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July 27, 2021

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 2021 Smart Meter Technology Procurement and Installation Plan Annual Progress Report for the twelve-month period ended June 30, 2021 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,



Tori L. Giesler

kbw
Enclosures

c: The Honorable Elizabeth H. Barnes via electronic mail (ebarnes@pa.gov)
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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**

**2021
ANNUAL PROGRESS REPORT
SMART METER TECHNOLOGY PROCUREMENT
AND INSTALLATION PLAN**

(For the Twelve-Months Ended June 30, 2021)

July 27, 2021

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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, 2021 (“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 July 31, 2020 at Docket Nos. M-2013-2341990, M-2013-2341991, M-2013-2341993 and M-2013-2341994, which covered the twelve-months ended June 30, 2020 (“Prior Reporting Period”).

II. CURRENT REPORTING PERIOD ACTIVITIES

Notwithstanding the unprecedented events that have transpired since the beginning of 2020, the Companies continue to transition the project to day-to-day, “steady state” operations in a timely and cost-effective manner.

Since the Companies’ last report, and the world continuing to feel the effects of the pandemic during this reporting period, certain scheduled project activities continued to be delayed and certain procedures remained 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

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).

via telephone of work being done in the area and/or seeking approval for work to proceed -- which slowed the process.

In their 2020 Annual Progress Report, the Companies indicated that, during this 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 Installations³ 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.⁴ Below is a discussion of the status of each:

Back Office Systems: During the Current Reporting Period, the Companies completed further upgrades to the back office systems. In August 2020 the customer portal was enhanced to provide greater detail for the Net Metering customers displaying both delivered and received interval usage from smart meters. In the December 2020 and June 2021 system releases, billing functionality was enabled to leverage smart meters supporting complex billing rates involving Transformer Loss Compensation and Totalization. This will enable these legacy MV90 meters to be exchanged with smart meters.

Deployed Installations: As of June 30, 2021, the Companies have installed the following:

³ “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.

⁴ Companies’ 2019 Annual Progress Report, p. 6.

Company	Meters (000s)	CGRs	REs	Bill Cert (000s)
Met-Ed	588	334	613	588
Penelec	597	659	4,071	596
Penn Power	172	114	547	172
West Penn	742	553	3,765	741
Total	2,099	1,660	8,996	2,096

Except for Non-Standard Installations / Complex Billing, which total approximately 2,345 locations as of June 30, 2021, virtually all meters and related equipment have been installed and are operating as expected.

Challenged Communications: The Companies have addressed 1,139 installed smart meters that were in communication challenged areas, with alternative communication designs. As of June 30, 2021, 1,531 communication challenged smart meters remain.

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 2.099 million smart meters installed, there remain approximately 105 disputed installations, with 98.7% successfully resolved with the customer accepting a smart meter. During the Current Reporting Period, there were 6 additional formal complaints and 1 additional informal complaint filed with the Commission related to smart meter deployment. The specific number and nature of these complaints is set forth in attached Exhibit A. The Companies will continue to follow Commission directives regarding disputed installations.⁵

⁵ The Commonwealth Court issued a decision on October 8, 2020, in *Povacz v. Pa. PUC*, Docket Nos. 492 C.D. 2019, *et al.*, in which the Court held, among other things, that the Commission has the authority to grant “reasonable” and “appropriate” smart meter accommodations to customers without proof of harm and does not mandate the installation of smart meters for every customer. Petitions for allowance of appeal challenging the Commonwealth Court’s *Povacz* decision have been granted by the Supreme Court of Pennsylvania. 241 A.3d 481, 488-90 (Pa. Cmwith. 2020) (“*Povacz*”); *allocatur granted*, 2021 Pa. LEXIS 2142 (Pa. May 12, 2021).

60 Amp Round Meter Socket Repairs: For the reporting period ending June 30, 2021, 5,241 known remaining 60 Amp round meter sockets have been repaired bringing the total identified 60 Amp round meter sockets repaired for PA customers as part of this project to approximately 74,000.

Remote Connect / Disconnect (“RCD”) Procedures: Remote Connect and Disconnect procedures for “move-in”/ “move out” scenarios, and for reconnections 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.

Continuing Recovery of Costs and Benefits:

As a result of the Commission orders in the 2014 and 2016 Rate Cases,⁸ the Companies have been recovering the smart meter revenue

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).

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”).

requirements through base rates. The Commission-approved settlements allowed 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 cost amounts are being booked and will continue to be recovered through the SMT-C Rider in the next SMT-C Computation Year (January 1 through December 31, 2022) 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, 2021, the Companies have captured approximately \$86.2 million in cumulative operational cost savings. For the twelve months ended June 30, 2021, the Companies recognized incremental savings of almost \$22.2 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
Meter Reading	\$ 1.2	\$ 7.2	\$ 5.4	\$ 8.2	\$ 21.9
Back Office	\$ 0.0	\$ 0.1	\$ 0.2	\$ -	\$ 0.3
Total	\$ 1.2	\$ 7.3	\$ 5.6	\$ 8.2	\$ 22.2

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.

On or about July 31, 2021, 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, 2022 consistent with the terms and conditions of the SMT-C Riders. These savings will be 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 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”)) are continuing to deploy the first phase of a smart meter project that will serve approximately 715,000 of the Ohio Companies’ 2.1 million customers.¹² Consistent with the Commission’s Order, the PA Companies have identified, as of June 30, 2021, approximately \$13.7 million of smart meter-related plant that will benefit the Ohio Companies

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) and resultant Stipulation And Recommendation filed with the PUCO on 11/19/2018.

as they deploy smart meters. These cost allocations will be accounted for in the new rates that will be submitted in the PA Companies' next SMT-C filing, which is scheduled to be filed on or about July 31, 2021.

III. 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 if and as they arise, other than completing the relatively few communication-challenged, complex billing, Non-Standard Installations, and continuing to address customer complaints related to smart meter installations, there are no known issues needing significant attention in the future.

IV. 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.

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, 2021

SMART METER COSTS:

	Capital (\$ Millions)	O&M (\$ Millions)	Total
IT Hardware/Software	84.2	34.8	119.1
IT Labor/Contractor	74.8	23.8	98.5
Bus. Unit Labor/Contractor	0.1	153.7	153.7
Bus. Unit Other	1.6	28.1	29.7
Meter Installation/Network Install	505.1	15.0	520.1
Total	665.8	255.3	921.1

SMART METER DEPLOYMENT METRICS:

Smart Meters Deployed (000s)*	2,099
Smart Meters Deployed and Communicating (000s)*	2,097
Smart Meters Certified for Billing (000s)	2,096
Smart Meters Deployed for New Construction* (000s)	161
Early Adopters*	0
Customers With Home Area Network (HAN) Devices*	311
CGRs Installed	1,660
Range Extenders Installed	8,996
Formal PUC Complaints Open/Closed (Current Reporting Period only)*	
Installation	6 / 0
AMI Functionality or Accuracy	0 / 0
HAN Related	0 / 0
Other	0 / 0
Informal Customer Complaints Open/Closed (Current Reporting Period only)*	
Installation	0 / 1
AMI Functionality or Accuracy	0 / 0
HAN Related	0 / 0
Other	0 / 0
Estimated Reduction in Greenhouse Gas Emissions*	1,152 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).

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Dated: July 27, 2021



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