

Teresa K. Harrold
(610) 921-6783
(610) 939-8655 (Fax)

July 31, 2020

VIA ELECTRONIC FILING

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

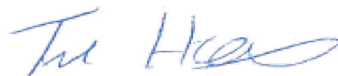
***Re: Joint Petition of Metropolitan Edison Company, Pennsylvania Electric Company, Pennsylvania Power Company and West Penn Power Company for Approval of their Smart Meter Deployment Plans;
Docket Nos. M-2013-2341990, M-2013-2341991, M-2013-2341993 and
M-2013-2341994***

Dear Secretary Chiavetta:

Enclosed for filing on behalf of Metropolitan Edison Company, Pennsylvania Electric Company, Pennsylvania Power Company and West Penn Power Company is the 2020 Smart Meter Technology Procurement and Installation Plan Annual Progress Report for the twelve-month period ended June 30, 2020 in the above-referenced proceeding.

Please contact me with any questions you may have. Copies of this filing have been served as indicated in the attached certificate of service.

Very truly yours,



Teresa K. Harrold

kbw
Enclosures

c: The Honorable Elizabeth H. Barnes via electronic mail (ebarnes@pa.gov)
The Honorable Katrina L. Dunderdale via electronic mail (kdunderal@pa.gov)
The Honorable Dennis J. Buckley via electronic mail (dbuckley@pa.gov)
Kelly Monaghan, Bureau of Audits via electronic mail (kmonaghan@pa.gov)
Dan Searfoorce, Bureau of Technical Utility Services, Reliability and Emergency Preparedness via electronic mail (dsearfoorce@pa.gov)
Certificate of Service

**Before the
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

**Metropolitan Edison Company
Pennsylvania Electric Company
Pennsylvania Power Company
West Penn Power Company**

**Docket No. M-2013-2341990
Docket No. M-2013-2341994
Docket No. M-2013-2341993
Docket No. M-2013-2341991**

**2020
ANNUAL PROGRESS REPORT
SMART METER TECHNOLOGY PROCUREMENT
AND INSTALLATION PLAN**

(For the Twelve-Months Ended June 30, 2020)

July 31, 2020

TABLE OF CONTENTS

I. INTRODUCTION	1
II. CURRENT REPORTING PERIOD ACTIVITIES	1
III. REGULATORY	3
IV. FINANCIAL ANALYSIS / COST RECOVERY	3
V. LOOK AHEAD	5
VI. CONCLUSION	5
EXHIBIT A: Smart Meter Costs and Metrics	6

I. INTRODUCTION

Pursuant to the Implementation Order entered by the Pennsylvania Public Utility Commission (“Commission”) on June 24, 2009, at Docket No. M-2009-2092655,¹ Metropolitan Edison Company (“Met-Ed” or “ME”), Pennsylvania Electric Company (“Penelec” or “PN”), Pennsylvania Power Company (“Penn Power” or “PP”) and West Penn Power Company (“West Penn” or “WPP”) (collectively, the “Companies”) submit this smart meter progress report for the twelve-months ended June 30, 2020 (“Current Reporting Period”) as related to the implementation of their approved smart meter deployment plan (“Approved Deployment Plan”).² This report provides an update on events that have taken place since the Companies’ last report submitted on August 1, 2019, at Docket Nos. M-2013-2341990, M-2013-2341991, M-2013-2341993 and M-2013-2341994, which covered the twelve-months ended June 30, 2019 (“Prior Reporting Period”).

II. CURRENT REPORTING PERIOD ACTIVITIES

Notwithstanding the unprecedented events that have transpired since the beginning of 2020, the Companies are pleased to report that they have completed the Full Scale Deployment Stage on time and on budget.³ The Companies continue to transition the project to day-to-day, “steady state” operations.

Since the Companies’ last report, the world has been introduced to COVID-19. With the world in the midst of a pandemic, certain scheduled project activities were delayed and certain procedures were modified. For example, once social distancing protocols and stay at home orders were recommended, the Companies ceased knocking on doors and leaving door hangers, instead notifying customers via telephone of work being done in the area and/or seeking approval for work to proceed -- which slowed the process.

In their 2019 Annual Progress Report, the Companies indicated that, during the Current Reporting Period, they would focus on (i) “fine tuning” the back office systems and updating portions of said systems consistent with the Approved Deployment Plan; (ii) completing the Non-Standard Installations⁴ that will include the development of cost effective communications solutions for certain installations; (iii) resolving disputed installations consistent with both the Companies’ and Commission’s policies; (iv) addressing any remaining customer service entrance issues and repairing the remaining 60 Amp round meter sockets; (v) expanding remote connect/disconnect procedures; and (vi) finalizing the systems and processes necessary for both standard and virtual net metering billing capabilities.⁵ Below is a discussion of the status of each:

¹ *In re Smart Meter Procurement and Installation*, Docket No. M-2009-2092655 (Order entered June 24, 2009) (“Implementation Order”), p. 14.

² The Commission approved this plan in the case of the *Joint Petition of Metropolitan Edison Company, Pennsylvania Electric Company, Pennsylvania Power Company and West Penn Power Company For Approval of Their Smart Meter Deployment Plan*, Docket Nos. M-2013-2341990, M-2013-2341991, M-2013-2341993, and M-2013-2341994 (Order entered June 25, 2014).

³ As has been reported in the past, the Companies’ Approved Deployment Plan called for i) a Solution Validation Stage, which was completed at the end of 2015; and ii) a Full-Scale Deployment Stage, which was virtually complete as of June 30, 2019.

⁴ “Non-Standard Installations” are considered to be those smart meters that are either difficult to access, communication challenged, and / or represent complex installations, such as MV90 replacements.

⁵ Companies’ 2019 Annual Progress Report, p. 6.

Back Office Systems / Net Metering Capabilities: During the Current Reporting Period, the Companies completed the upgrades to the back office SAP billing system. The billing system was enhanced in August 2019 allowing for improved billing and settlement for net metering customers. All smart meters supporting net metering were deployed in advance of this August release and then interval enabled for the first service period following the release. Further enhancements to the billing system were made in December 2019, which supported virtual net metering by improving relationship tracking from host to sub and further automating the functionality for allocation of energy from host to sub accounts.

Deployed Installations: As of June 30, 2020, the Companies have installed the following:

<u>Company</u>	<u>Meters (000s)</u>	<u>CGRs</u>	<u>REs</u>	<u>Bill Cert (000s)</u>
Met-Ed	583	330	584	583
Penelec	596	646	3,906	595
Penn Power	171	108	531	170
West Penn	<u>736</u>	<u>526</u>	<u>3,454</u>	<u>735</u>
Total	2,086	1,610	8,475	2,083

Except for Non-Standard Installations, which total approximately 5,310 locations as of June 30, 2020, virtually all meters and related equipment have been installed and are operating as expected.

Challenged Communications: The Company has identified 2,670 installed smart meters that are in communication challenged areas, which the Companies are addressing with alternative communication designs. The Companies anticipated this issue, and the number of such locations is well within the levels estimated by the Companies.

Disputed Installations: The Companies implemented an effective procedure for resolving disputed installations system-wide during Full Scale Deployment in each of the Companies' service territories. With 2.086 million smart meters installed, there have been approximately 7,896 disputed installations since project inception, with 98.77% successfully resolved with the customer accepting a smart meter. During the Current Reporting Period, there were 16 formal complaints and 19 informal complaints filed with the Commission related to smart meter deployment. The specific number and nature of these complaints is set forth in attached Exhibit A.

60 Amp Round Meter Socket Repairs: Prior to Full Scale Deployment, the Companies estimated that approximately 75,000 60 Amp round meter sockets were installed throughout the Companies' service territories and were in need of repair at an estimated cost of approximately \$52.5 million. The costs for this repair work exceeded the scope contemplated and the costs originally estimated for maintenance/repair work included in the Approved Deployment Plan. The Companies informed the Commission and customer advocates of this issue and, on June 27, 2016, the Companies submitted a letter to the Secretary of the Commission providing public notice of the same to all interested parties. No party filed comments or expressed opposition in response to the Companies' letter.

As of June 30, 2020, approximately 68,800 round meter sockets have been repaired and an additional 7,319 round meter sockets have been identified for future repair. The Companies

expected to have all remaining round meter sockets repaired by the end of 2020. However, due to COVID-19, this schedule has been modified and completion is now anticipated in 2021.

Remote Connect / Disconnect (“RCD”) Procedures: After discussions with interested parties, the Companies implemented voluntary Remote Connect and Disconnect procedures for “move-in”/”move out” scenarios, and for reconnections. These actions continue to provide significantly improved customer response times and have further enhanced employee safety as additional meters become RCD certified.

On October 31, 2019, the Companies filed a Joint Petition for the Approval of Involuntary Remote Disconnect Procedures.⁶ However, due to the COVID-19 pandemic, the Pennsylvania Governor’s Proclamation of Disaster, and the Commission’s Emergency Order, the Companies filed a motion to indefinitely suspend the procedural schedule in that proceeding, which was granted on March 27, 2020.⁷ In their Motion, the Companies stated that after the Governor’s Proclamation of Disaster Emergency is lifted and business activities return to normal, the Companies will work with the parties to prepare a revised procedural schedule.

III. REGULATORY

Consistent with the Commission’s directive to the Companies to work with stakeholder groups during smart meter deployment, the Companies held a number of meetings throughout the life of the project. During the Current Reporting Period, the Companies hosted a stakeholder meeting in Harrisburg Pennsylvania, on November 7, 2019 in which updates on the status of the Companies’ implementation of the Approved Deployment Plan were provided. The Companies also summarized the status of various other issues, including billing enablement, customer and supplier portals, disputed installations, round socket repairs, voluntary remote connections/disconnections, customer privacy and cyber security. Stakeholders were also given the opportunity to raise any concerns or questions and make any suggestions during these sessions. In light of the project being virtually complete, no spring meeting was held. Moreover, with the project in steady state status, on April 6, 2020, the Companies informed all stakeholders of record via email that no additional stakeholder meetings would be held. No stakeholder objected. Notwithstanding this announcement, the Companies will continue to maintain an open-door policy to answer any questions or address any specific concerns raised by interested parties.

IV. FINANCIAL ANALYSIS / COST RECOVERY

In accordance with Act 129 and subsequent Commission Orders, the Companies, with the assistance of outside consultants, developed a detailed smart meter financial analysis model (“Financial Model”) to estimate and analyze the costs and operational cost savings associated with the smart meter program. The Program Management Office ensures that this Financial Model is being followed and updated to reflect the most current project-related information.

⁶ *Joint Petition of Metropolitan Edison Company, Pennsylvania Electric Company, Pennsylvania Power Company and West Penn Power Company for the Approval of Their Remote Disconnect Procedures*, Docket No. P2019-3013979 *et al.* (Oct. 31, 2019).

⁷ *Id.* (Order entered Mar. 27, 2020).

Cost Recovery Overview:

As a result of the Commission orders in the 2014 and 2016 Rate Cases,⁸ the Companies are recovering the smart meter revenue requirements through base rates. The Commission-approved settlements allow the Companies to recover through the Smart Meter Technologies Charge (“SMT-C”) Riders any costs incurred that exceed those in base rates. Smart meter related costs began exceeding the revenue requirement in base rates for all four operating companies in June 2019. The incremental amount is being booked and will be recovered through the SMT-C Rider in the next SMT-C Computation Year (January 1 through December 31, 2021) in accordance with the terms and conditions of the Companies’ tariffs.

Benefits Realization:

For purposes of measuring savings related to the installation of smart meters, baselines of pre-existing cost levels were identified in the 2014 and 2016 Rate Cases for the following categories: (1) Meter Reading; (2) Meter Services; (3) Back Office; (4) Contact Center; (5) Reduction of Theft of Service; (6) Revenue Enhancements; (7) Avoided Capital Costs; (8) Distribution Operations; and (9) Load Research.⁹ When actual costs are less than the established baselines, those savings flow through the Companies’ SMT-C Rider rates.

As of June 30, 2020, the Companies have captured approximately \$60.8 million in cumulative operational savings. For the twelve months ended June 30, 2020, the Companies recognized incremental savings of almost \$21.2 million, most of which is attributable to meter reading efficiencies. Other savings occurred in the back office as a result of fewer billing issues needing to be resolved. Below is a summary of the incremental savings realized during the Current Reporting Period:

	Penn Power	Met-Ed	Penelec	West Penn	Total
	(\$ Millions)	(\$ Millions)	(\$ Millions)	(\$ Millions)	(\$ Millions)
Meter Reading	1.1	6.8	5.1	7.4	20.4
Back Office	<u>0.1</u>	<u>0.2</u>	<u>0.2</u>	<u>0.3</u>	<u>0.8</u>
Total	1.2	7.0	5.3	7.7	21.2

On or about July 31, 2020, the Companies will file their respective SMT-C Rider rates and tariff supplements for Commission approval, which are proposed to be effective on January 1, 2021 consistent with the terms and conditions of the SMT-C Riders. These savings are reflected in those rates.

Cost Allocation of SMIP Costs Among FirstEnergy Utilities In Other States:

In its March 6, 2014 Order, the Commission ordered the Companies “to provide a report with their next SMT-C filing that identifies expenditures on all components of their [Approved Deployment] Plan that have the potential to benefit their sister utilities in other states when they begin deploying smart meters and that describes the method through which the Companies will receive credit from FirstEnergy Service

⁸ The Commission approved partial settlements on January 19, 2017 in *Pennsylvania Public Utility Commission v. Metropolitan Edison Company, et al*, Docket Nos. R-2016-2537349 (Met-Ed), R-2016-2537352 (Penelec), R-2016-2537355 (Penn Power), and R-2016-2537359 (West Penn) (hereinafter collectively, “2016 Rate Cases”).

⁹ The Companies’ established baselines for various categories of potential savings in the 2014 Rate Cases. These baselines were updated in the 2016 Rate Cases.

Company for those expenditures.”¹⁰ The Commission further ordered “that to the extent any system upgrades are currently being utilized by the Companies’ sister utilities, the Companies are directed to properly allocate those costs to the sister utilities.”¹¹

During the Current Reporting Period, FirstEnergy’s three Ohio operating companies (Ohio Edison Company, The Cleveland Electric Illuminating Company, and The Toledo Edison Company (collectively, the “Ohio Companies”)) were approved for, and have commenced deployment of, the first phase of a smart meter project that will serve 700,000 of the Ohio Companies’ 2.1 million customers.¹² Consistent with the Commission’s Order, the PA Companies have identified, as of June 30, 2020, approximately \$13 million of smart meter-related plant that will benefit the Ohio Companies as they deploy smart meters. These cost allocations have been factored into the rates that will be submitted in the PA Companies’ next SMT-C filing, which is scheduled to be filed on or about July 31, 2020.

V. LOOK AHEAD

With the project virtually complete, the Companies continue to move the project into steady state, day-to-day operations. While the Companies will continue to address smart meter issues as they arise, other than completing the Non-Standard Installations, completing repairs on the few remaining round sockets, and continuing to address customer complaints related to smart meter installations, there are no known issues needing significant attention in the future.

VI. CONCLUSION

In summary, the Companies have completed the implementation of the smart meter plan consistent with the Approved Deployment Plan. The number of meters installed, as well as the deployment costs and benefits to date, generally comport with the overall projections included in the Approved Deployment Plan.¹³ The Companies have not encountered any significant problems with any of the components selected as part of their smart meter solution and the end-to-end smart meter system is operating as expected. The Companies would like to thank the Commission Staff and interested stakeholders for their input and cooperation, which contributed greatly to making this project a success.

¹⁰ *Joint Petition of Metropolitan Edison Company, Pennsylvania Electric Company, Pennsylvania Power Company and West Penn Power Company For Approval of Their Smart Meter Deployment Plan*, Docket Nos. M-2013-2341990, M-2013-2341991, M-2013-2341993, and M-2013-2341994, p. 47 (Final Order entered March 6, 2014).

¹¹ *Id.*

¹² *See generally, In re Filing by Ohio Edison Company, The Cleveland Electric Illuminating Company, and The Toledo Edison Company for a Grid Modernization Plan, et al.*, Case Nos. 16-481-EL-UNC, 17-2436-EL-UNC, 18-1604-EL-UNC, 18-1656-EL-ATA, Opinion and Order (PUCO July 17, 2019).

¹³ A limited exception relates to the Companies’ 60 amp meter socket repairs that were discussed earlier in the report.

EXHIBIT A: Smart Meter Costs and Metrics¹⁴

Cumulative as of June 30, 2020

SMART METER COSTS:

	Capital	O&M	Total
	(\$ Millions)	(\$ Millions)	(\$ Millions)
IT Hardware/Software	78.6	29.9	108.5
IT Labor/Contractor	72.9	23.1	96.0
Bus. Unit Labor/Contractor	0.1	148.9	149.0
Bus. Unit Other	1.5	27.7	29.2
Meter Installation/Network Install	<u>495.2</u>	<u>13.6</u>	<u>508.8</u>
Total	648.3	243.2	891.5

SMART METER DEPLOYMENT METRICS:

Smart Meters Deployed (000s)*	2,086
Smart Meters Deployed and Communicating (000s)*	2,084
Smart Meters Certified for Billing (000s)	2,083
Smart Meters Deployed for New Construction* (000s)	122
Early Adopters*	0
Customers With Home Area Network (HAN) Devices*	84
CGRs Installed	1,610
Range Extenders Installed	8,475
Formal PUC Complaints Open/Closed (Current Reporting Period only)*	
Installation	11 / 3
AMI Functionality or Accuracy	2 / 0
HAN Related	0 / 0
Other	0 / 0
Informal Customer Complaints Open/Closed (Current Reporting Period only)*	
Installation	1 / 16
AMI Functionality or Accuracy	0 / 2
HAN Related	0 / 0
Other	0 / 0
Estimated Reduction in Greenhouse Gas Emissions*	1,034 MT CO ₂ Eq
Voltage/Var Controls (Number/Percentage)* ¹⁵	0 / 0%

¹⁴ On April 9, 2015, the Commission approved a Joint Petition for Partial Settlement in each of the Companies' respective base rate cases. See *Pennsylvania Public Utility Commission v. Metropolitan Edison Company*, Docket No. R-2014-2428745 (Order entered April 9, 2015); *Pennsylvania Public Utility Commission v. Pennsylvania Electric Company*, Docket No. R-2014-2428743 (Order entered April 9, 2015); *Pennsylvania Public Utility Commission v. Pennsylvania Power Company*, Docket No. R-2014-2428744 (Order entered April 9, 2015); and *Pennsylvania Public Utility Commission v. West Penn Power Company*, Docket No. R-2014-2428742 (Order entered April 9, 2015) (collectively, "2014 Rate Cases"). As part of this settlement, the Companies agreed to provide certain information related to smart meter deployment, which is also included in this Exhibit and denoted by an asterisk (*).

¹⁵ This metric reflects the total number and percentage of distribution lines utilizing sensing from AMI meters as part of the Companies' voltage regulation scheme.

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

Joint Petition of Metropolitan Edison	:	Docket No. M-2013-2341990
Company, Pennsylvania Electric Company,	:	M-2013-2341991
Pennsylvania Power Company and West	:	M-2013-2341993
Penn Power Company for Approval of	:	M-2013-2341994
their Smart Meter Deployment Plans	:	

CERTIFICATE OF SERVICE

I hereby certify that I have this day served a true and correct copy of the foregoing document upon the individuals listed below, in accordance with the requirements of 52 Pa. Code § 1.54 (relating to service by a participant).

Service by electronic mail, as follows:

Scott J. Rubin
333 Oak Lane
Bloomsburg, PA 17815-2036
scott.j.rubin@gmail.com

Heather Langeland
200 First Avenue, Suite 200
Pittsburgh, PA 15222
langeland@pennfuture.org

Elizabeth R. Marx
Pennsylvania Utility Law Project
118 Locust Street
Harrisburg, PA 17101-1414
emarxPULP@palegalaid.net

Michael Panfil and John Finnigan
EDF
1875 Connecticut Ave., N.W.
Washington, DC 20009
mpanfil@edf.org
jfinnigan@edf.org

Robert Knecht
Industrial Economics
2067 Massachusetts Avenue
Cambridge, MA 02140
rdk@indecon.com

Thomas T. Niesen
Thomas, Niesen & Thomas, LLC
212 Locust Street, Suite 600
Harrisburg, PA 17101
tniesen@tntlawfirm.com

Susan E. Bruce, Charis Mincavage, and
Vasiliki Karandrikas
McNees Wallace & Nurick LLC
100 Pine Street
P.O. Box 1166
Harrisburg, PA 17108-1166
SBruce@mcneeslaw.com
CMincavage@mcneeslaw.com
vkarandrikas@mcneeslaw.com

David J. Dulick
General Counsel
Pennsylvania Rural Electric Association
Allegheny Electric Cooperative, Inc.
212 Locust Street
P.O. Box 1266
Harrisburg, PA 17108-1266
david_dulick@ccsenergy.com

Donald R. Wagner, Linda R. Evers, and
Michael A. Gruin
Stevens & Lee
111 North Sixth Street
Reading, PA 19601
drw@stevenslee.com
lre@stevenslee.com
mag@stevenslee.com

Allison C. Kaster
Bureau of Investigation & Enforcement
Pennsylvania Public Utility Commission
P.O. Box 3265
Harrisburg, PA 17105-3265
akaster@pa.gov

Christy M. Appleby
Office of Consumer Advocate
555 Walnut Street
5th Floor Forum Place
Harrisburg, PA 17101-1923
CAAppleby@paoca.org

Daniel Clearfield
Deanne O'Dell
Eckert Seamans Cherin & Mellott
213 Market Street, 8th Floor
Harrisburg, PA 17101
dclearfield@eckertseamans.com
dodell@eckertseamans.com

Thomas J. Sniscak
William E. Lehman
Hawke, McKeon & Sniscak, LLP
P.O. Box 1778
100 North Tenth Street
Harrisburg, PA 17105-1778
tjsniscak@hmslegal.com
welehman@hmslegal.com

Charles E. Thomas, III
Thomas, Niesen & Thomas, LLC
212 Locust Street, Suite 600
P.O. Box 9500
Harrisburg, PA 17108-9500
cet3@tntlawfirm.com

John Evans
Office of Small Business Advocate
Suite 1102, Commerce Building
300 North Second Street
Harrisburg, PA 17101
jrevans@pa.gov

Dated: July 31, 2020



Teresa K. Harrold
Attorney No. 311082
FirstEnergy Service Company
2800 Pottsville Pike
P.O. Box 16001
Reading, Pennsylvania 19612-6001
(610) 921-6783
tharrold@firstenergycorp.com