

PENNSYLVANIA PUBLIC UTILITY COMMISSION  
HARRISBURG, PENNSYLVANIA 17105

Approval of the Default Service  
Plan for Duquesne Light  
Company and PPL Electric  
Utilities Corporation for the  
period June 1, 2013 to May 31,  
2015.

Public Meeting: January 24, 2013  
2301664-OSA, 2302074-OSA  
Docket P-2012-2301664, P-2012-  
2302074

STATEMENT OF COMMISSIONER JAMES H. CAWLEY

Before us are the default service plans of Duquesne Light Company (Duquesne) and PPL Electric Utilities Corporation (PPL) for the period June 1, 2013 to May 31, 2015. Among the many contentious issues yet to be resolved are the cost allocation and cost recovery issues surrounding these default service plans, and in particular the retail market enhancement (RME) programs.

PPL and Duquesne are to be commended for their efforts to seek solutions to these very complex issues. In this case PPL presented a more balanced and detailed proposal to address cost allocation, combining a historical perspective on how PPL treated certain costs in the past, combined with some new proposals to deal with more contemporary programs and issues. PPL proposed a sharing of costs between Electric Generation Suppliers (EGSs), customers, and to some extent shareholders prior to implementation of new rates in the next rate case.

Duquesne also appears to be having some success addressing the concern of EGSs in dealing with the uncertainty of costs associated with RME programs. If EGSs are not clear on what cost exposure they have through participation in these programs, they may well choose not to participate, and all of our efforts will be for naught. To that end, Duquesne should be commended for attempting to address this concern through a "stated amount per customer acquired" proposal that received some support from the EGS community.

Despite these positive efforts, the parties were not able to come to agreement, and this Commission has opted to encourage the parties to pursue a collaborative to further discuss cost allocation issues which incorporate the changes to the RME programs adopted in the default service plan orders. Hopefully, efforts similar to the proposals by PPL to address cost assignment, and by Duquesne to address rate design, can help move the parties forward. It is also apparent that every effort should be made to keep costs at a minimum in order to ensure efficient and successful programs that benefit participating customers.

DATE: January 24, 2013

  
James H. Cawley, Commissioner