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April 24, 2014

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

VIA ELECTRONIC FILING

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, and M-2013-2341994

Dear Secretary Chiavetta:

Please find enclosed for filing with the Pennsylvania Public Utility Commission ("PUC" or "Commission") the Prehearing Memorandum on behalf of the Met-Ed Industrial Users Group, the Penelec Industrial Customer Alliance, the Penn Power Users Group, and the West Penn Power Industrial Intervenors, in the above-referenced proceeding.

As evidenced by the attached Certificate of Service, all parties to the proceeding are being duly served with a copy of this document. Thank you.

Sincerely,

McNEES WALLACE & NURICK LLC

By

A handwritten signature in black ink, appearing to read 'Teresa K. Schmittberger', is written over a horizontal line. The signature is fluid and cursive.

Teresa K. Schmittberger

Counsel to the Met-Ed Industrial Users Group,
the Penelec Industrial Customer Alliance,
the Penn Power Users Group, and
the West Penn Power Industrial Intervenors

Enclosures

c: Administrative Law Judge Elizabeth H. Barnes (via E-mail and First Class Mail)
Certificate of Service

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CERTIFICATE OF SERVICE

I hereby certify that I am this day serving a true copy of the foregoing document upon the participants listed below in accordance with the requirements of 52 Pa. Code Section 1.54 (relating to service by a participant).

VIA E-MAIL AND FIRST CLASS MAIL

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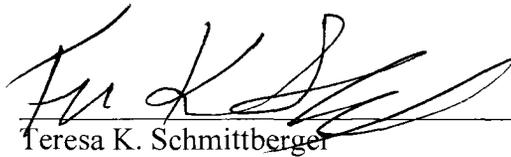
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Teresa K. Schmittberger

Counsel to the Met-Ed Industrial Users Group,
the Penelec Industrial Customer Alliance,
the Penn Power Users Group, and
the West Penn Power Industrial Intervenors

Dated this 24th day of April, 2014, at Harrisburg, Pennsylvania

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

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

**PREHEARING MEMORANDUM OF
THE MET-ED INDUSTRIAL USERS GROUP,
THE PENELEC INDUSTRIAL CUSTOMER ALLIANCE,
THE PENNSYLVANIA POWER USERS GROUP, AND
THE WEST PENN POWER INDUSTRIAL INTERVENORS**

Pursuant to Administrative Law Judge ("ALJ") Elizabeth H. Barnes' April 18, 2014, Second Prehearing Conference Order, the Met-Ed Industrial Users Group ("MEIUG"), the Penelec Industrial Customer Alliance ("PICA"), the Penn Power Users Group ("PPUG"), and the West Penn Power Industrial Intervenors ("WPPII") (collectively, the "Industrials") hereby submit this Prehearing Memorandum in the above-captioned proceeding.

I. HISTORY OF THE PROCEEDING

On December 31, 2012, the Metropolitan Edison Company ("Met-Ed"), the Pennsylvania Electric Company ("Penelec"), the Pennsylvania Power Company ("Penn Power"), and the West Penn Power Company ("West Penn") (collectively, the "Companies") jointly petitioned the Pennsylvania Public Utility Commission ("Commission" or "PUC") for approval of their Smart Meter Deployment Plan ("Deployment Plan" or "Plan").¹ Specifically, the Companies requested that the Commission: (1) find that the Deployment Plan satisfies the requirements of Act 129 and the Implementation Order entered on June 24, 2009, at Docket No. M-2009-2092655 ("I.O."); (2) approve the proposed procurement and deployment of approximately 2.1 million smart meters; (3)

¹ On February 7, 2013, the Industrials filed a Joint Petition to Intervene in this proceeding. ALJ Barnes approved the Industrials' Joint Petition to Intervene on March 4, 2013.

authorize recovery of smart meter costs through the Companies' Smart Meter Technologies Charge ("SMT-C") Riders, including recovery of an additional \$5.1 million through West Penn's SMT-C Rider for expenditures made to develop its Smart Meter Technology Procurement and Installment Plan ("SMPI Plan") between 2009 and 2010; and (4) authorize the Companies to create a regulatory asset for their meter stock that will be replaced by smart meters ("Legacy Meters"), and include the removal cost for these meters as a recoverable Operations and Maintenance ("O&M") expense in the SMT-C of each Company's SMT-C Rider. The Companies estimated that the total costs of the Deployment Plan would be approximately \$1.258 billion. To recover these costs, the Companies each implemented a SMT-C Rider and did not propose any major changes to those Riders.

On March 6, 2014, the Commission issued an Order regarding the Companies' Deployment Plan, resolving the foregoing issues. In addition, the Commission directed the Companies to submit an amended Plan to implement accelerated deployment in order to provide all affected parties, as well as the Commission, an opportunity to evaluate the proposal.²

On March 19, 2014, the Companies submitted a Revised Smart Meter Deployment Plan ("Revised Plan"), proposing an accelerated smart meter deployment schedule for the Penn Power service territory. The Office of Consumer Advocate opposed this Revised Plan without the benefit of a separate proceeding to evaluate its just and reasonableness.

On April 16, 2014, the Commission issued a Secretarial Letter referring the Companies' Revised Plan to the Office of Administrative Law Judge ("OALJ") for development and certification of an evidentiary record by May 15, 2014, regarding Penn Power's proposed accelerated smart meter deployment schedule.

A Prehearing Conference has been scheduled in this proceeding for April 25, 2014.

² Although the Deployment Plan was approved by the Commission with respect to all the Companies, only Penn Power is filing for an expedited deployment.

II. ANTICIPATED ISSUES AND SUB-ISSUES

The Industrials anticipate involvement in this proceeding to address issues regarding expeditious smart meter deployment for purposes of reducing unaccounted-for energy ("UFE"). Expeditious smart meter deployment is similarly important to reduce the Companies' use of profiled estimated meter data in the PJM settlement process, which can undermine customers' ability to receive accurate and timely invoices from electric generation suppliers depending on the underlying electric generation supply agreement. The Industrials anticipate pursuing these issues during this proceeding and also reserve the right to raise further issues and to respond to all matters raised by other parties.

III. PROPOSED WITNESSES

The Industrials are in the process of evaluating whether they will sponsor testimony in this proceeding. In the event that the Industrials decide to sponsor testimony, they will inform the parties and the ALJ of any intended witnesses and topics of testimony. The Industrials also intend to participate in this proceeding through the submission of discovery, cross-examination of other parties' witnesses, and the submission of briefs, exceptions, and reply exceptions, if necessary.

IV. PROPOSED SCHEDULE AND DISCOVERY RULES

The Industrials will cooperate with the ALJ and the parties at the Prehearing Conference to develop a procedural schedule and appropriate discovery rules in accordance with the Commission's regulations and any directives issued by the ALJ.

V. POSSIBILITY OF SETTLEMENT

The Industrials are willing to participate in discussions with the other parties to amicably resolve the issues in this proceeding.

Respectfully submitted,

McNEES WALLACE & NURICK LLC

By 

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Dated: April 24, 2014