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August 1, 2022

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, 2022 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)
The Honorable Katrina L. Dunderdale via electronic mail (kdunderal@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**

**2022
ANNUAL PROGRESS REPORT
SMART METER TECHNOLOGY PROCUREMENT
AND INSTALLATION PLAN**

(For the Twelve-Months Ended June 30, 2022)

August 1, 2022

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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, 2022 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 27, 2021 at Docket Nos. M-2013-2341990, M-2013-2341991, M-2013-2341993 and M-2013-2341994, for the twelve-months ended June 30, 2021 (“Prior Reporting Period”).

II. CURRENT REPORTING PERIOD ACTIVITIES

For the 12 months ended June 30, 2022, the Companies continued to transition the project to day-to-day, “steady state” operations in a timely and cost-effective manner.

For this reporting period the Companies continued to 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 using the communication systems that are currently available given the mesh network technology and the existing AT&T and Verizon backhaul infrastructure; (iii) addressing disputed installations consistent with both the Companies’ and Commission’s current policies; (iv) expanding remote connect/disconnect procedures; and (v) 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:

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 “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.

Back Office Systems: During the reporting period ended June 30, 2022, the Companies completed further upgrades to the back office systems. In the December 2021, March 2022 and June 2022 back office-related system releases, billing functionality was enabled to leverage smart meters supporting complex billing rates involving Alternate Feed, Partial Services Rider (Rider L), WPP Rate 44, 46, Pennsylvania State University (PSU), and Subtractive Metering. This functionality also enables the exchange of legacy MV90 meters with smart meters.

Deployed Installations: As of June 30, 2022, the Companies have installed the following:⁵

Company	Meters (000s)	CGRs	REs	Bill Cert (000s)
Met-Ed	592	336	623	592
Penelec	597	674	4,164	597
Penn Power	173	114	555	173
West Penn	746	571	3,958	745
Total	2,108	1,695	9,300	2,107

As of June 30, 2022, only 2,006 smart meters remain to be certified enabling full functionality. The following table provides a breakdown of remaining meters by category and total meters anticipated to be installed and certified by December 31, 2022. Thus, the remaining meters shown in the right-most column would be those projected not to be certified (i.e., fully functional) by December 31, 2022.

Status of Remaining Meters to be Installed/Certified	Total Meters Remaining as of 6/30/22	Expected to be Installed & Certified by 12/31/22	Remaining Meters
Meters Installed with Challenged Communications (Not Certified)	1,380	872	508
Meters Not Installed	626	523	103
Total Meters Not Certified	2,006	1,395	611

Further details regarding these remaining meters are discussed below.

Challenged Communications: The Companies continue to address installed smart meters that are in communication challenged areas (i.e., such locations are not accessible with either the public cellular network or the

⁵ In the following table, CGRs is the abbreviation for Connected Grid Routers, REs is the abbreviation for Range Extenders, and Bill Cert represents the number of meters that are fully certified as having all smart meter functionality.

smart meter mesh communications network currently in place). It is anticipated that 508 communication challenged smart meters will remain as of December 31, 2022.

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 98.7% of such disputes successfully resolved with the customer accepting a smart meter. However, there remain 103 disputed installations. During the reporting period ending June 30, 2022, there were three additional formal complaints and four additional 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. The Companies will continue to follow Commission directives regarding disputed installations.⁶

60 Amp Round Meter Socket Repairs: For the reporting period ending June 30, 2022, all known remaining 60 Amp round meter sockets have been repaired. Thus, the total identified and repaired 60 Amp round meter sockets for customers as part of this project totaled 74,369.

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.⁷ 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

⁶ 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. Cmwlth. 2020) ("*Povacz*"); *allocatur granted*, 2021 Pa. LEXIS 2142 (Pa. May 12, 2021).

⁷ *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).

suspend the procedural schedule in that proceeding, which was granted on March 27, 2020.⁸

On May 24, 2022, an Order adopting a revised litigation schedule was issued, establishing a new litigation timeline moving forward. The Joint Petition for the Approval of Involuntary Remote Disconnect Procedures is proceeding according to this revised schedule.

Continuing Recovery of Costs and Benefits:

As a result of the Commission orders in the 2014 and 2016 Rate Cases,⁹ the Companies have been recovering the smart meter revenue 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, 2023) 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.¹⁰ When actual costs are less than the established baselines, those savings flow through the Companies’ SMT-C Rider rates.

As of June 30, 2022, the Companies have captured approximately \$111.48 million in cumulative operational cost savings. For the twelve months ended June 30, 2022, the Companies recognized incremental savings of almost \$22.0 million, most of

⁸ *Id.* (Order entered Mar. 27, 2020).

⁹ 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”).

¹⁰ The Companies’ established baselines for various categories of potential savings in the 2014 Rate Cases. These baselines were updated in the 2016 Rate Cases.

which is attributable to meter reading efficiencies. Other savings occurred in the back office because of fewer billing issues needing to be resolved. Below is a summary of the incremental savings realized during the reporting period ending June 30, 2022:

	Penn Power	Met-Ed	Penelec	West Penn	Total
Meter Reading	\$ 1.2	\$ 7.2	\$ 5.4	\$ 8.2	\$ 21.9
Back Office	\$ 0.0	\$ 0.0	\$ 0.1	\$ -	\$ 0.1
Total	\$ 1.2	\$ 7.2	\$ 5.5	\$ 8.2	\$ 22.0

\$ in millions

On or about August 1, 2022, 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, 2023, 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.”¹¹ 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.”¹²

During the reporting period ended June 30, 2022, FirstEnergy’s three Ohio operating companies (Ohio Edison Company, The Cleveland Electric Illuminating Company, and The Toledo Edison Company (collectively, the “Ohio Companies”)) have completed the first phase of a smart meter project that will serve approximately 715,000 of the Ohio Companies’ 2.1 million customers.¹³ Consistent

¹¹ *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).

¹² *Id.*

¹³ *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.

with the Commission's Order, the PA Companies identified and transferred approximately \$13.7 million of smart meter-related plant as of July 31, 2020 that would benefit the Ohio Companies as they deployed smart meters.¹⁴

III. LOOK AHEAD

With the project virtually complete, the Companies continue to transition the project into steady state, day-to-day operations. The Companies have found that there are a small number of smart meters (approximately 508 as of this writing) that will not be able to connect to the mesh network given its current level of saturation throughout the Companies' service territories. The Companies will continue to address smart meter issues as they arise and continue to monitor expansion of public wireless networks of both AT&T and Verizon Wireless, so that they can finish connecting the relatively few remaining communication-challenged smart meter locations.¹⁵ The Companies will continue to address customer complaints related to smart meter installations given the mandate of PA Act 129 and related PAPUC Orders.¹⁶

IV. CONCLUSION

In summary, the Companies have substantially completed 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 align with the overall projections included in the Approved Deployment Plan.¹⁷ 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.

¹⁴ JCP&L, the PA Companies' NJ sister utility, has received approval to deploy smart meters in its service territory, currently scheduled to commence in Q1 2023. It is expected that a portion of the smart meter-related plant currently in use by the PA Companies' smart meter systems will also benefit the NJ sister Operating Company, and the appropriate portion of these costs would be allocated to JCP&L using the same methodology that was used to allocate such costs to the OH Operating Companies.

¹⁵ As the public cellular networks continue to expand in the PA Companies' service territories, so too will the mesh network expand and strengthen.

¹⁶ The Companies are aware that there is an opt-out related challenge currently under consideration by the PA Supreme Court that may impact the Companies' ability to address the remaining 103 meters by 12/31/22.

¹⁷ 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 Metrics¹⁸

Cumulative as of June 30, 2022

SMART METER COSTS:

	Capital (\$ Millions)	O&M (\$ Millions)	Total
IT Hardware/Software	85.8	40.8	126.6
IT Labor/Contractor	76.5	24.2	100.7
Bus. Unit Labor/Contractor	0.1	159.1	159.2
Bus. Unit Other	1.6	28.4	30.0
Meter Installation/Network Install	509.5	16.5	526.0
Total	673.4	269.0	942.4

SMART METER DEPLOYMENT METRICS:

Smart Meters Deployed (000s)*	2,108
Smart Meters Deployed and Communicating (000s)*	2,107
Smart Meters Certified for Billing (000s)	2,107
Smart Meters Deployed for New Construction* (000s)	192
Early Adopters*	0
Customers With Home Area Network (HAN) Devices*	647
CGRs Installed	1,695
Range Extenders Installed	9,300
Formal PUC Complaints Open/Closed (Reporting period ending June 30, 2022 only)*	
Installation	3 / 0
AMI Functionality or Accuracy	0 / 0
HAN Related	0 / 0
Other	0 / 0
Informal Customer Complaints Open/Closed (Reporting period ending June 30, 2022 only)*	
Installation	0 / 2
AMI Functionality or Accuracy	0 / 2
HAN Related	0 / 0
Other	0 / 0
Estimated Reduction in Greenhouse Gas Emissions*	1,159 MT CO ₂ Eq
Voltage/Var Controls (Number/Percentage)* ¹⁹	0 / 0%

¹⁸ 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 (*).

¹⁹ 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:

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Dated: August 1, 2022



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