

COMMONWEALTH OF PENNSYLVANIA



OFFICE OF CONSUMER ADVOCATE

555 Walnut Street, 5th Floor, Forum Place  
Harrisburg, Pennsylvania 17101-1923  
(717) 783-5048  
800-684-6560

FAX (717) 783-7152  
consumer@paoca.org

February 26, 2016

Rosemary Chiavetta, Secretary  
PA Public Utility Commission  
Commonwealth Keystone Bldg.  
400 North Street  
Harrisburg, PA 17120

Re: Petition of Metropolitan Edison  
Company for Approval of its  
Long-Term Infrastructure  
Improvement Plan  
Docket No. P-2015-2508942

Dear Secretary Chiavetta:

Attached for electronic filing is the Office of Consumer Advocate's Answer in the above-referenced proceeding.

Copies have been served per the attached Certificate of Service.

Respectfully submitted,

A handwritten signature in cursive script that reads "Erin L. Gannon".

Erin L. Gannon  
Senior Assistant Consumer Advocate  
PA Attorney I.D. # 83487  
E-Mail: EGannon@paoca.org

Attachment

cc: Office of Administrative Law Judge  
Office of Special Assistants  
Certificate of Service

\*217713

## CERTIFICATE OF SERVICE

Petition of Metropolitan Edison Company :  
for Approval of its Long Term Infrastructure : Docket No. P-2015-2508942  
Improvement Plan :

I hereby certify that I have this day served a true copy of the following document, Office of Consumer Advocate's Answer, upon parties of record in this proceeding in accordance with the requirements of 52 Pa. Code § 1.54 (relating to service by a participant), in the manner and upon the persons listed below:

Dated this 26<sup>th</sup> day of February, 2016.

### SERVICE BY E-MAIL & INTER-OFFICE MAIL

Johnnie E. Simms, Esquire  
Bureau of Investigation and Enforcement  
Pennsylvania Public Utility Commission  
Commonwealth Keystone Building  
400 North Street  
Harrisburg, PA 17120

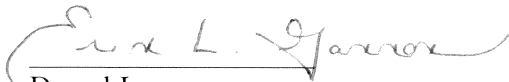
Daniel G. Asmus  
Small Business Advocate  
Office of Small Business Advocate  
300 North Second Street  
Harrisburg, P A 17101

### SERVICE BY E-MAIL & FIRST CLASS MAIL

Charis Mincavage  
Vasiliki Karandrikas  
Teresa K. Schmittberger  
Elizabeth P. Trinkle  
McNees Wallace & Nurick LLC  
100 Pine Street  
P.O. Box 1166  
Harrisburg, PA 17108-1166  
*Counsel for Metropolitan Edison  
Industrial Users Group*

John L. Munsch  
Pennsylvania Power Company  
800 Cabin Hill Drive  
Greensburg, PA 15601  
*Counsel for Metropolitan  
Edison Company*

Anthony C. DeCusatis  
Morgan, Lewis & Bockius LLP  
1701 Market Street  
Philadelphia, PA 19103-2921  
*Counsel for Metropolitan  
Edison Company*



Darryl Lawrence  
Senior Assistant Consumer Advocate  
PA Attorney I.D. # 93682  
E-Mail: DLawrence@paoca.org

Erin L. Gannon  
Senior Assistant Consumer Advocate  
PA Attorney I.D. # 83487  
E-Mail: EGannon@paoca.org

Counsel for Office of Consumer Advocate  
555 Walnut Street, 5th Floor, Forum Place  
Harrisburg, PA 17101-1923  
Phone: (717) 783-5048

\*217724

BEFORE THE  
PENNSYLVANIA PUBLIC UTILITY COMMISSION

Petition of Metropolitan Edison Company :  
for Approval of a Distribution System : Docket No. P-2015-2508942  
Improvement Charge :

---

ANSWER OF THE OFFICE OF CONSUMER ADVOCATE  
TO THE  
PETITION OF METROPOLITAN EDISON COMPANY

---

I. INTRODUCTION

Pursuant to Section 5.61 of the Pennsylvania Code, 52 Pa. Code § 5.61, the Office of Consumer Advocate (OCA) provides the following Answer to the Petition of Metropolitan Edison Company (Met-Ed or Company) for Approval of a Distribution System Improvement Charge (DSIC) for its electric operations. Through its Petition, Met-Ed seeks permission to implement a surcharge of up to 5% on all customers under Section 1353 of the Public Utility Code, 66 Pa. C.S. § 1353. This surcharge would recover return and depreciation on certain plant placed in service between base rate filings. As set forth more fully below, the Company's Tariff Supplement attached to the Petition may be contrary to Pennsylvania statute, case law, and established Public Utility Commission policy. The Commission should deny Met-Ed's Petition and proposed Tariff Supplement as filed. The OCA requests that the Commission refer the matter to the Office of Administrative Law Judge for development of an evidentiary record, pursuant to the OCA complaint filed at this docket against the Petition and Tariff Supplement.

## II. THE OCA'S ANSWER

This is a request by a utility to implement a DSIC under a new statute and the Commission's Final Implementation Order.<sup>1</sup> While the OCA continues to review Met-Ed's filing, the OCA has identified the following preliminary concern with the proposed surcharge: Met-Ed proposes that the DSIC will not apply to customers receiving service under Rate Schedule TP. Petition at 6; Met-Ed St. 1 at 6. The Company bases this exclusion on its assertion that its Long Term Infrastructure Improvement Plan (LTIIIP) does not contain any infrastructure improvement projects for distribution facilities operating at transmission-level voltages and, therefore the DSIC rates during the term of the current LTIIIP will not include any additions to such plant.

The OCA submits, first, that it is not sufficient basis to exempt customers from the DSIC because the current LTIIIP does not include additions to the specific distribution facilities serving customers. Under this theory, application of the DSIC would be dictated by the specific projects funded by the DSIC (as determined by a particular 5-year LTIIIP), which is not consistent with Act 11. Rather, the Act requires all customers served by eligible categories of distribution facilities to contribute to the improvement of those facilities by paying a DSIC. Act 11 provides that the DSIC "shall be applied equally to all customer classes as a percentage of each customer's billed revenue." 66 Pa. C.S. § 1358(d)(1).

In its April 9, 2015 Order in Docket No. P-2012-2325034, wherein PPL Electric Utilities filed a Petition for Approval of a DSIC, the Commission determined that it was permissible for PPL to exempt certain customers taking service at transmission voltage rates from the DSIC. It stated:

---

<sup>1</sup> Implementation of Act 11 of 2012, Docket No. M-2012-2293611, Order (Aug. 2, 2012) (Final Implementation Order).

After reviewing this record, we concur with the ALJ that PPL has failed to rebut PPLICA's evidence that the LP-5 class does not utilize the facilities repaired, improved or replaced through the DSIC, and that these costs are generally not otherwise allocated to that class. Since PPL has not rebutted this evidence, it has not met its burden of proof as to the justness and reasonableness of this rate as applied to LP-5 customers.

PPL Order at 66. Met-Ed has not provided sufficient information to determine if the DSIC should apply to Rate Schedule TP. For example, Met-Ed follows the Commission's model tariff in identifying costs from Accounts 362, 364, 365, 366, 367 and 368 in its proposed DSIC. See Met-Ed Exh. KMS-2. The filing does not indicate whether, in the Company's most recent cost of service study, the Rate Schedules TP customers were allocated costs for distribution plant that is recoverable through the Company's proposed DSIC.

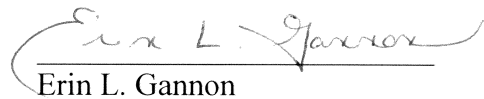
Second, Met-Ed's currently approved tariff indicates that Rate Schedule TP is not limited to customers receiving service above a specific voltage level. Supplement 15 to Electric Pa. P.U.C. No. 52 at 77. It is the OCA's understanding that customers receiving service on this Rate Schedule are defined by the Company as "transmission" customers. The Company's filing does not explain the basis for distinguishing these customers for DSIC purposes, however.

The OCA submits that additional information is necessary for Met-Ed to show that exemption for these Rate Schedule TP customers is warranted, in the public interest and consistent with Act 11 and prior Commission Orders.

### III. CONCLUSION

The surcharge proposed by Met-Ed may be contrary to Pennsylvania case law and well-established principles of sound ratemaking and regulatory policy. The OCA respectfully requests that the Commission deny the Company's Petition as filed, suspend the proposed tariff and refer the matter to the Office of Administrative Law Judge for development of an evidentiary record, pursuant to the OCA complaint filed at this docket.

Respectfully submitted,



Erin L. Gannon  
Senior Assistant Consumer Advocate  
PA Attorney I.D. No. 83487  
[EGannon@paoca.org](mailto:EGannon@paoca.org)

Counsel for:  
Tanya J. McCloskey  
Acting Consumer Advocate

Office of Consumer Advocate  
555 Walnut Street  
5th Floor, Forum Place  
Harrisburg, PA 17101-1923  
(717) 783-5048

Dated: February 26, 2016