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November 18, 2015

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

**VIA ELECTRONIC FILING**

**RE: Petition of Metropolitan Edison Company for Approval of its  
Long-Term Infrastructure Improvement Plan; Docket No. P-2015-2508942**

Dear Secretary Chiavetta:

Please find enclosed for filing with the Pennsylvania Public Utility Commission the Comments of the Met-Ed Industrial Users Group ("MEIUG") in the above-referenced proceeding.

As shown by the attached Certificate of Service, all parties to these proceedings are being duly served.

Very truly yours,

McNEES WALLACE & NURICK LLC

By 

Teresa K. Schmittberger

Counsel to the Met-Ed Industrial Users Group

TKS/sar

Enclosures

c: Administrative Law Judge Charles E. Rainey, Jr. (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).

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Certificate of Service

P-2015-2508942

Page 2

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Dated this 18<sup>th</sup> day of November, 2015, at Harrisburg, Pennsylvania

**BEFORE THE  
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

PETITION OF METROPOLITAN EDISON :  
COMPANY FOR APPROVAL OF ITS : DOCKET NO. P-2015-2508942  
LONG-TERM INFRASTRUCTURE :  
IMPROVEMENT PLAN :

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**COMMENTS OF THE  
MET-ED INDUSTRIAL USERS GROUP**

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**I. INTRODUCTION**

On October 19, 2015, Metropolitan Edison Power Company ("Met-Ed" or "Company") filed a Petition for Approval of its Long-Term Infrastructure Improvement Plan ("LTIIP" or "Plan") with the Pennsylvania Public Utility Commission ("PUC" or "Commission"). Met-Ed filed the Plan pursuant to the Pennsylvania Public Utility Commission's ("PUC" or "Commission") Final Implementation Order at Docket No. M-2012-2293611 ("Implementation Order"). The Implementation Order set forth the Commission's procedures for complying with the requirements of Act 11 of 2012 ("Act 11").

Act 11 provides utilities with an opportunity to implement a Distribution System Improvement Charge ("DSIC") to recover reasonable and prudent costs incurred to repair, improve, or replace existing distribution system property meeting certain eligibility requirements. The eligibility requirements are defined in Section 1351 of the Public Utility Code. 66 Pa. C.S. § 1351(1). As a further requirement for recovering costs through a DSIC, a utility must file an LTIIP in accordance with the provisions of Section 1352 of the statute. 66 Pa. C.S. § 1352(a); see also 52 Pa. Code §§ 121.7(a)-(d).

Consistent with the procedures set forth in the Implementation Order, the Met-Ed Industrial Users Group ("MEIUG") hereby submits the following Comments in response to the LTIIP filed by Met-Ed on October 19, 2015.

## **II. COMMENTS**

MEIUG reviewed the LTIIP to determine whether Met-Ed's proposal is consistent with Section 1352 of the Public Utility Code, 52 Pa. Code §§ 121.4(e)(1)-(4), and the Commission's Implementation Order. The Implementation Order established that the utility bears the burden of proof as to whether the proposed long-term plan and associated expenditures are reasonable and cost effective and are designed to maintain safe, adequate, and reliable service to consumers in conformance with Section 1352(a). Implementation Order, p. 20. Met-Ed's LTIIP proposes to increase the Company's annual capital investment in distribution system replacements by \$43.44 million between 2016 and 2020. LTIIP, p. 2; see also Appendix A. The following upgrades are proposed in Met-Ed's Plan: create circuit ties and loops; recloser installation; recloser replacement; fuse installation; replace spacer cable; split large circuits; underground residential development ("URD") cable replacement; wood pole replacement; wood pole reinforcement (C-Trussing); porcelain cutout replacement; unreimbursed highway relocation; line rehabilitation; install supervisory control and data acquisition ("SCADA") devices; substation relay replacement; substation breaker replacement; network vault rehabilitation; replace network protectors; and replace network transformers. Id. at 6-7; see also Appendix A.

Based on the representations and data provided in the LTIP, MEIUG does not object to the Company's proposed LTIP at this time.<sup>1</sup> Several components of Met-Ed's LTIP, however, will require further monitoring and review.

Specifically, MEIUG submits that the scope of investment projected for the LTIP demands the highest degree of scrutiny by the PUC to ensure that the intended capital improvements remain reasonably consistent with projections outlined in the LTIP. The Commission should also conduct ongoing reviews of any method applied by Met-Ed to measure cost-effectiveness and should ensure that the proposed improvements will maintain safe, reliable, and reasonable service. 66 Pa. C.S. § 1352(a)(7); see also 52 Pa. Code § 121.7(d). Furthermore, the Commission must ensure that only eligible investments are included in the LTIP. The Commission has recognized the necessity to develop a stringent review process for the LTIP, both in acknowledging its statutory obligation to initiate a Rulemaking to establish procedures for the five-year periodic review of LTIPs and in further agreeing to promulgate regulations establishing standards for amending LTIPs. See Implementation Order, p. 21.

With regards to Met-Ed's proposed LTIP, MEIUG has some concerns regarding eligibility of property for DSIC cost recovery. While Met-Ed's LTIP currently focuses on eighteen categories of infrastructure set for improvement, the Company indicates that the LTIP is only a "blueprint for investments" and that "individual elements of the proposed initiatives . . . will be subject to some degree of change." LTIP, p. 8. Should Met-Ed choose to make alterations to its planned infrastructure investments, future projects must qualify as eligible property under Act 11 and be subject to reasonable cost recovery. The Commission's Implementation Order further clarified that an LTIP "should be limited to only 'eligible

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<sup>1</sup>Although MEIUG does not object to Met-Ed's LTIP as filed, MEIUG would participate in any subsequent adjudication or alternate review process initiated by the Commission to the extent additional information becomes available or changes are proposed.

property' for which DSIC treatment is sought (DSIC-eligible plant)." Implementation Order, p. 18. Therefore, while Met-Ed has not yet requested approval for a DSIC, the Company must restrict projected LTIP expenditures to DSIC-eligible facilities. To that end, MEIUG will monitor developments related to Met-Ed's LTIP and requests that the Commission ensure that any modifications to the Plan only allow for projects related to eligible property within Met-Ed's distribution system.

Finally, with respect to the proposed cost of LTIP replacements, MEIUG hopes that the Commission will examine whether Met-Ed's proposed \$43.44 million collection is reasonable and prudent in light of the projects Met-Ed is proposing. 66 Pa. C.S. § 1358(a)(1). While MEIUG does not oppose Met-Ed's LTIP at this time, MEIUG encourages the Commission to develop robust procedures to ensure that Met-Ed's future implementation of the LTIP remains reasonably consistent with the projected capital improvements and includes only eligible projects. Moreover, MEIUG reserves its right to raise and address cost recovery and allocation issues during Met-Ed upcoming DSIC proceeding.

III. CONCLUSION

WHEREFORE, the Met-Ed Industrial Users Group respectfully requests that the Pennsylvania Public Utility Commission consider these Comments in evaluating Metropolitan Edison Company's proposed Long-Term Infrastructure Improvement Plan.

Respectfully submitted,

McNEES WALLACE & NURICK LLC

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