provides a customer with the opportunity to read the meter and report the quantity of usage in lieu of the estimated bill. The resulting bills must be based on the information provided, except when it is apparent that the information is erroneous.

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<sup>72</sup> See, 1404(c)(1) and (2).

*At its option, when meters are read on other than a monthly schedule, the Company may render estimated bills to Customers on a monthly basis for the periods when meter readings are not obtained, and such bills shall be due and payable by each Customer upon presentation by the Company, subject to the Company's standard payment terms.*

*Upon request, the Company shall provide to a Customer a card upon which the Customer can mark its meter readings for any interim month, mail it to the Company, and receive a bill for the month's service.*

Similar to my discussion of Meter Reading above, this provision should be revised to conform to Chapter 56, § 56.12(2). This provision appears to state that the company may render estimated bills on a monthly basis. "Monthly" should be changed to "bi-monthly." Or, the Companies should include a separate provision for residential customers that takes into account the suggestions in this paragraph and the following paragraphs that address billing or estimated billing issues. Additionally, the phrase "at its option" should be removed because it seems to imply that only the Companies have the ability to decide whether the bill will be estimated, as opposed to the customer choosing to read their own meter.

The second paragraph should be clearer that the customer has an alternative to estimated billing by requesting "preaddressed postcards on which the customer may report the reading."<sup>73</sup> I also note that the regulations require the Companies to, upon request, furnish preaddressed postcards, as opposed to "a card."

Finally, the Companies should specifically state the methodologies offered to allow customers to provide a self-reading and how that self-reading will be used to calculate the bill.

*When interim monthly bills are not rendered by the Company, a Customer, at its option, may voluntarily pay the Company its own estimate of an interim monthly bill, and such payment shall be shown by the Company as a credit on the next standard bill rendered to that Customer.*

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<sup>73</sup> See, Section 56.12(2)(i).

While I recognize that the Commission's regulations are silent on this policy, I am concerned that the Companies may selectively point to this provision in the tariffs when talking to customers so that the customer pays an estimated bill rather than reading their own meter (or even knowing that they have the option to read their own meter).

*In the event the Company is unable to gain access to the meter location to obtain readings, it may, at its option, estimate the amount of electric service supplied based upon the Customer's past usage or, if no prior Customer usage is available, the past usage at the service location, and render an appropriate bill, which shall be paid in accordance with the Company's payment terms specified in this Tariff.*

This provision should at a minimum reference that, for residential customers, if the Company is unable to gain access to the meter location for exigent circumstances or inability to gain access, it must be for one of the reasons specified in § 56.12(3) or (4). Any inability to gain access or exigent circumstance should also be documented in the customer's records and, upon request, provided to the customer who may dispute this alleged inability to gain access to the meter. In light of my presentation of the volume of consecutive estimated bills issued by Met-Ed, Penelec, and West Penn, I am concerned that this proposed tariff language will be relied upon to justify what appears to me to be an ongoing policy to routinely fail to issue bills based on actual meter readings every other month without proper justification.

- With regard to Budget Billing:

*At the request of a Delivery Service Residential Customer, the Company shall estimate the Customer's Delivery Service Charges for a twelve (12) month period.*

Chapter 56, Section 56.12(7) states that budget billing is available to residential customers. The Companies should remove the words "Delivery Service" and instead just generically state that, "At the request of a residential customer..." Additionally, § 56.12(7) states that budget billing can be estimated over a 10, 11, or 12-month period.

However, the regulation's language is unclear as to whether the customer has the option to request that it be averaged over a 10, 11, or 12-month period, or if the utility makes that determination. Nonetheless, these options should be reflected in the Company's tariff.

*The Customer is responsible for the current EPP charge plus the difference in the EPP plan. A resulting reconciliation amount exceeding One-Hundred Dollars (\$100.00) will be amortized consistent with applicable regulations upon request of the Customer. If a credit exists at the true-up month, it will be cleared against the current month amount.*

The Companies should reword this provision to track the language of Chapter 56, § 56.12(7), which states, in relevant part:

At the conclusion of the budget billing year, a resulting reconciliation amount exceeding \$100 but less than \$300 shall be, at the request of the customer, amortized over a 6-month period. Reconciliation amounts exceeding \$300 shall be amortized over at least a 12-month period at the request of the customer. Shorter amortization periods are permissible at the request of the customer.

52 Pa. Code § 56.12(7).

*If a Customer fails to pay an outstanding bill by the time its next monthly bill is rendered, the Company may, in its sole discretion, terminate that Customer's Equal Payment Plan arrangements.*

The regulations are silent on this, but this policy appears overly harsh and I object to the language that refers to "sole discretion." Rather, the Companies should exercise this option based on the individual circumstances of the customer in a reasonable manner.

- The proposed tariff in Rule 10 includes a detailed description of the Companies' rights with respect to theft or vandalism:

*In the event there is any evidence that the Company's meters or other equipment on the Customer's premises have been tampered or interfered with by any means whatsoever, resulting in improper or non-registration of service supplied, the Customer being supplied through such equipment shall pay to the Company the amount the Company estimates is due for service used but not registered on the Company's meter, and the cost of any repairs or replacements, inspections and investigations relating thereto including, but not limited to, all administrative expenses associated with the investigation(s) (e.g., Legal, Accounting/Billing, etc.). Under these circumstances, the Company may at its option terminate its service immediately and/or require the Customer to pay all costs correcting any and all*

*unauthorized conditions at the premises. In the event service has been terminated under these circumstances it shall not be restored to the Customer's premises until: (i) the Customer has a certificate of compliance with the provisions of the National Electric Code and the regulations of the National Fire Protection Association has been issued by the municipal inspection bureau or by any Company-accepted inspection agency, (ii) the Customer has complied with all of the Company's requirements and (iii) the Customer pays the Company a reconnection fee and deposit.*

*In the event there is any evidence that a Customer knowingly and willfully obtained service for itself or for another by creating or reinforcing a false impression, statement or representation and fails to correct the same, the Company shall immediately correct the account information in question and issue an adjustment for all current or previous amounts. The Customer shall be required to show proof of identity and sign an agreement for payment of all electric service received, plus any and all costs and administrative expenses associated with any investigation(s) (i.e., Legal, Accounts/Billing, etc.) which shall be added to their account. The Customer shall have three (3) business days in which to provide proof of identity. The Company may, in its sole discretion, terminate a Customer's electric service if the Customer fails to provide such proof of identity within the aforementioned time period.*

This language fails to recognize the specific rights associated with winter terminations of service (as discussed in § 1406(e) and § 56.100). Additionally, language should be added that tracks § 1406(c)(2) and § 56.98(b), which state:

Upon termination, the public utility shall make a good faith attempt to provide a post-termination notice to the customer or a responsible adult person or occupant at the affected premises. If providing a post-termination notice to the customer or responsible person at the affected premises is not possible, the public utility shall conspicuously post the notice at the affected premises. In the case of a single meter, multiunit dwelling, the public utility shall conspicuously post the notice at the dwelling, including in common areas when possible.

Furthermore, the phrase "the customer has complied with all of the company's requirements" seems overly broad. Regarding the reconnection fee and deposit, Chapter 56, §56.191(a) requires that the reconnection fee be specified in the Tariff.

Finally, the proposed language about what actions the Company can take if the customer "*knowingly and willfully obtained service for itself or for another by creating or reinforcing a false impression, statement or representation and fails to correct the same,*" is not reflective of any stated Commission regulation or policy and would require the Companies to document its conclusion about "knowingly and willfully" that should

be understood to be subject to examination and dispute. These types of conclusions are not typically undertaken by utility personnel and are normally the province of the judicial system. I question whether the Companies should rely on their own evidence and conclusions to make this type of finding and would recommend that the Companies defer to the judicial system to make such determinations. Alternatively, the standard should refer to repeated actions by the customer after proper notice.

**Rule 11: Payment of Bills**

- With regard to proposed Rule 11, Payment of Bills, I have the following concerns and recommendations for revisions:

*A Residential Customer's overdue bill shall be subject to a late payment charge of one and one-half percent (1.5%) interest per month on the full unpaid and overdue balance of the bill.*

First, Met-Ed and Penn Power have a current tariff provision that states, "Late payment charges will be frozen upon receipt of notice that the Customer is eligible for LIHEAP funds and these late payment charges will not be increased for the remainder of the LIHEAP program year." The proposed revisions to these Companies' tariffs have eliminated this provision. I do not agree with the elimination of current consumer protections offered by the Companies and would recommend at a minimum that Met-Ed and Penn Power retain these provisions and would suggest that if the Companies want to adopt a uniform policy, that this provision also be included for the Penelec and West Penn tariff revisions.

Second, this provision seems to expand the language of Chapter 56, § 56.22(a), which does not include the language "the full unpaid and..." rather only stating that the utility may charge 1.5% interest per month on the "overdue balance of the bill."

Additionally, the Tariff is silent as to the remainder of § 56.22(a), which states, “These charges are to be calculated on the overdue portions of the bill only. The interest rate, when annualized, may not exceed 18% simple interest per annum.”

Additionally, the Tariff omits any mention of Chapter 56, § 56.22(b)-(d), which contains important consumer protection information that the customer is entitled to see in the Tariff. Section 1409 also includes the same statement as § 56.22(d) regarding late payment charge waivers.

*All payments made by or on behalf of a Customer shall be applied to a Customer's account in accordance with the Commission's payment posting rules and applicable Regulations including the Company's Electric Generation Supplier Coordination Tariff on file with the Commission.*

This provision is too vague. At a minimum, it should provide citations to the “Commission’s payment posting rules and applicable Regulations” (which I surmise to be the partial payment rules, see § 56.23 and 56.24). Furthermore, I do not agree with recommending a reference to the Company’s EGS Coordination Tariff, but rather recommend that the Company specifically quote from or use the language from that tariff when applicable to its retail delivery services to retail customers.

*The Company shall pursue collections of outstanding residential delinquent account balances in accordance with applicable law and Commission regulations.*

This language is far too vague to describe the important steps and policies with regard to termination of service. The Tariff should define delinquent account, either here or in the Definitions section, and should track the language used in Chapter 56, § 56.2, which states:

Charges for public utility service which have not been paid in full by the due date stated on the bill or otherwise agreed upon; provided that an account may not be deemed delinquent if: prior to the due date, a payment agreement with the public utility has been entered into by the customer, a

timely filed notice of dispute is pending before the public utility, or, under time limits provided in this chapter, an informal or formal complaint is timely filed with and is pending before the Commission.

Further, the Tariff says nothing specifically about the notice procedures prior to termination, as laid out in Chapter 56, § 56.91 – 97 and those notice procedures should be stated here.

*Termination of service will occur only for non-payment of undisputed delinquent accounts associated with the Company's regulated charges, which shall include EGS charges subject to the Company's POR.*

This provision uses additional specificity not described in the language of Chapter 56, § 56.81(a). Further, the Tariff says nothing specifically about the notice procedures prior to termination, as laid out in Chapter 56 § 56.91 – 97, and should do so.

*In the case of non-payment of a Customer's delinquent bill applicable to the Company's charges, the Company may, in its sole discretion, terminate its electric service and remove its equipment in accordance with applicable law and Commission regulations.*

This proposed language is overly broad and potentially inaccurate. Chapter 56, Section 56.81(1) allows termination for non-payment of an “undisputed delinquent account.” Further, the proposed Tariff says nothing specifically about the notice procedures prior to termination, as laid out in Chapter 56, §§ 56.91 – 97, and should do so. As I have stated previously, the use of the term “sole discretion” is not appropriate language and should be eliminated.

*The Company shall condition restoration of service on payment of EGS charges subject to the Company's POR.*

This provision should, at a minimum, reference Chapter 56, §§ 56.191 and 56.192, which detail the payment and timing for restoration of service, as well as having personnel available to restore service, respectively. Additionally, the Tariff should

discuss how a customer can make a payment to restore service that tracks the language in § 1407(c) and § 56.191(c). Further, the Tariff should also include language that tracks §1407(b) and § 56.191(b), which enunciates the timing of service restoration.

*To determine if a Customer exceeds the 250% federal poverty level threshold, the Company will utilize financial information provided by the Customer. The Company may elect to send to the Customer an income verification form for completion and return.*

This is the only reference to winter termination in the Tariff and it is an inadequate reference to the crucial consumer protection. This provision should include a section specific to residential customers and be expanded to track the language in Chapter 56, § 56.100(b), and (e)-(j).

#### **Rule 12: Administrative Charges**

- With regard to Administrative Charges in Rule 12, the Company proposes with regard to Service Charges:

*Every Applicant or Customer, new or succession, who has its Delivery Service initiated or reconnected shall pay a service charge of Twelve Dollars and Fifty Cents (\$12.50) to the Company.*

I have several concerns with this provision. First, Met-Ed and Penelec charge a separate fee (\$12.50 and \$9.50, respectively) called a “service charge” to initiate service, but Penn Power and West Penn do not charge such a fee. I recommend that Met-Ed and Penelec eliminate any fee for a residential customer to establish service. These costs should be reflected in the distribution service charges and since customers can now apply for service on the Company’s website or by calling the call center, and the creation of a new account is entirely computerized, it is likely that incremental charges for this service are not significant in any case.

Second, it is not clear how this “reconnection” of service relates to the subsequent provision that appears to address reconnection of service following disconnection for nonpayment below. With regard to reconnection of service, Section 1407(a) and § 56.191(a) permit the Company to charge a fee “based upon the public utility’s cost as approved by the Commission prior to reconnection of service following lawful termination of the service. The amount of this fee must be specified in the public utility’s tariff on file with the Commission.” The Company should document its “cost” to provide this service.

Additionally, the Tariff should discuss how a customer can make a payment to restore service that tracks § 1407(c) and § 56.191(c). Further, the Tariff should also include language that tracks §1407(b) and § 56.191(b), which enunciates the timing of service restoration.

*A Residential Customer who requests a disconnection and reconnection of service at the same location within a twelve (12) month period shall pay the Company a reconnect charge equivalent to the monthly minimum charge stated in the Customer’s applicable Rate Schedule or other Tariff provision multiplied by the number of months between the disconnect and reconnect period, or the minimum reconnect charge stated in this Rule 12c, whichever is greater.*

*Every Residential Customer that requests a connection or a reconnection shall pay the Company a fee of Thirty-Six Dollars (\$36.00).*

The Tariff should include the following language, found in Section 56.38(b) and § 56.42(c) (relating to applicants and customers, respectively):

An applicant paying a deposit for the reconnection of service under § 56.41(2) (relating to general rule) may be required to pay 50% prior to, and as a condition of, the reconnection of service with 25% billed 30 days after reconnection of service and 25% billed 60 days after the reconnection of service. The public utility shall inform the applicant of the option to pay the deposit in the installments described in this subsection. The applicant retains the option to pay the deposit amount in full before the due date.

Section 1407(a) and § 56.191(a) permit the Company to charge a fee “based upon the public utility’s cost as approved by the Commission prior to reconnection of service following lawful termination of the service. The amount of this fee must be specified in the public utility’s tariff on file with the Commission.” The amount is specified as quoted above, but it is unclear as to whether this amount has previously been approved by the Commission, or if they are seeking approval in this proceeding. See also § 56.191(b)-(c).

**Rule 20: Discontinuance of Service**

- With regard to Discontinuance of Service in proposed Rule 20, I identify the following concerns:

*The Company may, at its sole option, terminate any service provided under this Tariff and remove its equipment on (i) required notice in case of a Customer’s non-payment of a delinquent bill or a violation of the provisions of this Tariff or (ii), without notice, in situations which endanger or may endanger the safety of any person or property or may prove harmful to the Company’s energy delivery system. Failure by the Company at any time to exercise its rights shall not be deemed a waiver thereof.*

In addition to my objection to the use of the term “sole option,” which is similar to the repeated use of the phrase “sole discretion,” this provision should, at a minimum, state that for residential customers under subsection (i), required notice must be provided as per § 1406 and § 56.81-97, and for subsection (ii), must be for one of the reasons enumerated in § 1406(c) (including the addition in Act 155) and § 56.98. I do note that the next paragraph in the Tariff specifically enumerates the four circumstances for immediate termination, however, it does not include the fifth circumstance added to § 1406(c) by Act 155 (§ 1406(c)(1)(v)).

Additionally, the Tariff should include language that tracks Chapter 56, § 56.99, which prohibits using termination notice solely as a collection device, stating:

A public utility may not threaten to terminate service when it has no present intent to terminate service or when actual termination is prohibited under this chapter. Notice of the intent to terminate shall be used only as a warning that service will in fact be terminated in accordance with the procedures under this chapter, unless the customer or occupant remedies the situation which gave rise to the enforcement efforts of the public utility.

*For Residential Customers, the Company may terminate service under any of the following circumstances (i) unauthorized use of the service delivered on or about the affected dwelling (ii) fraud or material misrepresentation of the Customer's identity for purpose of obtaining service (iii) tampering with the Company's meters or other equipment (iv) violating the Tariff provisions in a manner that endangers the safety of a person or the integrity or operation of the Company's facilities.*

This provision should be amended to include a reference to § 1406(c) and § 56.98(a), and updated to include a fifth circumstance added to § 1406(c) by Act 155 (§ 1406(c)(1)(v)), as detailed in the preceding paragraph.

*The Company may at any other time suspend the supply of electrical energy to any Customer for the purpose of making repairs, changes or improvements on any part of its system. When such suspension is planned in advance, prior notice of the cause and expected duration of the suspension shall be given to the extent practicable to Customers who may be affected.*

This provision should include, at a minimum, a reference to Chapter 56, § 56.71, detailing the provisions governing interruption of service. Alternatively, the Tariff should track the language of § 56.71 and such an approach to reference and include the provisions of Chapter 56, Section 56.71 for the Company's proposals for Rule 18 (Load Control) and Rule 19 (Energy Conservation).

**Rule 21: Service Continuity: Limitation on Liability for Service Interruptions and Variations**

- Proposed Rule 21 addresses liability for service interruptions and variations. The proposed language is newly revised, but I note that all the Companies had some provision that addresses this issue.

*In all other circumstances, unless caused by the willful and/or wanton misconduct of the Company, the liability of the Company to Customers or third parties for all injuries and damages, direct or consequential...*

I question the use of the “willful and/or wanton misconduct” standard and suggest that the more reasonable standard is “gross negligence.” I note that PECO Energy does not use language such as that proposed by the Companies. 52 Pa. Code § 69.87 (Tariff provisions that limit liability of utilities for injury or damage as a result of negligence or intentional torts—statement of policy), states that:

The Commission, after review of applicable State law, and on consideration of the various policy considerations relative to the inclusion in tariffs of provisions which limit the liability of utilities for injury or damages as a result of negligence or intentional torts, finds that State law permits utilities to limit their liability for interruption or cessation of service. If a utility seeks to place the language in its tariff, a tariff filing should be made under section 1308 of the code (relating to voluntary changes in rates), and should include a company-specific dollar amount for the proposed limitation and work papers to substantiate the dollar amount.

The Company has not submitted such documentation for its proposed standard in this regard.

Q. IN ADDITION TO THE CONCERNS YOU HAVE IDENTIFIED WITH REGARD TO THE PROPOSED REVISION OF THE COMPANIES’ TARIFFS, DO YOU HAVE ADDITIONAL ISSUES THAT ARE NOT OTHERWISE INCLUDED IN THE PROPOSED TARIFFS?

A. Yes. The following issues are not reflected in the proposed Tariffs and should be included:

- **Notice of Change in Chapter 56** – See, § 56.201(a), which states:

(a) In addition to the notice requirements in this chapter, the Commission will, within 6 months of the effective date of a change to a regulation in this chapter, prepare a summary of the rights and responsibilities of the public utility and its

customers affected by the change. Summaries will be mailed by the public utility to each customer of the public utility affected by the change. These summaries, as well as a summary of the rights and responsibilities of the public utility and its customers in accordance with this chapter, shall be in writing, reproduced by the public utility, displayed prominently, available on the public utility's web site if the utility has one and available at all public utility office locations open to the general public. The public utility shall inform new customers of the availability of this information and direct where to locate it on the public utility's web site. The public utility shall deliver or mail a copy upon the request of a customer or applicant.

- **Spanish-Speaking Customers** – See, §56.201(b) which requires “A public utility which serves a substantial number of Spanish-speaking customers shall provide billing information in English and in Spanish. The written information must indicate conspicuously that it is being provided in accordance with this title and contain information concerning . . .” a number of billing, payment, and consumer protections, including procedures for discontinuance and reconnection of service.” The Tariff should include a provision that tracks this language.
- **Inconsistent Tariff Provisions** – See, §56.223, which states, “A tariff provision inconsistent with this chapter is deemed nonoperative and superseded by this chapter.”
- **Reporting Requirements** – See, § 56.231.

Q. DOES THIS CONCLUDE YOUR TESTIMONY AT THIS TIME?

A. Yes. However, I reserve the right to supplement my testimony upon receipt of late-filed discovery and/or to comment on the comments and testimony provided at the public input hearings that are scheduled for November.

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# EXHIBIT A

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Pennsylvania Office of Consumer Advocate  
Washington Public Counsel  
The Energy Project (Washington)  
Delaware Public Service Commission  
Maryland Office of People's Counsel  
Citizens' Utility Board (Illinois)  
UWUA (Michigan)  
UWUA (California)  
New Jersey Division of Ratepayer Advocate  
Maine Office of Public Advocate  
Ohio Consumers' Counsel  
Colorado Office of Consumer Counsel  
Vermont Department of Public Service  
Delaware Division of the Public Advocate  
The Utility Reform Network (TURN) (California)  
Oak Ridge National Laboratory, Department of Energy  
Regulatory Assistance Project  
Citizens' Utility Board (Wisconsin)  
COPE No. 378 (British Columbia, Canada)

**Areas of Expertise:**

- Default Service, Consumer Protection, Service Quality, and Universal Service policies and programs associated with the move to competition in the electric, natural gas, and telecommunications industries;
- Consumer Protection and Service Quality policies and programs associated with the regulation of competitive energy and telecommunications providers;
- The regulatory policies associated with the regulation of Credit, Collection, Consumer Protection, Low Income, and Service Quality programs and policies for public utilities;

- Rate design and pricing policies applicable to residential customers; and
- Advanced Metering Infrastructure costs and benefits and associated time-based pricing proposals.

## Prior Employment

### DIRECTOR

*Consumer Assistance Division  
Maine Public Utilities Commission*

1986-96

*Augusta, Maine*

One of five division directors appointed by a three-member regulatory commission and part of commission management team. Direct supervision of 10 employees, oversight of public utility consumer complaint function, appearance as an expert witness on customer services, consumer protection, service quality and low income policy issues before the PUC. Chair, NARUC Staff Subcommittee on Consumer Affairs.

### SUPERINTENDENT

*Bureau of Consumer Credit Protection  
Department of Professional and Financial Regulation*

1979-83

*Augusta, Maine*

Director of an independent regulatory agency charged with the implementation of Maine Consumer Credit Code and Truth in Lending Act. Investigations and audits of financial institutions and retail creditors, enforcement activities, testimony before Maine Legislature and U.S. Congress.

## Education

### JURIS DOCTOR

*University of Maine School of Law*

1973-76

*Portland, Maine*

Admitted to the Bar of the State of Maine, September 1976. Currently registered as "inactive."

B.A. (WITH DISTINCTION) IN POLITICAL SCIENCE  
*University of Michigan*

1964-68

*Ann Arbor, Michigan*

## Publications and Testimony

“How to Construct a Service Quality Index in Performance-Based Ratemaking”, The Electricity Journal, April, 1996

“The Consumer Protection Agenda in the Electric Restructuring Debate”, William A. Spratley & Associates, May, 1996

Direct Testimony on behalf of the Telecommunications Workers Union, Telecom Public Notice 96-8, Price Cap Regulation and Related Issues, Canadian Radio-Television and Telecommunications Commission, September, 1996. [Analysis of and recommendations concerning the need to regulate service quality in move to price cap regulation]

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Direct Testimony on behalf of the Maryland Office of People’s Counsel, Universal Service Issues, Case No. 8745, before the Maryland Public Service Commission, November 20, 1998.

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Testimony on Proposed Interim Rules (Consumer Protection, Customer Enrollment, Code of Conduct, Supplier Licensing) on behalf of the New Jersey Division of Ratepayer Advocate before the New Jersey BPU, May, 1999.

Direct Testimony on behalf of AARP, West Virginia PUC Investigation into Retail Electric Competition (consumer protection, universal service, Code of Conduct), June 15, 1999.

Direct and Surrebuttal Testimony on behalf of the Pennsylvania OCA, Natural Gas Restructuring proceedings (8 natural gas utilities): consumer protection; consumer education; code of conduct, before the Pennsylvania PUC, October, 1999-April, 2000.

Comments on Draft Rules addressing Slamming and Cramming (Docket No. RMU-99-7) on behalf of the Iowa Office of Consumer Advocate, before the Iowa Utilities Board, October 1999.

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Direct Testimony on behalf of the Maine Office of Public Advocate, Central Maine Power Company Alternative Regulation Plan [Docket 99-666] on service quality issues, before the Maine PUC, May, 2000.

Direct Testimony on behalf of AARP, Universal Service Programs and Funding of low-income programs for electric and natural gas service, before the New Jersey Board of Public Utilities, Docket No. EX000200091, July, 2000.

Comments (on behalf of NASUCA and AARP) on Uniform Business Practices Reports, May and September, 2000.

Direct Testimony on behalf of the Pennsylvania OCA, Verizon-Pennsylvania Structural Separation Plan on service quality, customer service and consumer protection issues [Docket No. M-00001353] before the Pennsylvania PUC, October, 2000.

Direct and Rebuttal Testimony on behalf of the Maine Office of Public Advocate, Verizon-Maine Alternative Form of Regulation on service quality issues [Docket No. 99-851] before the Maine PUC, January and February 2001.

Direct and Rebuttal Testimony on behalf of the Citizens Utility Board, Nicor Gas Customer Select Pilot Program, on consumer protection and regulation of competitive natural gas suppliers [Docket Nos. 00-0620 and 00-0621] before the Illinois Commerce Commission, December 2000 and February 2001.

Direct and Surrebuttal Testimony on behalf of the Pennsylvania Office of Consumer Advocate on consumer protection and service quality issues associated with the pending merger between GPU Energy and FirstEnergy, before the Pennsylvania PUC, Docket Nos. A-110300F0095 and A-110400F.0040 (February and March, 2001)

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Responsive Testimony on behalf of the New Jersey Division of Ratepayer Advocate on service quality issues associated with a Plan for Alternative Regulation by Verizon-New Jersey, before the New Jersey Board of Public Utilities, Docket No. To01020095 (May 2001).

Direct and Surrebuttal Testimony on behalf of the New Jersey Division of Ratepayer Advocate on service quality, consumer protection, and universal service issues associated with the pending merger between Conectiv and Pepco, before the New Jersey Board of Public Utilities, BPU Docket No. EM101050308 (September and November 2001).

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Direct Testimony on behalf of the New Jersey Division of Ratepayer Advocate before the Board of Public Utilities on Joint Petition of New Jersey-American Water Co. and Thames Water Aqua Holding for Approval of a Change in Control of New Jersey-American Water Co., Docket No. WM01120833, July 18, 2002.

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Direct Testimony on behalf of Consumer Groups before the Texas PUC on Notice and Request of Mutual Energy CPL and Mutual Energy WTU for Approval of Changes in Ownership and Affiliation, Docket No. 25957, October 15, 2002.

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Comments on behalf of Wisconsin Citizens' Utility Board before the Wisconsin Public Service Commission's Gas Service Standards, Docket No. 1-AC-210 (July 2004).

Comments on behalf of the Colorado Office of Consumer Counsel before the Public Utilities Commission of Colorado, In the Matter of the Proposed Repeal and Reenactment of all Rules Regulating Telephone Utilities and Providers (Docket No. 03R-524T) (September 2004).

Direct Testimony on behalf of the Pennsylvania Office of Consumer Advocate before the Pennsylvania PUC, Investigation of Metropolitan Edison Co., Pennsylvania Electric Co. and Pennsylvania Power Co. Reliability Performance, Docket no. I-00040102, [customer service and reliability performance] (June 2004).

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Comments and Reply Comments on behalf of AARP before the Ohio Public Utility Commission, In the Matter of the Commission's Investigation of the Retail Electric Service Market, Case No. 12-3151-EL-COI (March and April 2013) [retail market reforms, default service, and consumer protections]

Direct Testimony on behalf of the Pennsylvania Office of Consumer Advocate before the Pennsylvania Public Utility Commission, Petition of UGI Utilities, Inc.—Electric Division for Approval of a Default Service Plan and Retail Market Enhancement Programs for 2014-2017, Docket Nos. P-2013-235703 (June 2013) [Retail Market Enhancement programs; referral program]

Direct Testimony on behalf of the Government of the District of Columbia before the District of Columbia Public Service Commission, In the Matter of the Application of the Potomac Electric Power Co. for Authority to Increase Existing Retail Rates and Charges for Electric Distribution Service, Formal Case No. 1103 (August 2013) [low income discount program]

Comments and Reply Comments on behalf of AARP before the Arizona Corporation Commission, Generic, In The Matter of The Commission's Inquiry Into Retail Electric Competition, Docket No. E-00000W-13-0135 (July and August 2013)

[implementation of retail electric competition]

Comments on behalf of AARP before the Delaware Public Service Commission, Rulemaking for Retail Electric Competition, PSC Regulation Docket No. 49 (September 2013) [consumer protection regulations for retail electric competition]

Direct Testimony on behalf of AARP before the New Jersey Board of Public Service, In the Matter of the Petition of Public Service Electric and Gas Co. for Approval of the Energy Strong Program, Docket No. EO13020155 and GO13020156 (October 2013) [reliability programs; cost recovery mechanism]

Direct Testimony on behalf of Canadian Office and Professional Employee's Union, Local 378, before the British Columbia Utilities Commission, Re: Fortis BC Energy, Inc. Application for Approval of a Multi-Year Performance Based Ratemaking Plan for 2014 through 2018, Project No. 3698719 (December 2013) [Service Quality Index]

Direct Testimony on behalf of Pennsylvania Office of Consumer Advocate before the Pennsylvania Public Utility Commission, Petition of PPL Electric Corp. for Approval of a New Pilot Time-of-Use Program, Docket No. P-2013-2389572 (January 2014) [Design of pilot TOU program; bid out to competitive energy supplier]

Direct, Rebuttal, and Surrebuttal Testimony on behalf of the Pennsylvania Office of Consumer Advocate before the Pennsylvania Public Utility Commission, Petition of FirstEnergy Companies (Met-Ed, Penelec, Penn Power, and West Penn) for Approval of a Default Service Programs, Docket Nos. P-2013-2391368, et al. (January-March 2014) [Retail market enhancement programs, referral program]

Direct, Rebuttal, and Surrebuttal Testimony on behalf of the Pennsylvania Office of Consumer Advocate before the Pennsylvania Public Utility Commission, Petition of PPL Electric Utilities for Approval of a Default Service Program and Procurement Plan for June 2013-May 2015, Docket No. P-2013-2389572 (January-May 2014) [Retail market enhancement programs, referral program]

Direct and Rebuttal Testimony on behalf of AARP before the Corporation Commission of Oklahoma, Application of Public Service Company of Oklahoma for Adjustment to Rates and Charges and Terms and Conditions of Service for Electric Service in the State of Oklahoma, Cause No. PUD-201300217 (March and May 2014) [AMI cost/benefit analysis and cost recovery; riders and surcharges; customer charge; low income program]

Direct and Reply Testimony on behalf of the District of Columbia Government through its Department of Environment before the Public Service Commission of the District of Columbia, In the Matter into the Investigation into the Issues Regarding the Implementation of Dynamic Pricing in the District of Columbia, Formal Case No. 1114 (April and May 2014) [Dynamic pricing policies and programs for residential customers]

Comments on behalf of AARP before the Delaware Public Service Commission, Rulemaking for Retail Electric Competition, PSC Regulation Docket No. 49 (Revised) (June 2, 2014) [consumer protection regulations for retail electric competition]

Direct and Rebuttal Testimony on behalf of the Pennsylvania Office of Consumer Advocate before the Pennsylvania Public Utility Commission, Petition of Duquesne Light Company for Approval of Default Service Plan For the Period June 1, 2015 through May 31, 2017, Docket No. P-2014-2418242 (July and August 2014) [retail market enhancement programs, referral program]

## Presentations and Training Programs:

- Presentation, Smart Grid Future, Brookings Institute, Washington, DC [July 2010]
- Participant, Fair Pricing Conference, Rutgers Business School, New Jersey [April 2010]
- Presentation on Smart Metering, National Regulatory Conference, Williamsburg, VA [May 2010]
- Presentation on Smart Metering, Energy Bar Association Annual Meeting, Washington, DC [November 2009]
- Presentation at Workshop on Smart Grid policies, California PUC [July 2009]
- National Energy Affordability and Energy Conference (NEAUC) Annual Conference
- NARUC annual and regional meetings
- NASUCA annual meetings
- National Community Action Foundation's Annual Energy and Community Economic Development Partnerships Conference
- Testimony and Presentations to State Legislatures: Virginia, New Jersey, Texas, Kentucky, Illinois, and Maine
- Training Programs for State Regulatory Commissions: Pennsylvania, Georgia, Kentucky, Illinois, New Jersey
- DOE-NARUC National Electricity Forum
- AIC Conference on Reliability of Electric Service
- Institute of Public Utilities, MSU (Camp NARUC) [Instructor 1996-2006]
- Training Programs on customer service and service quality regulation for international regulators (India and Brazil) on behalf of Regulatory Assistance Project
- Georgia Natural Gas Deregulation Task Force [December 2001]
- Mid Atlantic Assoc. of Regulatory Utility Commissioners [July 2003]
- Illinois Commerce Commission's Post 2006 Initiative [April 2004]
- Delaware Public Service Commission's Workshop on Standard Offer Service [August 2004]

# EXHIBIT B

**METROPOLITAN EDISON COMPANY  
PENNSYLVANIA ELECTRIC COMPANY  
PENNSYLVANIA POWER COMPANY  
WEST PENN POWER COMPANY**

**DOCKET NOS. R-2014-2428745, R-2014-2428743, R-2014-2428744 and R-2014-2428742**

**Office of Consumer Advocate WP Set XI, No. 13**

“Please provide the following information for each month from January 2013 through June 2014 (separating out residential from non-residential customers where possible) and excluding any meter reads that are on an annual meter reading schedule, if applicable:

- a. Percentage of estimated meter reads per customer;
- b. Number of estimated meter reads; and
- c. Customer count.”

**RESPONSE:**

The Company does not track the percentage of estimated meter reads by residential and non-residential customers. The Company tracks the number of meter readings available for scheduling (Total Meter Reads Available), the number of estimated meter readings (Estimated Meter Readings), and the percentage of estimated meter readings (Estimation Rate).

Month	Total Meter Reads Available	Estimated Meter Readings	Estimation Rate
201301	437,039	59,106	13.52%
201302	430,694	43,756	10.16%
201303	432,901	37,701	8.71%
201304	429,759	66,374	15.44%
201305	431,977	59,920	13.87%
201306	427,852	71,673	16.75%
201307	434,994	100,641	23.14%
201308	437,489	65,311	14.93%
201309	442,549	71,088	16.06%
201310	439,601	82,776	18.83%
201311	436,611	81,691	18.71%
201312	432,167	124,279	28.76%
201401	436,145	65,254	14.96%
201402	436,452	119,827	27.45%
201403	451,400	51,369	11.38%
201404	433,352	38,973	8.99%
201405	438,930	38,306	8.73%
201406	434,965	20,905	4.81%

**METROPOLITAN EDISON COMPANY  
PENNSYLVANIA ELECTRIC COMPANY  
PENNSYLVANIA POWER COMPANY  
WEST PENN POWER COMPANY**

**DOCKET NOS. R-2014-2428745, R-2014-2428743, R-2014-2428744 and R-2014-2428742**

**Office of Consumer Advocate PN Set XI, No. 13**

“Please provide the following information for each month from January 2013 through June 2014 (separating out residential from non-residential customers where possible) and excluding any meter reads that are on an annual meter reading schedule, if applicable:

- a. Percentage of estimated meter reads per customer;
- b. Number of estimated meter reads; and
- c. Customer count.”

**RESPONSE:**

The company does not track the percentage of estimated meter reads by residential and non-residential customers. The company tracks the number of meter readings available for scheduling (Total Meter Reads Available), the number of estimated meter readings (Estimated Meter Readings), and the percentage of estimated meter readings (Estimation Rate).

Month	Total Meter Reads Available	Estimated Meter Readings	Estimation Rate
201301	400,463	75,197	18.78%
201302	403,019	66,492	16.50%
201303	400,462	55,032	13.74%
201304	397,596	45,954	11.56%
201305	397,746	38,272	9.62%
201306	398,126	47,920	12.04%
201307	399,837	51,100	12.78%
201308	397,858	42,886	10.78%
201309	401,247	45,649	11.38%
201310	398,618	43,581	10.93%
201311	400,942	54,628	13.62%
201312	397,735	116,211	29.22%
201401	406,501	130,314	32.06%
201402	399,490	126,645	31.70%
201403	411,011	58,504	14.23%
201404	401,275	29,785	7.42%
201405	400,900	24,265	6.05%
201406	397,750	18,683	4.70%

**METROPOLITAN EDISON COMPANY  
PENNSYLVANIA ELECTRIC COMPANY  
PENNSYLVANIA POWER COMPANY  
WEST PENN POWER COMPANY**

**DOCKET NOS. R-2014-2428745, R-2014-2428743, R-2014-2428744 and R-2014-2428742**

**Office of Consumer Advocate PP Set XI, No. 13**

“Please provide the following information for each month from January 2013 through June 2014 (separating out residential from non-residential customers where possible) and excluding any meter reads that are on an annual meter reading schedule, if applicable:

- a. Percentage of estimated meter reads per customer;
- b. Number of estimated meter reads; and
- c. Customer count.”

**RESPONSE:**

The Company does not track the percentage of estimated meter reads by residential and non-residential customers. The Company tracks the number of meter readings available for scheduling (Total Meter Reads Available), the number of estimated meter readings (Estimated Meter Readings), and the percentage of estimated meter readings (Estimation Rate).

Month	Total Meter Reads Available	Estimated Meter Reads	Estimation Rate
201301	208,520	60,813	29.16%
201302	208,461	48,728	23.38%
201303	208,444	60,174	28.87%
201304	208,392	61,809	29.66%
201305	208,370	64,128	30.78%
201306	208,395	71,404	34.26%
201307	203,170	65,451	32.21%
201308	198,173	59,013	29.78%
201309	198,297	66,410	33.49%
201310	198,377	52,580	26.51%
201311	198,490	51,077	25.73%
201312	198,590	82,153	41.37%
201401	198,698	89,044	44.81%
201402	198,712	73,454	36.97%
201403	198,745	42,680	21.47%
201404	198,836	37,689	18.95%
201405	198,877	51,055	25.67%
201406	198,898	42,129	21.18%

**METROPOLITAN EDISON COMPANY  
PENNSYLVANIA ELECTRIC COMPANY  
PENNSYLVANIA POWER COMPANY  
WEST PENN POWER COMPANY**

**DOCKET NOS. R-2014-2428745, R-2014-2428743, R-2014-2428744 and R-2014-2428742**

**Office of Consumer Advocate ME Set XI, No. 13**

“Please provide the following information for each month from January 2013 through June 2014 (separating out residential from non-residential customers where possible) and excluding any meter reads that are on an annual meter reading schedule, if applicable:

- a. Percentage of estimated meter reads per customer;
- b. Number of estimated meter reads; and
- c. Customer count.”

**RESPONSE:**

The Company does not track the percentage of estimated meter reads by residential and non-residential customers. The Company tracks the number of meter readings available for scheduling (Total Meter Reads Available), the number of estimated meter readings (Estimated Meter Readings), and the percentage of estimated meter readings (Estimation Rate).


Month	Total Meter Reads Available	Estimated Meter Readings	Estimation Rate
201301	403,011	50,492	12.53%
201302	406,187	33,231	8.18%
201303	402,001	54,315	13.51%
201304	403,187	36,302	9.00%
201305	398,203	36,950	9.28%
201306	403,332	51,486	12.77%
201307	401,486	79,658	19.84%
201308	403,624	73,958	18.32%
201309	402,143	67,379	16.75%
201310	404,237	71,163	17.60%
201311	402,368	103,449	25.71%
201312	403,580	173,912	43.09%
201401	403,085	148,543	36.85%
201402	406,444	191,143	47.03%
201403	444,909	49,793	11.19%
201404	406,411	15,579	3.83%
201405	402,440	20,824	5.17%
201406	402,733	18,683	4.64%

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 Direct Testimony, OCA Statement No. 5, 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).

DocuSigned by:  
  
Signature: 8D0E58CA47E24C2...  
Barbara R. Alexander

Consultant Address: 83 Wedgewood Dr.  
Winthrop, ME  
04364

DATED: 11/18/2014

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