

COMMONWEALTH OF PENNSYLVANIA



OFFICE OF CONSUMER ADVOCATE

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July 21, 2014

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

RE: Petition of PPL Electric Utilities  
Corporation for Approval of Its Smart Meter  
Technology Procurement and Installation  
Plan  
Docket No. M-2014-2430781

Dear Secretary Chiavetta:

Enclosed please find the Office of Consumer Advocate's Answer, in the above-referenced proceeding.

Copies have been served upon all parties of record as shown on the attached Certificate of Service.

Respectfully Submitted,

A handwritten signature in cursive script that reads "Christy M. Appleby".

Christy M. Appleby  
Assistant Consumer Advocate  
PA Attorney I.D. # 85824

Enclosures

cc: Office of Administrative Law Judge  
Office of Special Assistants  
Certificate of Service

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BEFORE THE  
PENNSYLVANIA PUBLIC UTILITY COMMISSION

Petition of PPL Electric Utilities Corporation	:	
For Approval of its Smart Meter Technology	:	Docket Nos. M-2014-2430781
Procurement and Installation Plan	:	M-2009-2123945

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ANSWER  
OF THE  
OFFICE OF CONSUMER ADVOCATE

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The Office of Consumer Advocate files this Answer to the Petition of PPL Electric Utilities Corporation (PPL or Company) for Approval of its Smart Meter Technology Procurement and Installation Plan (Petition). The Petition was filed on June 30, 2014. The Petition seeks expedited approval of PPL's Plan including its cost recovery proposals. The Company also requested that the Commission find that the Smart Meter Plan fully complies with Act 129 and the Commission's Implementation Order at Docket No. M-2009-2092655 (June 24, 2009) (Implementation Order). Petition at 27. Accompanying the Petition are the Final Plan and the testimony of six witnesses: (1) Dennis A. Urban, Jr.; (2) David R. Glenwright; (3) Jason Kinslow; (4) Christine E. Ogozaly; (5) Kent Simendinger; and (6) Bethany L. Johnson.

**I. BACKGROUND**

Pursuant to the requirements of Act 129 and the Implementation Order, PPL filed its initial Smart Meter Plan in August of 2009. PPL's initial Smart Meter Plan did not include a full-scale deployment of new meters since PPL had installed a new advanced metering system and Meter Data Management System between 2002 and 2005. The Company's Plan consisted of a series of pilot programs to test the capabilities of its new system against the requirements of

Act 129. The Commission approved the Company's initial Smart Meter Plan on June 24, 2010, but determined that, as PPL's existing meter system did not fully provide certain Act 129 functionalities, the Company should continue to identify, test, develop and implement cost-effective ways to directly provide metered usage data to customers. The Commission stated that PPL should use its 30-month grace period to implement pilot programs to develop a plan to fully comply with Act 129. Since that time, the Company implemented pilot programs approved by the Commission to evaluate the use of its existing meter system to meet the Act 129 requirements. The Company made annual updates with the Commission and met with interested stakeholders about the pilot programs. Petition at 1-4, 6-7.

On May 24, 2012, the Company filed a request to extend its grace period from December 2012 to December 2014 to allow additional time for the Company to file a Plan that fully complies with Act 129 requirements. On August 2, 2012, the Commission issued an Order authorizing the Company to file a Plan or before June 30, 2014. Petition at 7-8.

On June 30, 2014, the Company filed its Smart Meter Technology Procurement and Installation Plan (Plan). The matter has been referred to the Office of Administrative Law Judge and further assigned to Administrative Law Judge Susan D. Colwell. A Prehearing Conference has been set for August 11, 2013.

PPL's Final Plan and the accompanying Direct Testimony provide the following information:

1. A description of PPL's existing metering system including an analysis of the pilot programs that PPL conducted to determine whether the Company's existing meter system must be replaced.
2. A description of the technical aspects of the Final Plan including: (1) an analysis of next generation Advanced Metering Infrastructure (AMI) technologies, including Power-Line Communications (PLC) technology, Point to Multi-Point technology and Radio Frequency (RF) Mesh technology; (2) a Request for Information (RFI) to obtain

information about available solutions and estimated costs; (3) an assessment of whether the Company should upgrade its Meter Data Management System (MDMS); (4) an evaluation of the Energy Analyzer Customer Portal System; (5) assessment of the Company's Network Operating Center; and (6) an assessment of the Company's Meter Asset Management System.

3. A breakdown of the Company's existing metering system and whether it had: (1) the six capabilities identified in Act 129 and (2) the nine additional capabilities identified in the Commission's Smart Meter Procurement and Installation Order at Docket No. M-2009-2092655 (December 6, 2012).
4. A description of the vendor selection process.
5. A description of the Company's Implementation Plan and timeline for smart meter deployment.
6. A description of the Company's proposal to develop a cyber-security and data privacy plan.
7. A description of the organizational impacts.
8. A description of the Risk Management Plan.
9. A description of the program benefits and anticipated savings.
10. A description of the costs of the Plan and the proposal to recover the costs through the Company's Smart Meter Rider (SMR).
11. A description of the Company's proposed Communications Strategy to communicate with customers, employees, the community and other stakeholders 90 days, 60 days, and 30 days before smart meters are installed in a particular community or location.
12. A description of the Company's post grace period smart meter deployment for new construction and customer requests.
13. A description of the treatment of unrecovered costs of the metering assets to be replaced.
14. A description of the Company's proposal for meter testing.

The OCA is in the process of retaining experts to assist in its review of all aspects of PPL's Plan.

## II. ANSWER

Based on its preliminary review of the Final Plan, the OCA has identified the following areas that require further investigation, review, and analysis:

Compliance with Act 129 and the Commission's Implementation Order: The OCA submits that a review of the Final Plan is necessary to determine whether the Final Plan complies with the requirements of Act 129, the Implementation Order, other applicable Commission Orders and the Public Utility Code and does so in the most reasonable, cost-effective manner.

Technology Selection and Implementation: The OCA intends to review the Company's selected technologies and meter functionalities to determine whether the technical elements of the Final Plan, including whether PPL's technology and functionality choices, vendor selections, and IT integration activities represent prudent and cost-effective actions or plans or action for which recovery of costs is warranted.

Existing Meters: The OCA intends to review whether the Company's existing smart meters should be replaced on the schedule proposed; the Company's claims regarding that the existing AMI communications hardware is reaching the end of its useful life; the Company's proposed ratemaking treatment of its existing smart meters; the Company's proposal to install its existing smart meters for new customers and in new construction properties during the pendency of the smart meter deployment; and the Company's proposed cost recovery for its existing smart meters.

Total Costs and Cost Recovery: The Company's projected costs and cost recovery proposals should be analyzed to determine whether PPL's anticipated total project cost of \$449.3 million is reasonable. The OCA will also review the Company's anticipated savings, the proposal to depreciate the existing meters, cost recovery period, and the proposed design change of its smart meter charge.

Privacy of Customer Information: The Final Plan will need to be evaluated to determine whether appropriate systems and protocols are in place to protect the privacy of customer information obtained by PPL through smart meters.

Security of the Smart Meter Systems: The Final Plan must be reviewed to assure that adequate protocols and measures are in place to provide the necessary security.

Customer Education: The Company's proposal regarding its Communication Plan needs to be reviewed to ensure that it is reasonable, practical and an effective method of proposing to educate customers about Smart Meters.

Remote Connect/Disconnect: The Company's proposal to implement remote connect/disconnections for customers should be reviewed to ensure that it meets the

requirements of Chapter 14 and Chapter 56 of the Public Utility Code and other applicable Commission Orders.

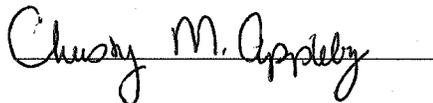
As noted, these areas of focus are based on the OCA's preliminary review. As the OCA's review of the Final Plan proceeds, additional areas of inquiry may arise.

The Company has proposed an expedited schedule and requested a Commission decision on its Plan by December 31, 2014. Petition at 27. The OCA objects to expedited treatment of this complex plan that involves nearly \$450 million of proposed recovery from ratepayers. The Company currently has installed advanced metering with many of the required functionalities, and under Act 129, the Company has until 2022 to fully deploy smart meters to its system. 66 Pa. C.S. § 2807(f). The Company's Plan proposes to deploy smart meters from 2015 through 2019 and will include a "stabilization period" for two years afterward until 2021. The OCA submits that there are complex issues to be resolved through this case that should not be compressed into an abbreviated litigation schedule.

### III. CONCLUSION

The OCA respectfully submits that PPL's Petition for Approval of its Smart Meter Technology Procurement and Installation Plan requires further review. The matter has been referred to the Office of Administrative law Judge, and the OCA will address the issues presented by this matter in the evidentiary hearings before the Administrative Law Judge.

Respectfully Submitted,



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CERTIFICATE OF SERVICE

Petition of PPL Electric Utilities Corporation :  
for Approval of Its Smart Meter Technology : Docket No. M-2014-2430781  
Procurement and Installation Plan :  
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I hereby certify that I have this day served a true copy of the foregoing document, the Office of Consumer Advocate's Answer, 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 and upon the persons listed below:

Dated this 21st day of July 2014.

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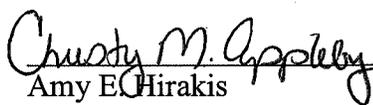
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