

Highlights: PA PUC Public Session of May 19, 2016

Note: Video from each public meeting is available on the Pennsylvania Public Utility Commission's website. To access the video stream for this public meeting, please visit http://www.puc.state.pa.us/about_puc/2013_pm_videos.aspx. The public meeting calendar may be viewed at http://www.puc.state.pa.us/about_puc/public_meeting_calendar.aspx, and public meeting agendas and summaries may be viewed at http://www.puc.state.pa.us/about_puc/public_meeting_calendar/public_meeting_audio_summaries.aspx.

At the May 19, 2016 Public Meeting of the Pennsylvania Public Utility Commission ("Commission"), the Commissioners adopted Staff's recommendations for action by a vote of 4-0 on all items listed on the Main Agenda and Carry-In Agenda, except as reflected herein below under the respective Commission agenda headings. Review of particular items addressed by the Commissioners at this Public Meeting which may be of interest are addressed under the respective Commission agenda headings below. Any relevant motions and statements are attached hereto and to the original of this Session Memo filed in the Public Meeting Agenda and Session Memo binder. The next regular Public Meeting is tentatively scheduled for **June 9, 2016 at 10:00 a.m.** The minutes of the Public Meeting of the April 21, 2016, were, by a vote of 4-0, approved as submitted.

MAIN AGENDA

BUREAU OF AUDITS

- All matters approved as submitted.

OFFICE OF COMPETITIVE MARKET OVERSIGHT

- INVESTIGATION OF PA'S RETAIN ELECTRICITY MARKET, I-2011-2237952. Recommendation to provide electric distribution companies (EDCs) with a 3-year waiver of the Commission's regulations at 52 Pa. Code § 57.173(2) in situations where a customer is requesting an instant connect. An instant connect is the initiation of supply service on the first day of new utility service, without the customer first having to go on EDC-provided default service. RECOMMENDATION: That the Commission adopt for comment the proposed Tentative Order. Vote 4-0.

OFFICE OF SPECIAL ASSISTANTS

- All matters approved as submitted.

BUREAU OF TECHNICAL UTILITY SERVICES

- PA TELECOMMUNICATIONS RELAY SERVICE (TRS) SURCHARGE, M-2016-2522493, M-00900239. The Commission has completed its annual recalculation of the PA TRS Surcharge and hereby notifies the LECs that the monthly residential and business monthly wireline access line surcharge to be applied from 7/1/16, through 6/30/17, will be set at \$0.08 per access line. This surcharge recalculation factors in cost estimates for TRS, TDDP, and PMASP operations. RECOMMENDATION: That the Commission adopt the proposed Order. Vote 4-0.
- QUARTERLY EARNINGS REPORT, M-2016-2543615. Bureau of Technical Utility Services report to the Commission regarding quarterly earnings of Pennsylvania utilities for the quarter ended 12/31/15. RECOMMENDATION: That the Commission make the earnings report public. Vote 4-0.

LAW BUREAU

- All matters approved as submitted.

OFFICE OF ADMINISTRATIVE LAW JUDGE

- METROPOLITAN EDISON COMPANY, PENNSYLVANIA ELECTRIC COMPANY, PENNSYLVANIA POWER COMPANY, AND WEST PENN POWER COMPANY, P-2015-2511333, P-2015-2511351, P-2015-2511355, P-2015-2511356. Joint Petition filed by FirstEnergy on 11/3/15, for approval of their Default Service Programs for the period beginning 6/1/17 through 5/31/19. Hearings were conducted 2/24/16 and 2/25/16. On 4/1/16, FirstEnergy filed a Joint Petition for Settlement and attachments on behalf of the Joint Petitioners. ALJ Salapa issued a Recommended Decision approving the Joint Petition for Settlement and marking the petitions closed. COMMISSION REVIEW: That the Commission adopt ALJ Salapa's Recommended Decision approving the settlement and marking the petitions closed. Vote 4-0 with a Statement by Chairman Brown.

CARRY-IN AGENDA

OFFICE OF SPECIAL ASSISTANTS

- All matters approved as submitted.

LAW BUREAU

- DUQUESNE LIGHT COMPANY, P-2016-2525790, M-2009-2123948. Petition filed on 1/25/16, seeking a waiver and suspension of certain periodic and statistical sample meter testing obligations related to legacy meters (i.e., not smart meters) being phased out of service. No one filed an answer to the petition. Duquesne Light raised this issue outside of its Smart Meter proceeding. RECOMMENDATION: That the Commission adopt the proposed Order. Joint Motion by Chairman Brown and Vice Chairman Place. Vote 4-0 with Commissioner Powelson concurring in result only.

PENNSYLVANIA PUBLIC UTILITY COMMISSION
Harrisburg, Pennsylvania 17105-3265

**Petitions of Metropolitan Edison Company,
Pennsylvania Electric Company, Pennsylvania
Power Company, and West Penn Power
Company for Approval of their Default Service
Programs**

**Public Meeting held May 19, 2016
2511333-ALJ
Docket Nos. P-2015-2511333
P-2015-2511351
P-2015-2511355
P-2015-2511356**

STATEMENT OF CHAIRMAN GLADYS M. BROWN

Before the Commission for consideration and disposition is the Petition of Metropolitan Edison Company, Pennsylvania Electric Company, Pennsylvania Power Company, and West Penn Power Company (collectively The First Energy Companies or Companies) for Approval of their Default Service Program for the period of June 1, 2017 through May 31, 2021. On April 1, 2016, the Parties to this proceeding filed a Joint Petition for Settlement. On April 15, 2016 the presiding Administrative Law Judge issued a Recommended Decision approving the Settlement.

Consistent with my position on previous default service filings, I wish to elaborate why I believe this Settlement does establish a default service plan that satisfies the procurement requirements under Act 129, specifically, Section 2807(e) of the Public Utility Code, 66 Pa. C.S. § 2807(e). This section provides that a default service provider must procure electric power via a prudent mix of spot market, short term, and long-term contracts designed to ensure adequate and reliable service at the least cost to customers over time.¹ The First Energy Companies' proposed default service program includes spot market products in the residential and industrial portfolios, short-term contracts in the residential and commercial portfolio, and long-term contracts in the residential, commercial, and industrial portfolios.²

I note that none of the default service plans that I have voted on during my tenure include "new" long-term contracts, only long-term contracts inherited from previous default service plans. In the instant proceeding, each of the long-term contracts included in this program are grandfathered alternative energy credit contracts. These grandfathered contracts will eventually expire. In my opinion, it will be incumbent upon the EDCs and this Commission to carefully

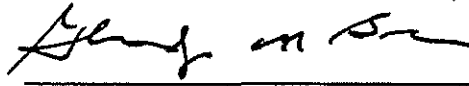
¹ For the purposes of Section 2807(e)(3.2), electric power includes not only electric generation supply but also Alternative Energy Portfolio Standards credits.

² Metropolitan Edison Company entered into a 10-year Solar Photovoltaic Alternative Energy Credit (SPAEC) contract at P-2009-2093053. Pennsylvania Electric Company entered into a 10-year SPAEC contract at P-2009-2093054. Penn Power Company entered into a nine year SPAEC contract at P-2010-2157862. West Penn Power entered into a 10-year SPAEC contract at P-00072342.

consider long-term contracts of four to twenty year terms, consistent with Section 2807(e) of the Code, in future default service plans unless the Legislature decides otherwise.

As such, I will vote to approve The First Energy Companies' default service program.

May 19, 2016
Date



Gladys M. Brown, Chairman

**PENNSYLVANIA PUBLIC UTILITY COMMISSION
HARRISBURG, PENNSYLVANIA 17105-3265**

**Petition of Duquesne Light Co. for Waiver
and Suspension of Meter Testing
Requirements Under 52 Pa. Code §§ 57.20(e)
and 57.21(f) for Deployed Legacy Meters**

**Public Meeting held May 19, 2016
2525790-LAW**

**Docket Nos. P-2016-2525790
M-2009-2123948**

**JOINT MOTION OF CHAIRMAN GLADYS M. BROWN
and VICE CHAIRMAN ANDREW G. PLACE**

Before Commission is Duquesne Light Co.'s Petition seeking a waiver and suspension for certain meter testing obligations related to legacy meters being phased out of service. Duquesne requests the waiver and suspension of meter testing for 2016 through the end of its smart meter/advanced meter infrastructure (AMI) deployment period in 2019.

Duquesne intends to replace all of its currently deployed legacy meters within the next 3 to four years. Duquesne claims that because all families of its legacy meters are within acceptable accuracy tolerances, suspension of 52 Pa. Code §§ 57.20(e) and 57.21(f) meter testing requirements would save significant operational and capital costs related to exchanging legacy meters, with no significant degradation in validation of meter accuracy. Duquesne notes that during the AMI deployment period, it will continue to test legacy meters that are removed from service for non-AMI deployment reasons for registration accuracy.

While we commend Duquesne for attempting to reduce meter testing costs which are ultimately borne by ratepayers, we do not believe that Duquesne has met its burden of proving that a waiver of the meter testing requirements is merited. We understand that this Petition was served on the statutory advocates and is not contested. However, we are concerned that Duquesne did not explain its reason for not attempting broad public notice to its customer base given the importance of meter accuracy.

We do not believe that there is enough factual information included in Duquesne's Petition to allow us to thoroughly consider how granting a waiver would affect rates. Meter testing costs are embedded in current rates. This fact begs a number of questions: how much money would be saved by not carrying out statistical sampling of meters; whether Duquesne plans to refund the savings to ratepayers; which method would Duquesne use to refund savings to ratepayers, rates or through the AMI surcharge; and, whether the chosen refund method avoids the prohibition against single-issue ratemaking?

Because we are unable to thoroughly consider the potential customer impacts of granting the waiver, as it is currently crafted, we are unable to approve the Petition. That being said, should Duquesne wish to file a revised petition for waiver, we would appreciate answers to the questions contained herein and the data request appended to this Motion.

THEREFORE, WE MOVE THAT:


1. That the Petition for Waiver filed by Duquesne Light Company is denied.
2. That the Law Bureau prepare an Opinion and Order consistent with this Motion.

May 19, 2016

Date



Gladys M. Brown, Chairman



Andrew G. Place, Vice Chairman

1. What are Duquesne's acceptable tolerance levels, and how many legacy meters are estimated to be out of tolerance annually, based on the approximately 6000 legacy meters sampled every year?

2. Provide the annual accuracy curves for each make and model of legacy meters for at least 5 years. Also, provide details or test results to support the assertion of a historical record of meter accuracy.

3. What are the per customer legacy meter testing costs for Duquesne's meters? What are the replacement legacy meter capital costs?

4. Provide the estimated operation and capital cost savings for each of the next 4 years related to:

- a. Not testing the meters upon replacement
- b. Discontinuing the annual 6000 legacy meter statistical sampling and periodic testing program.
- c. Not testing for non-AMI reasons which are unrelated to meter accuracy issues.

5. Describe for each of the cost estimates in question 3 above, how customers will benefit from such cost savings.

6. Once smart meters are installed at each location, does Duquesne propose to immediately begin statistical and periodic testing for all new meters, or does Duquesne propose to only commence such testing beginning in 2019? If the latter, describe how such savings, if applicable, will be credited to customers, and the projected smart meter accuracy data for 4 years in support of this approach.

7. Provide the reasoning why affected customers should not be given notice of this waiver. Does Duquesne find it reasonable to allow customers to opt into legacy meter testing upon smart meter replacement?

8. If legacy meters are not tested, what are the estimated costs of storage per month for legacy meters, so as to be made available for testing in the event of a complaint regarding changes in meter usage before and after meter replacement?

9. How will Duquesne track operational and capital cost savings to the extent they propose to pass such savings onto customers?