

John F. Povilaitis

717 237 4825
john.povilaitis@bipc.com

409 North Second Street
Suite 500
Harrisburg, PA 17101-1357
T 717 237 4800
F 717 233 0852
www.buchananingersoll.com

February 15, 2013

VIA HAND DELIVERY

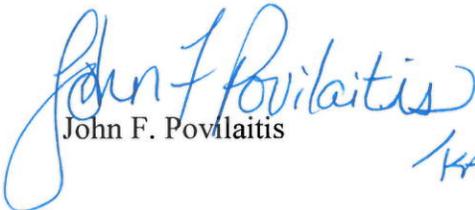
Rosemary Chiavetta, Secretary
Pennsylvania Public Utility Commission
Commonwealth Keystone Building
400 North Street, 2nd Floor
Harrisburg, PA 17120

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 Plan; Docket Nos. M-2013-2341990, M-2013-2341991, M-2013-2341993, M-2013-2341994

Dear Secretary Chiavetta:

On behalf of Pennsylvania Power Company, I have enclosed for filing the Prehearing Memorandum of Metropolitan Edison Company, Pennsylvania Electric Company, Pennsylvania Power Company and West Penn Power Company in the above-captioned dockets. Copies have been served on all parties as indicated in the attached certificate of service.

Very truly yours,


John F. Povilaitis
KA

JFP/kra

Enclosure

cc: Kenneth M. Kulak, Esquire
Thomas P. Gadsden, Esquire

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

Joint Petition of Metropolitan Edison Company, :
Pennsylvania Electric Company, Pennsylvania : M-2013-2341990
Power Company, and West Penn Power : M-2013-2341991
Company for Approval of their : M-2013-2341993
Smart Meter Deployment Plan : M-2013-2341994

**PREHEARING MEMORANDUM OF METROPOLITAN EDISON COMPANY,
PENNSYLVANIA ELECTRIC COMPANY, PENNSYLVANIA POWER COMPANY
AND WEST PENN POWER COMPANY**

TO THE HONORABLE ELIZABETH H. BARNES:

Pursuant to the Prehearing Order of the Administrative Law Judge (“ALJ”) dated January 30, 2013, Metropolitan Edison Company (“Met-Ed”), Pennsylvania Electric Company (“Penelec”), Pennsylvania Power Company (“Penn Power”) and West Penn Power Company (“West Penn”) (collectively, the “Companies”), by and through their counsel, submit this Prehearing Memorandum:

I. Name and Address of the Companies’ Legal Representation

The attorney authorized to accept service for purposes of the Pennsylvania Public Utility Commission’s (“Commission”) service list is:

Kathy J. Kolich (Attorney I.D. No. 92203)
FirstEnergy Service Company
76 South Main Street
Akron, Ohio 44308
(330) 384-4580
kjkolich@firstenergycorp.com

Parties are requested to also serve documents on the following attorneys as a courtesy:

Thomas P. Gadsden (Attorney I.D. No. 28478)
Morgan Lewis & Bockius, LLP
1701 Market Street
Philadelphia, PA 19103-2921
(215) 963-5234
tgadsden@morganlewis.com

Kenneth M. Kulak (Attorney I.D. No. 75509)
Morgan Lewis & Bockius, LLP
1701 Market Street
Philadelphia, PA 19103-2921
(215) 963-5384
kkulak@morganlewis.com

John F. Povilaitis (Attorney I.D. No. 28944)
Buchanan Ingersoll & Rooney, PC
409 North Second Street, Suite 500
Harrisburg, PA 17101-1357
(717) 237-4825
john.povilaitis@bipc.com

II. Background and History of the Proceeding

Met-Ed is a wholly owned subsidiary of FirstEnergy Corp. that provides service to approximately 555,000 electric utility customers in eastern Pennsylvania. Penelec is a wholly owned subsidiary of FirstEnergy Corp. that provides service to approximately 584,000 electric utility customers in central and western Pennsylvania. Penn Power is a wholly owned subsidiary of Ohio Edison Company, which, in turn, is a wholly owned subsidiary of FirstEnergy Corp. Penn Power provides service to approximately 160,000 electric utility customers in western Pennsylvania. West Penn is a wholly owned subsidiary of Allegheny Energy, Inc., which, in turn, is a wholly owned subsidiary of FirstEnergy Corp. West Penn provides service to almost 716,000 electric utility customers in western Pennsylvania.

Act 129 was signed into law by former Pennsylvania Governor Edward G. Rendell on October 15, 2008 and, amongst its other requirements, directed electric distribution companies

(“EDCs”) with more than 100,000 customers to file plans with the Commission that provided for the installation of smart meter technology throughout their service territories over a period not to exceed 15 years. It also required EDCs to install smart meters in new building construction and to furnish smart meter technology to any customer upon request if the customer agrees to pay the applicable cost. *See* 66 Pa.C.S. § 2807(f)(2).

On June 24, 2009, the Commission entered an order establishing standards and providing guidance for implementing the smart meter requirements of Act 129. *See Smart Meter Procurement and Installation*, Docket No. M-2009-2092655 (Order entered June 24, 2009) (“Implementation Order”). The Commission identified fifteen functionalities that it believed smart meter systems should support.¹ It also established a 30-month “Grace Period” after a smart meter plan is approved during which an EDC was expected to “assess its needs, select technology, secure vendors, train personnel, install and test support equipment and establish a detailed meter deployment schedule” *See* Implementation Order, p. 9. Finally, and in accordance with Act 129, the EDCs were directed to file initial smart meter plans by no later than August 14, 2009.

On August 14, 2009, Met-Ed, Penelec and Penn Power filed their joint Smart Meter Implementation Plan (“2009 SMIP”). In their filing, the Companies stated they would use the first 24 months of the Grace Period as an “Assessment Period” to assess needs and select technology and vendors, and would then submit a deployment plan setting forth their proposed full scale deployment plan. By Order entered June 9, 2010 at Docket No. M-2009-2123950, the Commission approved the 2009 SMIP, with several minor modifications.

¹ Act 129 specified six mandatory functions and the Commission added nine more. The Implementation Order provided, however, that EDCs could seek a waiver of one or more of the additional nine functionalities if their adoption was shown not to be cost-effective.

West Penn also filed a Smart Meter Implementation Plan (“WP SMIP”) on August 14, 2009. However, during the pendency of the proceeding in which the WP SMIP was being assessed, FirstEnergy and West Penn’s corporate parent, Allegheny Energy Inc., announced their intent to merge. As a result, the WP SMIP filing was reassessed. Subsequently, the parties to the WP SMIP proceeding negotiated and submitted a document entitled “Amended Joint Petition for Settlement of All Issues” (“Joint Settlement”). The Joint Settlement, among other things, provided for a substantial deceleration in the deployment of smart meters from the schedule originally proposed by West Penn and obligated West Penn to conduct several analyses regarding the relative costs and benefits of smart meter deployment. The Commission adopted the ALJ’s Initial Decision and approved the Joint Settlement by Order entered June 30, 2011 at Docket No. M-2009-2123951.

On May 25, 2012, the Companies requested a filing extension for the Deployment Plan until the end of 2012 to allow for the testing and analysis of soon-to-be-released improved smart meter technology. The Commission granted that request by letter dated June 28, 2012. On December 31, 2012, a Joint Petition, the Deployment Plan and supporting Direct Testimony was filed with the Commission by the Companies.

III. Witnesses and Subject Matter of Testimony

The Companies on December 31, 2012 filed and served the following Direct Testimony:

- **Met-Ed/Penelec/Penn Power/West Penn Statement No. 1**, Direct Testimony of John Dargie (Overview of Act 129, the Companies, and the Deployment Plan).
- **Met-Ed/Penelec/Penn Power/West Penn Statement No. 2**, Direct Testimony of David W. Iorio (Selection of smart meter technology and vendors, recommended smart meter solution deployment schedule).

- **Met-Ed/Penelec/Penn Power/West Penn Statement No. 3**, Direct Testimony of Kevin A. Klein (Smart meter technology assessment, recommended smart meter technology solution, solution validation stage, public cellular backhaul, system security, meter access and access to data).
- **Met-Ed/Penelec/Penn Power/West Penn Statement No. 4**, Direct Testimony of George L. Fitzpatrick (Analyses of alternative smart meter deployment schedule scenarios, plan costs and estimated potential savings, communication, change management and training strategies).
- **Met-Ed/Penelec/Penn Power/West Penn Statement No. 5**, Direct Testimony of Raymond E. Valdes (cost recovery, customer bill impact and presentation, Legacy Meter accounting treatment, EDI issues).

IV. Proposed Procedural Schedule

The Companies do not object to the procedural schedule offered by the ALJ as an alternative to the schedule submitted by them in their filing. However, they have also discussed the issue of a mutually acceptable procedural schedule with the Office of Consumer Advocate (“OCA”) pursuant to the OCA’s request. The following schedule represents a procedural schedule acceptable to the Companies and OCA:

Intervenor Direct Testimony	April 1, 2013
Public Input Hearings	
Rebuttal Testimony	April 22, 2013
Surrebuttal Testimony	May 3, 2013 (noon)
Evidentiary Hearing/Oral Rejoinder	May 8-9, 2013
Main Briefs	May 24, 2013
Reply Briefs	June 3, 2013
Recommended Decision	July 25, 2013
Commission Order	September 26, 2013

V. Consolidation

The Companies request that the Companies' Deployment Plan be consolidated for purposes of hearing, argument and decision by the Commission. Consolidation will permit efficient use of Parties' resources. Should a Party pursue an issue that does not affect all of the Companies, the Party can prevent confusion by clearly identifying the affected Company or Companies in its discovery, testimony, filings, or other submissions in this proceeding.

VI. Discovery

The Companies have received and commenced preparing responses to formal discovery served by OCA on February 12, 2013 and February 13, 2013. Going forward, the Companies request that a response period of fourteen (14) calendar days be set for responses to interrogatories with respect to the filing and the Companies' Direct Testimony. Interrogatories on Intervenor Direct Testimony and Rebuttal Testimony should be due within eight (8) calendar days of service. To the extent the schedule provided above is adopted in this proceeding, the

Companies also propose that discovery regarding Surrebuttal Testimony served by May 3, 2013, will be due on May 6, 2013. Finally, the Companies propose that responses to reasonable on-the-record data requests should be served on a best efforts basis. The Companies request adoption of the following procedural rules, in this proceeding.

1. 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) calendar days of service of the interrogatories.

2. Motions to dismiss objections and/or compel response to interrogatories shall be filed within three (3) calendar days of service of such objections.

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

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

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

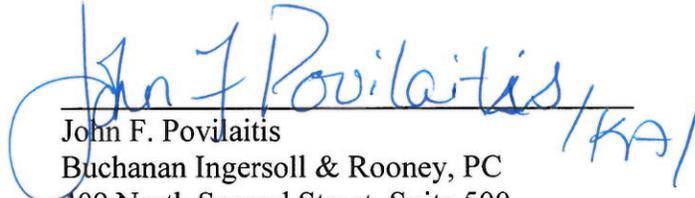
The Companies will be submitting a motion requesting the entry of a protective order.

VII. Settlement

The Companies will participate in any settlement discussions and informal resolution of issues to the extent other Parties are amenable to such discussions.

Respectfully submitted,

Dated: February 15, 2013



John F. Povilaitis
Buchanan Ingersoll & Rooney, PC
409 North Second Street, Suite 500
Harrisburg, PA 17101-1357
(717) 237-4825
john.povilaitis@bipc.com

Kathy J. Kolich
FirstEnergy Service Company
76 South Main Street
Akron, Ohio 44308
(330) 384-4580
kjkolich@firstenergycorp.com

Thomas P. Gadsden
Kenneth M. Kulak
Morgan Lewis & Bockius, LLP
1701 Market Street
Philadelphia, PA 19103-2921
(215) 963-5234
(215) 963-5384
tgadsden@morganlewis.com
kkulak@morganlewis.com

Counsel for Metropolitan Edison Company,
Pennsylvania Electric Company, Pennsylvania Power
Company and West Penn Power Company

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

Joint Petition of Metropolitan Edison	:	
Company, Pennsylvania Electric Company,	:	Docket Nos. M-2013-2341990
Pennsylvania Power Company and	:	M-2013-2341991
West Penn Power Company for Approval	:	M-2013-2341993
of their Smart Meter Deployment Plan	:	M-2013-2341994

CERTIFICATE OF SERVICE

I hereby certify that I have this day served a copy of the foregoing document in accordance with the requirements of 52 Pa. Code § 1.54 et seq. (relating to service by a participant).

VIA FIRST CLASS AND ELECTRONIC MAIL

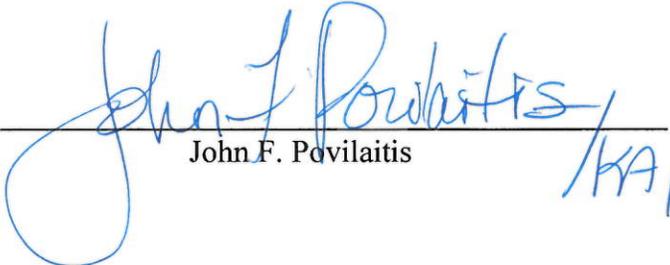
Daniel G. Asmus, Esquire
Office of Small Business Advocate
Suite 1102 Commerce Building
300 North Second Street
Harrisburg, PA 17101
dasmus@pa.gov

Christy M. Appleby, Esquire
Candis Tunilo, Esquire
Office of Consumer Advocate
555 Walnut Street
5th Floor Forum Place
Harrisburg, PA 17101-1923
cappleby@paoca.org
ctunilo@paoca.org

Daniel Clearfield, Esquire
Deanne O'Dell, Esquire
Eckert Seamans Cherin & Mellott
213 Market Street, 8th Floor
Harrisburg, PA 17101
dclearfield@eckertseamans.com
dodell@eckertseamans.com

Susan E. Bruce
Charis Mincavage
Vasiliki Karandrikas
Teresa K. Schmittberger
McNees Wallace & Nurick LLC
100 Pine Street
P. O. Box 1166
Harrisburg, PA 17108-1166
sbruce@mwn.com
cmincavage@mwn.com
vkandrikas@mwn.com
tschmittberger@mwn.com

Date: February 15, 2013



John F. Povilaitis

/KA/