

**OFFICE OF CHIEF COUNSEL
Rachel Carson State Office Building
P. O. Box 8464
Harrisburg, PA 17105-8464**

September 25, 2009

Bureau of Regulatory Counsel

Telephone 717-787-7060
Telecopier 717-783-7911

Honorable James McNulty
Secretary, Public Utility Commission
P.O. Box 3265
Harrisburg, PA 17105-3265

RE: Petition of PECO Energy Company for Approval
of its Smart Meter Technology Procurement and
Installation Plan
PUC Docket No. M-2009-2123944

Dear Secretary McNulty:

Please find for electronic filing the Prehearing Memorandum of the Commonwealth of Pennsylvania, Department of Environmental Protection in the above referenced matter. Copies have been served on all parties listed on the enclosed Certificate of Service.

Sincerely,

/s/ Scott Perry

Scott Perry
Assistant Counsel

cc: Service List

BEFORE THE PENNSYLVANIA PUBLIC UTILITY COMMISSION

Petition of PECO Energy Company :
for Approval of its Smart Meter : **Docket No. M-2009-2123944**
Technology Procurement and :
Installation Plan :

**PREHEARING MEMORANDUM OF THE
COMMONWEALTH OF PENNSYLVANIA,
DEPARTMENT OF ENVIRONMENTAL PROTECTION**

Pursuant to Section 333 of the Public Utility Code, 66 Pa.C.S. § 333, and in response to the September 1, 2009 prehearing conference order issued in the above-captioned matter, the Commonwealth of Pennsylvania, Department of Environmental Protection (the "Department") provides the following information:

I. INTRODUCTION

Pursuant to Act 129 of 2008 and the Pennsylvania Public Utility Commission's ("Commission") Smart Meter Procurement and Installation Order ("Implementation Order") at Docket No. M-2009-2092655, on August 14, 2009, PECO Energy Company ("PECO") filed its Petition for Approval of its Smart Meter Technology Procurement and Installation Plan ("Smart Meter Plan").

On August 29, 2009 the Commission published a notice of PECO's petition in the *Pennsylvania Bulletin* which required Petitions to Intervene and comments to the Smart Meter Plan to be filed by September 25, 2009. The Department filed its petition to intervene on September 18, 2009.

II. ISSUES

The Department has consistently maintained that early deployment of smart meters and implementation of the time of use rates and real time price plans that smart meters support are

necessary to achieving meaningful reductions in both energy consumption and energy prices. Smart meters and time sensitive price plans effectively use market forces to reduce consumption, shift some uses to cheaper times of day, save the consumer money and provide system-wide benefits such as reduced grid congestion and improved grid reliability. In addition, by reducing overall electricity consumption and shifting loads to off peak hours, smart meters necessarily reduce fossil fuel consumption, greenhouse gas emissions and improve air and water quality.

As such, the Department's interests in this matter relate to the timeframe in which the metering infrastructure will be developed and installed, the timeframe in which smart meters will be deployed system-wide and the functions the proposed smart meters and infrastructure will perform and support. The Department will evaluate the Smart Meter Plan to determine its compliance with the Commission's Implementation Order and Act 129. The Department's preliminary assessment of the Smart Meter Plan is contained in the Comments that were filed along with this prehearing memo.

III. WITNESSES

At this time, the Department does not intend to present testimony in this matter.

IV. SERVICE

All documents and correspondence related to this proceeding should be addressed to:

Scott Perry
Assistant Counsel
Commonwealth of Pennsylvania
Department of Environmental Protection
RCSOB, 9th Floor
400 Market Street
Harrisburg, PA 17101-2301
717-787-7060
717-783-7911 (Fax)

scperry@state.pa.us

The Department also requests that electronic copies of documents be provided to Aspasia V. Staevska at astaevska@state.pa.us and George Jugovic at gjugovic@state.pa.us.

Respectfully submitted,

/s/ Scott Perry

George Jugovic (Pa. No. 39586)
Assistant Counsel
gjugovic@state.pa.us
Commonwealth of Pennsylvania
Department of Environmental Protection
400 Waterfront Drive
Pittsburgh, PA 1522-4745
412-442-4262
412-442-4274 (Fax)

Scott Perry (Pa. No. 86327)
Assistant Counsel
scperry@state.pa.us

Aspasia V. Staevska (Pa. No. 94739)
Assistant Counsel
astaevska@state.pa.us

Commonwealth of Pennsylvania
Department of Environmental Protection
RCSOB, 9th Floor
400 Market Street
Harrisburg, PA 17101-2301
717-787-7060
717-783-7911 (Fax)

Dated: September 25, 2009

BEFORE THE PENNSYLVANIA PUBLIC UTILITY COMMISSION

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for Approval of its Smart Meter : **Docket No. M-2009-2123944**
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CERTIFICATE OF SERVICE

I hereby certify that I have this day served a true copy of the foregoing document, Prehearing Memorandum of the Commonwealth of Pennsylvania, Department of Environmental Protection, 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 upon the persons listed below:

SERVICE BY FIRST CLASS MAIL

Marlane R. Chestnut
Administrative Law Judge
Commonwealth of Pennsylvania
Pennsylvania Public Utility Commission
801 Market Street, Suite 4063
Philadelphia, PA 19107

Barry A. Naum, Esquire
Charis Minicavage, Esquire
McNees, Wallace & Nurick, LLC
100 Pine Street
P O Box 1166
Harrisburg, PA 17108-1166

Tanya J. McCloskey, Esquire
Jennedy Johnson, Esquire
Office of Consumer Advocate
555 Walnut Street
5th Floor, Forum Place
Harrisburg, PA 17101

Harry Geller, Esquire
John Gerhard, Esquire
Pennsylvania Utility Law Project
118 Locust Street
Harrisburg, PA 17101

Daniel G. Amus, Esquire
Sharon E. Webb, Esquire
Office of Small Business Advocate
Commerce Building, Suite 1102
300 North 2nd Street
Harrisburg, PA 17101

Charles McPhedran, Esquire
John Baillie, Esquire
PENNFUTURE
1518 Walnut Street, Suite 1100
Philadelphia, PA 19102

Richard A. Kanaski, Esquire
Carrie Wright, Esquire
Office of Trial Staff
Pennsylvania Public Utility Commission
P O Box 3265
Harrisburg, PA 17105-3265

Roger Clark
The Reinvestment Fund
Sustainable Development Fund
718 Arch Street, Suite 300 North
Philadelphia, PA 19106

Romulo L. Diaz, Jr., Esquire
Anthony E. Gay, Esquire
Exelon Business Services Company
2301 Market Street S23-1
P O Box 8699
Philadelphia, PA 19101-8699

Thomas P. Gadsden, Esquire
Kenneth M. Kulak, Esquire
Anthony C. DeCusatis, Esquire
Morgan Lewis & Bockius LLP
1701 Market Street
Philadelphia, PA 19103-2921

Respectfully submitted,

/s/ Scott Perry

Scott Perry (Pa. No. 86327)
Assistant Counsel

Commonwealth of Pennsylvania
Department of Environmental Protection
RCSOB, 9th Floor
400 Market Street
Harrisburg, PA 17101-2301
717-787-7060
717-783-7911 (Fax)

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