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April 29, 2009

James J. McNulty, Secretary
Pennsylvania Public Utility Commission
Commonwealth Keystone Building
200 North Street, 2nd Floor
Harrisburg, PA 17120

VIA HAND DELIVERY

RE: Smart Meter Procurement and Installation Plans; Docket No. M-2009-2092655

Dear Secretary McNulty:

Enclosed for filing with the Pennsylvania Public Utility Commission ("PUC" or "Commission") are an original and fifteen (15) copies of the Reply Comments of the Industrial Energy Consumers of Pennsylvania ("IECPA"), Duquesne Industrial Intervenors ("DII"), Met-Ed Industrial Users Group ("MEIUG"), Penelec Industrial Customer Alliance ("PICA"), Penn Power Users Group ("PPUG"), Philadelphia Area Industrial Energy Users Group ("PAIEUG"), PP&L Industrial Customer Alliance ("PPLICA"), and West Penn Power Industrial Intervenors ("WPPII") (collectively, "Industrial Customer Groups") to the Draft Staff Proposal and Additional Questions issued in the above-referenced proceeding on March 30, 2009.

Please date stamp the extra copy of this transmittal letter and Reply Comments and kindly return them for our filing purposes.

Very truly yours,

McNEES WALLACE & NURICK LLC

By

Shelby A. Linton-Keddie

Counsel to Industrial Energy Consumers of Pennsylvania, Duquesne Industrial Intervenors, Met-Ed Industrial Users Group, Penelec Industrial Customer Alliance, Penn Power Users Group, Philadelphia Area Industrial Energy Users Group, PP&L Industrial Customer Alliance and West Penn Power Industrial Intervenors

SLK/lhi

Enclosure

c: Commission's Act 129 e-mail account (via E-mail)

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

Smart Meter Procurement and Installation Plans

Docket No. M-2009-2092655

**REPLY COMMENTS OF INDUSTRIAL ENERGY CONSUMERS OF PENNSYLVANIA,
DUQUESNE INDUSTRIAL INTERVENORS, MET-ED INDUSTRIAL USERS GROUP,
PENELEC INDUSTRIAL CUSTOMER ALLIANCE, PENN POWER USERS GROUP,
PHILADELPHIA AREA INDUSTRIAL ENERGY USERS GROUP, PP&L INDUSTRIAL
CUSTOMER ALLIANCE, AND WEST PENN POWER INDUSTRIAL INTERVENORS**

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Customer Alliance, Penn Power Users Group,
Philadelphia Area Industrial Energy Users Group,
PP&L Industrial Customer Alliance, and West Penn
Power Industrial Intervenors

Dated: April 29, 2009

I. INTRODUCTION

On October 15, 2008, Governor Rendell signed into law House Bill 2200, or Act 129 of 2008 ("Act" or "Act 129"). Among other things, Act 129 directs all Electric Distribution Companies ("EDCs") with more than 100,000 customers to file by August 14, 2009, smart meter technology procurement and installation plans with the Pennsylvania Public Utility Commission ("PUC" or "Commission") for approval.

On March 30, 2009, the Commission issued a Secretarial Letter seeking public comment on a Draft Staff Proposal and Implementation Order and posing additional questions regarding EDCs' Smart Meter Procurement and Installation Plans.¹ On April 20, 2009, the Industrial Energy Consumers of Pennsylvania ("IECPA") *et al.* (collectively, "Industrial Customer Groups"),² among others, submitted general comments highlighting general areas of concern for the Commission such as smart meter capabilities, access to data, costs recovery and cost allocation. See generally Industrial Customer Groups' Comments.

Pursuant to the Commission's April 9, 2009, Secretarial Letter, the Industrial Customer Groups hereby submit these Reply Comments to address specific areas of concern to large commercial and industrial customers with respect to other stakeholders' proposals and Comments submitted in response to the Commission's Smart Meter and Installation Plan Draft Implementation Order and accompanying questions.³

¹ The Commission issued a subsequent Secretarial Letter on April 9, 2009, extending the due date for comments to April 20, 2009.

² IECPA is an ad hoc group of energy-intensive industrial companies operating facilities across Pennsylvania. IECPA's members annually consume in excess of 25% of the industrial electricity in Pennsylvania and employ approximately 75,000 workers at nearly 120 facilities across the Commonwealth. Also sponsoring these Reply Comments are coalitions of industrial customers receiving service from most of the Commonwealth's EDCs: Duquesne Industrial Intervenors ("DII") Met-Ed Industrial Users Group ("MEIUG"), Penelec Industrial Customer Alliance ("PICA"), Penn Power Users Group ("PPUG"), Philadelphia Area Industrial Energy Users Group ("PAIEUG"), PP&L Industrial Customer Alliance ("PPLICA") and West Penn Power Industrial Intervenors ("WPPII").

³ The Industrial Customer Groups' failure to address a specific proposal raised by any party does not represent Industrial Customers' support for, or acquiescence to, such proposal. The Industrial Customer Groups addressed the primary areas of concern in their Comments, and submit these Reply Comments only on areas that necessitate an additional response.

II. COMMENTS

Unlike the Industrial Customer Groups' Comments that addressed the proposed Order, these Reply Comments center on various stakeholders' responses to one of the Commission's Additional Questions. Similar to the Industrial Customers' Comments, the Industrial Customers reserve the opportunity to address additional issues in subsequent phases of this process as necessary.

A. Smart Metering Acceleration

One of the questions the Commission sought comment on was the following:

To the extent permissible under the law, should the Commission provide an incentive to EDCs to accelerate their smart meter deployment by giving a credit towards the required Energy Efficiency and Conservation Goals? If so, how should such credit be determined?

In response, various parties, comprised mostly of EDCs, support the idea of an incentive program or receiving credits to accelerate smart meter deployment. Some of the proposals appear to endorse providing the EDC with extra or accelerated recovery of costs from customers. See e.g., PECO Energy Company Comments; Comments of the Energy Association of Pennsylvania. While the Industrial Customer Groups do not take a position on whether such credits are necessary for required Energy Efficiency and Conservation goals, the Industrial Customer Groups strongly urge the Commission, before any financial incentives are offered, to investigate and determine what costs, if any, consumers will bear by providing financial incentives or credits for accelerated smart meter deployment to EDCs. This position was articulated by the FirstEnergy Companies in their Comments:

[T]he FE Companies caution that...acceleration may significantly increase the costs and may jeopardize the quality of deployment. Therefore, before any incentive is offered, the Commission should weigh the benefits of such acceleration against the cost of doing so and only if the benefits outweigh the incremental cost (including the value of any incentive) should such a program be launched.

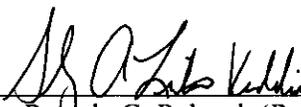
FirstEnergy Comments at 10. Like FirstEnergy, the Industrial Customer Groups are concerned that an incentive program may be costly; accordingly, the Commission should strive to prevent any unnecessary costs above those already associated with smart meter deployment.

III. CONCLUSION

WHEREFORE, Industrial Energy Consumers of Pennsylvania, Duquesne Industrial Intervenors, Met-Ed Industrial Users Group, Penelec Industrial Customer Alliance, Penn Power Users Group, Philadelphia Area Industrial Energy Users Group, PP&L Industrial Customer Alliance, and West Penn Power Industrial Intervenors respectfully request that the Pennsylvania Public Utility Commission consider and adopt, as appropriate, the foregoing Comments.

Respectfully submitted,

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