

COMMONWEALTH OF PENNSYLVANIA



OFFICE OF CONSUMER ADVOCATE

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IRWINA. POPOWSKY  
Consumer Advocate

September 25, 2009

James J. McNulty  
Secretary  
Pennsylvania Public Utility Commission  
Commonwealth Keystone Building  
400 North Street  
Harrisburg, PA 17120

RE: Joint Petition of Metropolitan Edison  
Company, Pennsylvania Electric Company  
and Pennsylvania Power Company for  
Approval of Smart Meter Technology  
Procurement and Installation Plan  
Docket No. M-2009-2123950

Dear Secretary McNulty:

Enclosed for filing is the Prehearing Memorandum of the Office of Consumer Advocate,  
in the above-referenced proceeding.

Copies have been served as indicated on the enclosed Certificate of Service.

Respectfully Submitted,

*Candis A. Tunilo*

Candis A. Tunilo  
Assistant Consumer Advocate  
PA Attorney I.D. # 89891

Enclosures

cc: Honorable Susan D. Colwell  
Office of Special Assistants

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BEFORE THE  
PENNSYLVANIA PUBLIC UTILITY COMMISSION

Joint Petition of Metropolitan Edison	:	
Company, Pennsylvania Electric Company	:	
And Pennsylvania Power Company for	:	Docket No. M-2009-2123950
Approval of Smart Meter Technology	:	
Procurement and Installation Plan	:	

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PREHEARING MEMORANDUM  
OF THE  
OFFICE OF CONSUMER ADVOCATE

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Pursuant to Section 333 of the Public Utility Code, 66 Pa.C.S. § 333, and in response to the Prehearing Conference Order issued in the above-captioned matter, the Office of Consumer Advocate (OCA) provides the following information:

**I. INTRODUCTION AND PROCEDURAL HISTORY**

On August 14, 2009, Metropolitan Edison Company (Met-Ed), Pennsylvania Electric Company (Penelec), and Pennsylvania Power Company (Penn Power) (collectively FirstEnergy Companies) filed their Joint Petition for Approval of Smart Meter Technology Procurement and Installation Plan (Smart Meter Plan) with the Pennsylvania Public Utility Commission (Commission) pursuant to Section 2807(f) of the Public Utility Code and pursuant to the Implementation Order entered by the Commission at Docket No. M-2009-2092655 on June 24, 2009. The FirstEnergy Companies are seeking Commission approval of their Smart Meter Plan and their respective Smart Meter Technologies Charge Riders and Smart Meter Technology rates, effective April 1, 2010.

The FirstEnergy Companies have filed a Smart Meter Plan for the implementation and roll-out of a Smart Meter network applicable to all three service territories. The Companies anticipate a thirteen-year full scale deployment of smart metering across their service territories, with such deployment completed no later than March 2022. The Companies' filed Plan involves two distinct periods. For the first 24 months, the Companies propose an "Assessment Period," during which the Companies will assess needs, select technology, secure vendors, train personnel, install and support test equipment, and establish a detailed meter deployment schedule. At the end of the Assessment Period, the FirstEnergy Companies intend to submit a "Deployment Plan" for Commission approval. Once approved, the Deployment Plan will establish the framework by which the FirstEnergy Companies install and operate a fully functional smart metering network. The Deployment Plan is expected to be completed by March 2022.

The FirstEnergy Companies have proposed a combined budget of \$29.5 million for costs related to the Assessment Period. Of this amount, the Companies anticipate that \$20.2 million will be spent during the first twelve months of the Assessment Period. The Companies preliminarily anticipate a total cost for smart meter implementation throughout all three service territories to be at least \$325 million.

In order to recover the costs of the Smart Meter Plan, the Companies propose to implement a "Smart Meter Technologies (SMT-C) Rider for each Company. The Companies have not developed a specific rate at this time. The rates will be calculated when the Companies' Plans have been approved by the Commission and will be effective beginning April 1, 2010, and adjusted annually.

On September 1, 2009, the Office of Consumer Advocate filed a Notice of Intervention and Public Statement in this matter. On September 25, 2009, the OCA will file Comments, which will identify specific issues. A Prehearing Conference is scheduled in this matter for Tuesday, September 29, 2009, before Administrative Law Judge Susan D. Colwell (ALJ).

## **II. ISSUES AND SUB-ISSUES**

Based upon a preliminary analysis of the FirstEnergy Companies' smart meter filing, the OCA has compiled a list of issues and sub-issues, which it anticipates will be included in its investigation of the filing. It is anticipated that other issues may arise and may be pursued during the course of these proceedings.

The following list sets forth the issues at this time that the OCA anticipates it will examine:

- (1) Reasonableness of the FirstEnergy Companies' proposed smart meter plan for meeting Act 129 requirements;
- (2) Reasonableness of the FirstEnergy Companies' proposed plan costs, including the preliminary proposed budgets;
- (3) Reasonableness of the FirstEnergy Companies' proposed cost recovery mechanisms and the allocation of smart meter costs; and
- (4) Whether rates resulting from the Joint Smart Meter Plan are just and reasonable.

The OCA specifically reserves the right to raise additional issues as may be necessary. The OCA would note that it also filed Comments in this Docket on September 25, 2009, in which the OCA identified its initial concerns and recommendations regarding the FirstEnergy

Companies' filing. A copy of the OCA's Comments have been provided to the ALJ and the parties to this proceeding.

### **III. WITNESSES**

The OCA intends to present the direct, rebuttal and surrebuttal testimony, as necessary, of the following witnesses in this proceeding. In order to expedite the resolution of this proceeding, the OCA requests that copies of all interrogatories, comments, and answers to interrogatories be mailed directly to the expert witnesses as well to counsel for the OCA.

#### Smart Meter Plan and Cost Recovery

Rick Hornby  
Synapse Energy Economics  
22 Pearl Street  
Cambridge, MA 02139  
(617) 661-3248  
[rhornby@synapse-energy.com](mailto:rhornby@synapse-energy.com)

Nancy Brockway  
NBrockway & Associates  
10 Allen Street  
Boston, MA 02131  
(617) 645-4018  
[nbrockway@aol.com](mailto:nbrockway@aol.com)

The OCA specifically reserves the right to call additional witnesses, as necessary. As soon as the OCA has determined whether an additional witness or witnesses will be necessary for any portion of its case, all parties of record will be notified.

### **IV. SERVICE ON OCA**

The OCA will be represented in this case by Assistant Consumer Advocates, Aron J. Beatty and Candis A. Tunilo and Senior Assistant Consumer Advocate, Tanya J. McCloskey. Two copies of all documents should be served on the OCA as follows:

Aron J. Beatty  
Candis A. Tunilo  
Assistant Consumer Advocates  
Office of Consumer Advocate  
555 Walnut St., 5<sup>th</sup> Floor, Forum Place  
Harrisburg, PA 17101-1923  
Telephone: (717) 783-5048  
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[CTunilo@paoca.org](mailto:CTunilo@paoca.org)

As a courtesy, the OCA requests that all electronic correspondence be copied to Jessica J. Horner ([JHorner@paoca.org](mailto:JHorner@paoca.org)).

## **V. DISCOVERY**

In order to effectively investigate and adequately develop a record on these issues, the OCA requests a modification of the Commission's procedural rules, as set forth below:

(1) Answers to written interrogatories shall be served in-hand within seven (7) calendar days of service.

(2) Objections to interrogatories shall be communicated orally within three (3) calendar days of the service of interrogatories; unresolved objections shall be served to the ALJ in writing within five (5) days of service of the interrogatories.

(3) Motions to dismiss objections and/or direct the answering of interrogatories shall be filed within three (3) calendar days of service of the written objections.

(4) Answers to motions to dismiss objections and/or answering of interrogatories shall be filed within three (3) calendar days of service of such motions.

(5) Ruling over such motions shall be issued, if possible, within seven (7) calendar days of the filing of the motion.

(6) Responses to requests for document production, entry for inspection, or other purposes must be served in-hand within seven (7) calendar days.

(7) Requests for admissions will be deemed admitted unless answered within seven (7) calendar days or objected to within five (5) calendar days of service.

The OCA reiterates that all time periods established in the foregoing discovery schedule should be calculated using calendar days.

**VI. SCHEDULE**

The Prehearing Order dated August 25, 2009, provides the majority of the schedule for these proceedings, and the OCA will work with the parties to address any witness scheduling issues. Along with the dates set forth in the Prehearing Conference Order, the OCA recommends the following schedule:

Answers/Comments	September 25, 2009
Prehearing Conference	September 29, 2009
Technical Conference	October 20, 2009
Other parties' direct testimony*	October 26, 2009
Rebuttal*	November 4, 2009
Surrebuttal*	November 13, 2009
Oral Rejoinder*	November 16, 2009
Evidentiary Hearings	November 18-19, 2009
Main Briefs	December 11, 2009
Reply Briefs	December 31, 2009
Initial Decision	January 29, 2010

The OCA is willing to participate in settlement meetings in this matter.

\* These dates are proposed dates.

## VII. PUBLIC INPUT HEARINGS

The OCA has not received any requests for public input hearings. However, should the OCA receive substantial interest in convening public input hearings in this matter, the OCA will communicate the interest to the ALJ.

Respectfully Submitted,



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Dated: September 25, 2009  
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CERTIFICATE OF SERVICE

Joint Petition of Metropolitan Edison :  
Company, Pennsylvania Electric Company :  
and Pennsylvania Power Company for : Docket No. M-2009-2123950  
Approval of Smart Meter Technology :  
Procurement and Installation Plan :

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

Dated this 25<sup>th</sup> day of September, 2009.

SERVICE BY E-MAIL and INTEROFFICE MAIL

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Carrie B. Wright, Esquire  
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Pennsylvania Public Utility Commission  
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SERVICE BY E-MAIL and FIRST CLASS MAIL

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Pennsylvania Utility Law Project  
118 Locust Street  
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Counsel for: *Pennsylvania Association of Community Organizations for Reform Now*



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Counsel for: *Met-Ed Industrial Users Group, Penelec Industrial Customer Alliance, and Penn Power Users Group*