

PENNSYLVANIA PUBLIC UTILITY COMMISSION  
HARRISBURG, PENNSYLVANIA 17105

Petition of Duquesne Light  
Company for Approval to Modify its  
Smart Meter Procurement and  
Installation Plan

Public Meeting: March 2, 2017  
2497267-OSA  
Docket No. P-2015-2497267

STATEMENT OF VICE CHAIRMAN ANDREW G. PLACE

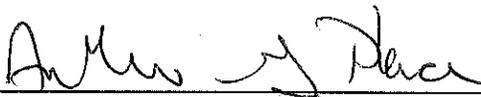
Before us for consideration is Duquesne Light Company's (Duquesne or DLC) Petition (Petition) seeking approval to modify its Smart Meter Procurement and Installation Plan (SMP). The Petition seeks to implement changes to the approved smart meter plan for the purpose of enhancing outage communication and voltage monitoring capabilities, and to recover the costs associated with those changes through the Smart Meter Charge (SMC).

First, I fully support the thoroughly considered Recommended Decision of Administrative Law Judge Katrina L. Dunderdale, which rejects this Petition. I also would like to emphasize that I strongly support the adoption of cost effective electric distribution company (EDC) applications which leverage the capabilities of smart meter technology. Among these applications, Distribution Automation, Outage Management Systems, Voltage Monitoring and Conservation Voltage Reduction applications are prime examples of systems which can and should leverage smart meter installation infrastructure.

Unfortunately, Duquesne did not adequately demonstrate that its Advanced Distribution Management System (ADMS) was cost effective at this time. I agree that there was a great deal of uncertainty regarding the soft costs, as presented by DLC. However, I wish to emphasize that I am open to consideration of customer benefits that are well supported on the record, and which are not directly associated with reductions in utility capital or operational and maintenance costs. I also feel it is important to better quantify savings, such as avoided future mainframe capital and operational costs. Further, I am concerned about cost containment with regard to these very large IT systems, given their long term development horizons. Given the uncertain cost and benefit characteristics, prudent cost recovery can be better reviewed in the context of a base rate case. Specifically, review of actual costs in a base rate proceeding provides a very strong incentive to better control system development costs, and necessitates that an EDC identify and quantify specific costs and savings.

Lastly, I encourage EDCs to provide standalone benefit and cost information for each application, where possible. In this manner, separate functionalities can be reviewed for recovery under base rates or under the SMP surcharges.

Dated: March 2, 2017

  
Andrew G. Place, Vice Chairman