

Comments related to the Verified Petition of Jersey Central Power & Light Company for Approval of an Advanced Metering Infrastructure (AMI) Program (JCP&L AMI)

BPU Docket No. EO20080545

- The notice appearing in the Asbury Park Press Feb. 16th states the monthly bill impact on residential customers will be approx. \$1.32 over the entire deployment period. Pg. 6, section 14 of the Verified Petition has a figure of \$1.47 over the same period. And Exhibit JC-3, pg. 13, line 8 of Ms. Pittivino's Verified Petition has a figure of \$1.42. So, I'm wondering why these various estimates do not align and what does that say about the rigor and accuracy of the rest of the First Energy's (FE) financial analysis?
- Page 28, line 5 of Mr. Ahr's testimony and page 5 of the Verified Petition both state the plan is estimated to provide benefits of \$1.358B to customers. Clearly this is not accurate. Attachment B, Section 3 of the Financial Analysis indicates \$963M in benefits will accrue to customers and society and \$394M in benefits will be realized by the utility.
- The following comments are in reference to the Advanced Metering Infrastructure Plan which is shown as Attachment B.

My overall impression is the cost/benefit analysis is somewhat misleading.

For example, under the cost umbrella it appears JCP&L is creating new organizational entities in IT and Staffing/Support for approx. \$286M (*Includes \$145M in labor extracted from IT and \$140M in labor from Staffing/Support*). This reduces the claimed Operational Benefits of \$394.6M. Also, it appears that these benefits depend to some extent on placing meter reader employees into open positions created by retirements and normal attrition, further diluting the savings.

When discussing Service Outage Management in Section 3.4.1. the claim that the utility is better able to evaluate the scope of an outage, and therefore, better able to estimate both the size of the crew and nature of equipment affected by the outage is a direct operational efficiency that accrues to the utility and is easily quantifiable – *how was a similar outage handled before and after the AMI project*. Similarly, as further contained in this section, AMI allows the utility to optimize the deployment and use of field service

and restoration crews thereby reducing costs and unnecessary truck rolls. Again, this benefit accrues to the utility and is quantifiable. While customer satisfaction is an important benefit, it should not qualify as monetized savings to the customer.

Benefits realized by Customer Energy Management (Section 3.4.2.), Time Varying Rates (Section 3.4.3.), and Revenue Assurance (Section 3.4.4) are similarly hard to quantify and monetize. Benefits are based on assumptions, estimates, academic and pilot studies and significant changes in customer behaviors. They are essentially educated guesses. What happens if they are not fully realized?

Regarding Carbon Emissions Reductions (Section 3.4.5.) this can be quantified, and again, belongs on the utility's side of the benefits ledger.

My suggestion would be to take another look at the proposed benefits, especially the customer/societal benefits and rethink where they belong, if they belong at all, in the analysis. Those that are hard to quantify and monetize should be removed from the financial analysis.

I am extremely concerned that the assumed customer/societal benefits will not be realized to the level projected and the customer will be penalized through rate increases. The customer should not bear the cost of underperformance.

The Metrics and Reporting outlined in Section 4 should be more granular. In addition to the proposed metrics, I would strongly suggest tracking and reporting project spending and benefits realized. These should be reported to the Board Staff and Rate Counsel on a monthly basis, or quarterly at a minimum, but certainly not semi-annually.

Appendices A-1, A-2, A-3 outline the change management training plan within the company. I would like to know what kinds of tools will be utilized to manage AMI project implementation. It has been my experience with implementing projects of this scope and magnitude to utilize an FMEA to maximize the chance of success and achieve all of the milestones. Are you aware if an FMEA is part of the implementation plan? If not, what tools will the utility employ.... and ensure they are part of the public record? What is the fallback plan if the projected benefits are not being met or if the costs are exceeding the budget? Will customers be penalized for JCP&L project implementation shortfalls by raising rates?

My overall opinion is the project is important and should be implemented. That said, the costs and assumed benefits should be reviewed and tightened up to reflect a more realistic outcome.

