



17 North Second Street  
12th Floor  
Harrisburg, PA 17101-1601  
717-731-1970 Main  
717-731-1985 Fax  
www.postschell.com

---

Andrew S. Tubbs

atubbs@postschell.com  
717-612-6057 Direct  
717-731-1985 Fax  
File #: 2507/140069

January 7, 2010

James J. McNulty  
Secretary  
PA Public Utility Commission  
Commonwealth Keystone Building  
400 North Street, 2nd Floor North  
PO Box 3265  
Harrisburg, PA 17105-3265

**RE: Petition of PPL Electric Utilities Corporation for Approval of its Energy Efficiency and Conservation Plan - Docket No. M-2009-2093216**

Dear Secretary McNulty:

Enclosed for filing is the original Reply Comments of PPL Electric Utilities Corporation in the above-referenced proceeding.

Copies have been provided to the parties as indicated on the enclosed certificate of service.

Respectfully Submitted,

A handwritten signature in black ink, appearing to read 'Andrew S. Tubbs', is written over a printed name. The signature is fluid and cursive.

Andrew S. Tubbs

AST/jl  
Enclosures

cc: Honorable Susan D. Colwell  
Certificate of Service

## CERTIFICATE OF SERVICE

I hereby certify that a true and correct copy of the foregoing has been served upon the following persons, in the manner indicated, in accordance with the requirements of 52 Pa. Code § 1.54 (relating to service by a participant).

### VIA E-MAIL & FIRST CLASS MAIL

James A. Mullins  
Tanya J. McCloskey  
Office of Consumer Advocate  
555 Walnut Street  
Forum Place, 5th Floor  
Harrisburg, PA 17101-1923  
E-Mail: [jmullins@paoca.org](mailto:jmullins@paoca.org)  
E-Mail: [tmccloskey@paoca.org](mailto:tmccloskey@paoca.org)

Allison Curtin Kaster  
Office of Trial Staff  
Commonwealth Keystone Building  
400 North Street, 2nd Floor West  
PO Box 3265  
Harrisburg, PA 17105-3265  
E-Mail: [Akaster@state.pa.us](mailto:Akaster@state.pa.us)

Sharon Webb  
Office of Small Business Advocate  
Commerce Building  
300 North Second Street, Suite 1102  
Harrisburg, PA 17101  
E-Mail: [swebb@state.pa.us](mailto:swebb@state.pa.us)

Thomas J. Sniscak  
Lillian S. Harris  
Hawke McKeon & Sniscak LLP  
100 North Tenth Street  
PO Box 1778  
Harrisburg, PA 17105  
E-Mail: [tjsniscak@hmsk-law.com](mailto:tjsniscak@hmsk-law.com)  
E-Mail: [lharris@hmslegal.com](mailto:lharris@hmslegal.com)  
*UGI Utilities, Inc. – Gas Division*  
*UGI Penn Natural Gas, Inc. and*  
*UGI Central Penn Gas, Inc.*

Scott R. Perry  
Aspassia V. Staevska  
PA Department of Environmental Protection  
400 Market Street, 9th Floor  
Harrisburg, PA 17101-2301  
E-Mail: [scperry@state.pa.us](mailto:scperry@state.pa.us)  
E-Mail: [astaevska@state.pa.us](mailto:astaevska@state.pa.us)  
*PA Department of Environmental Protection*

Craig R. Burgraff  
Todd A. Stewart  
Hawke, McKeon & Sniscak LLP  
Harrisburg Energy Center  
100 North Tenth Street  
PO Box 1778  
Harrisburg, PA 17105-1778  
E-Mail: [crburgraff@hmsk-law.com](mailto:crburgraff@hmsk-law.com)  
E-Mail: [TSSStewart@hmslegal.com](mailto:TSSStewart@hmslegal.com)  
*Sustainable Energy Fund for Central*  
*Eastern PA*

Pamela C. Polacek  
Shelby A. Linton-Keddie  
McNees, Wallace & Nurick  
100 Pine Street  
PO Box 1166  
Harrisburg, PA 17108-1166  
E-Mail: [ppolacek@mwn.com](mailto:ppolacek@mwn.com)  
E-Mail: [skeddie@mwn.com](mailto:skeddie@mwn.com)  
*PP&L Industrial Customer Alliance*

Craig A. Doll  
25 West Second Street  
PO Box 403  
Hummelstown, PA 17036  
E-Mail: [CDoll76342@aol.com](mailto:CDoll76342@aol.com)  
*Richards Energy Group, Inc.*

Daniel Clearfield  
Kevin J. Moody  
Carl R. Shultz  
Eckert Seamans Cherin & Mellott, LLC  
213 Market Street, 8<sup>th</sup> Floor  
PO Box 1248  
Harrisburg, PA 17108-1248  
E-Mail: [dclearfield@eckertseamans.com](mailto:dclearfield@eckertseamans.com)  
E-Mail: [kmoody@eckertseamans.com](mailto:kmoody@eckertseamans.com)  
E-Mail: [cshultz@eckertseamans.com](mailto:cshultz@eckertseamans.com)  
*Direct Energy Business, LLC*

Mark C. Morrow  
UGI Utilities, Inc.  
460 North Gulph Road  
King of Prussia, PA 19406  
E-Mail: [morrowm@ugicorp.com](mailto:morrowm@ugicorp.com)  
*UGI Utilities, Inc. – Gas Division  
UGI Penn Natural Gas, Inc. and  
UGI Central Penn Gas, Inc.*

Kent D. Murphy  
UGI Utilities, Inc.  
460 North Gulph Road  
King of Prussia, PA 19406  
E-Mail: [murphyke@ugicorp.com](mailto:murphyke@ugicorp.com)  
*UGI Utilities, Inc. – Gas Division  
UGI Penn Natural Gas, Inc. and  
UGI Central Penn Gas, Inc.*

George Jugovic Jr.  
Assistant Counsel  
PA Department of Environmental Protection  
400 Waterfront Drive  
Pittsburgh, PA 15222  
E-Mail: [gjugovic@state.pa.us](mailto:gjugovic@state.pa.us)  
*PA Department of Environmental Protection*

John K. Baillie  
Citizens for Pennsylvania's Future  
425 Sixth Avenue, Suite 2770  
Pittsburgh, PA 15219  
E-Mail: [baillie@pennfuture.org](mailto:baillie@pennfuture.org)  
*Citizens for Pennsylvania's Future*

Frank Richards  
Richards Energy Group  
3901 Nolt Road, Building #1  
Landisville, PA 17538  
E-Mail: [frichards@richardsenergy.com](mailto:frichards@richardsenergy.com)  
*Richards Energy Group, Inc.*

Eric Joseph Epstein  
4100 Hillsdale Road  
Harrisburg, PA 17112  
E-Mail: [lechambon@comcast.net](mailto:lechambon@comcast.net)  
*Eric J. Epstein, Pro se*

Carolyn Pengidore  
President/CEO  
ClearChoice Energy  
180 Fort Couch Road, Suite 265  
Pittsburgh, PA 15241  
E-Mail: [Carolyn@ClearChoice-Energy.com](mailto:Carolyn@ClearChoice-Energy.com)  
*Comperio Energy d/b/a ClearChoice Energy*

Harry S. Geller  
John C. Gerhard  
Pennsylvania Utility Law Project  
118 Locust Street  
Harrisburg, PA 17101-1414  
E-Mail: [hgellerpulp@palegalaid.net](mailto:hgellerpulp@palegalaid.net)  
E-Mail: [jgerhardpulp@palegalaid.net](mailto:jgerhardpulp@palegalaid.net)  
*Pennsylvania Association of Community  
Organizations for Reform Now*

Christopher A. Lewis  
Christopher R. Sharp  
Melanie J. Tambolas  
Blank Rome, LLP  
One Logan Square  
Philadelphia, PA 19103  
E-Mail: [Lewis@blankrome.com](mailto:Lewis@blankrome.com)  
E-Mail: [Sharp@blankrome.com](mailto:Sharp@blankrome.com)  
E-Mail: [tambolas@blankrome.com](mailto:tambolas@blankrome.com)  
*Field Diagnostic Services, Inc.  
Constellation New Energy*

Ruben S. Brown, M.A.L.D.  
President, The E Cubed Company, LLC  
1700 York Avenue  
New York, NY 10128  
E-Mail: [ruben.brown.ecubed.llc@gmail.com](mailto:ruben.brown.ecubed.llc@gmail.com)  
*The E-Cubed Company, LLC*

Kathleen M. Greely  
Program Manager  
PA Home Energy  
Performance Systems Development  
297 ½ Chestnut Street  
Meadville, PA 16335  
E-Mail: [kgreely@psdconsulting.com](mailto:kgreely@psdconsulting.com)  
*PA Home Energy*

Steve Pincus  
Assistant General Counsel  
PJM Interconnection, LLC  
955 Jefferson Avenue  
Norristown, PA 19403  
E-mail: [pincus@pjm.com](mailto:pincus@pjm.com)  
*PJM Interconnection, LLC*

Peter J. Krajsa  
Chairman and CEO  
AFC First Financial Corporation  
Great Bear Center at Brookside  
1005 Brookside Road  
PO Box 3558  
Allentown, PA 18106  
E-Mail: [pkrajsa@afcfirst.com](mailto:pkrajsa@afcfirst.com)  
*Keystone HELP Energy Efficiency Loan and  
Rebate Program c/o AFC First Financial  
Corporation*

Scott H. DeBroff  
Alicia R. Petersen  
Rhoads & Sinon LLP  
One South Market Square  
12<sup>th</sup> Floor  
PO Box 1146  
Harrisburg, PA 17108-1146  
E-Mail: [sdebroyff@rhoads-sinon.com](mailto:sdebroyff@rhoads-sinon.com)  
E-Mail: [apetersen@rhoads-sinon.com](mailto:apetersen@rhoads-sinon.com)  
*EnerNOC, Inc.*

Date: January 7, 2010

  
\_\_\_\_\_  
Andrew S. Tubbs

**BEFORE THE  
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

Petition of PPL Electric Utilities :  
Corporation for Approval of an Energy : Docket No. M-2009-2093216  
Efficiency and Conservation Plan :

**REPLY COMMENTS OF  
PPL ELECTRIC UTILITIES CORPORATION**

Paul E. Russell (ID #21643)  
Associate General Counsel  
PPL Services Corporation  
Office of General Counsel  
Two North Ninth Street  
Allentown, PA 18106  
Phone: 610-774-4254  
Fax: 610-774-6726  
E-mail: perussell@pplweb.com

David B. MacGregor (ID # 28804)  
Post & Schell, P.C.  
Four Penn Center  
1600 John F. Kennedy Boulevard  
Philadelphia, PA 19103-2808  
Phone: 215-587-1197  
Fax: 215-320-4879  
E-mail: dmacgregor@postschell.com

Matthew J. Agen  
Post & Schell, P.C.  
607 14th St. N.W.  
Washington, DC 20005-2006  
Phone: 202-661-6952  
Fax: 202-661-6953  
E-mail: matthewagen@postschell.com

Andrew S. Tubbs (ID #80310)  
Post & Schell, P.C.  
17 North Second Street, 12th Floor  
Harrisburg, PA 17101-1601  
Phone: 717-612-6057  
Fax: 717-731-1985  
E-mail: atubbs@postschell.com

Of Counsel:

Post & Schell, P.C.

Date: January 7, 2009

Attorneys for PPL Electric Utilities Corporation

## **I. INTRODUCTION**

On December 16, 2009, PPL Electric Utilities Corporation (“PPL Electric” or the “Company”) filed its Amended Energy Efficiency and Conservation Plan (“Amended EE&C Plan” or “Plan”) with the Pennsylvania Public Utility Commission (“Commission”). The Plan was filed consistent with the Commission’s October 26, 2009 Order, which approved with modifications, PPL Electric’s July 31, 2009 EE&C Plan. Comments were filed by the Office of Consumer Advocate (“OCA”) and the Office of Small Business Advocate (“OSBA”) on December 28, 2009. For the reasons set forth below, PPL Electric respectfully requests that the Commission approve the Amended EE&C Plan.

## **II. REPLY COMMENTS OF PPL ELECTRIC**

### **A. THE OFFICE OF CONSUMER ADVOCATE**

In its first comment, OCA raises a concern regarding future updates to the Plan. The specific language referenced by OCA is as follows:

Over the life of the Plan, PPL Electric expects that many of these assumptions will have to be revisited, refined, and, where necessary, revised to reflect updated market conditions, variations from the Plan’s estimates, customer preferences, experience in Pennsylvania or other states, cost-effectiveness, new technologies and practices, new state or federal energy standards, *results of the annual reviews*, and other factors. (emphasis added)

EE&C Plan, p. 25. OCA requests that PPL Electric include the phrase “and the five-year review” after the reference to the annual reviews. PPL Electric intends to identify necessary adjustments to its Plan based on on-going management of its Plan, annual reviews, and the five-year review. PPL Electric considers the “five-year review” to be one of the annual reviews and, therefore, did not distinguish it from the last annual review.

In its second comment OCA requests that PPL Electric clarify that it will not directly assign Energy Efficiency and Conservation Costs to individual customers participating in the

Commission-approved EE&C Plan programs. OCA Comments p. 2. PPL Electric confirms it will not directly assign Energy Efficiency and Conservation Costs to individual customers participating in programs. PPL Electric's July 31, 2009 Plan included the possibility of assigning some costs directly to an individual large C&I customer. PPL Electric did not include the possibility of any other customer classes receiving the direct assignment of Energy Efficiency and Conservation Costs. PPL Electric deleted that possible provision from its December 15, 2009 revised Plan in accordance with the Commission's October 26, 2009 Order.

The third comment by OCA relates to the definition of Administrative Costs. Specifically, OCA asserts that the definition of Administrative Costs in PPL Electric's Amended EE&C Plan "is overly broad and could facilitate the recovery of costs that were not defined as administrative costs in the July 31, 2009 EE&C Plan." OCA Comments, p. 2. The OCA's concern is unwarranted.

As described in the Summary of Changes filed along with PPL Electric's Amended Energy Efficiency and Conservation Plan, changes to the Plan were limited to: (1) modifications to comply with the Commission's Order; and (2) corrections and clarifications to the July 31, 2009 Plan that are on the record for this proceeding. The clarification of how PPL Electric defined "administrative costs" is in the second category. During the course of this proceeding, some parties asked how PPL Electric defined "administrative costs." In order to clarify this issue for the parties, PPL Electric identified in one place the types of tasks that PPL Electric includes as "administrative costs." However, PPL Electric did not change the definition from the prior version of the Plan but simply identified for the parties and the Commission what costs the

Company considers to be “administrative costs”. Moreover, consistent with the Commission’s *Implementation Order*, PPL Electric’s ACR will be subject to an annual review.<sup>1</sup>

OCA’s fourth comment requests that PPL Electric provide supporting workpapers for its proposed Act 129 Compliance Rider (“ACR”) rates. OCA Comments, p. 2. PPL Electric has included the requested workpapers as Attachments 1 & 2 to its Reply Comments.

In its final comment, OCA requests that PPL Electric provide the supporting workpapers for the revised allocation of common costs set forth in the Tables 3, 5, 7, 136 and 137 of the Company’s Amended EE&C Plan. OCA Comments, p. 2. An explanation of PPL Electric’s revised allocation of common costs is set forth in Section 1.7 of the Amended EE&C Plan. EE&C Plan, pp. 26-27. Common costs were allocated based on the percentage of EE&C costs directly assigned to each customer class to the total of the EE&C costs directly assigned to all customer classes. For example, for the residential customer class:

Residential direct costs = \$51,978,000 [Table 135, page 206]

Total direct costs for all customer classes = \$218,364,000 [Table 135, page 211]

Proportion of direct costs for residential =  $\$51,978,000 / 218,364,000 = 0.2380$

Total common costs for all customer classes = \$27,641,000 [Table 136, page 212]

Proportion of common costs for residential = Proportion of direct costs for residential \*  
total common costs for all customer classes =  $0.2380 * \$27,641,000 = \$6,579,000$  [Table 135 on page 206 and Table 137 on page 213]

To further assist the parties and the Commission, PPL Electric has provided additional detail in Attachment 3 to these Reply Comments.

---

<sup>1</sup> *Energy Efficiency and Conservation Program Implementation Order*, Docket No. M-2008-2069887, entered on January 16, 2009, Reconsideration Order entered May 2, 2009, p. 38.

### **III. THE OFFICE OF SMALL BUSINESS ADVOCATE**

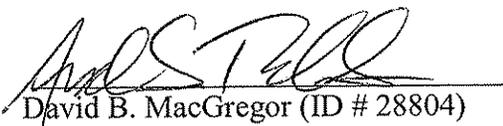
In its comments, OSBA indicates that it was unable to confirm calculations relative to the Company's Act 129 Compliance Rider rates (Supplement No. 76 to PPL Electric's Tariff – Electric Pa. P.U.C. No. 201). OSBA Comments, p. 3. To assist the parties and the Commission, PPL Electric has provided supporting workpapers in Attachments 1 and 2 to these Reply Comments for additional information supporting the Company's calculation of Act 129 Cost Rates.

### **IV. CONCLUSION**

WHEREFORE, PPL Electric Utilities Corporation requests that the Commission give due consideration to these reply comments and that the Amended Energy Efficiency and Conservation Plan of PPL Electric Utilities Corporation should be approved.

Respectfully submitted,

Paul E. Russell (ID #21643)  
Associate General Counsel  
PPL Services Corporation  
Office of General Counsel  
Two North Ninth Street  
Allentown, PA 18106  
Phone: 610-774-4254  
Fax: 610-774-6726  
E-mail: perussell@pplweb.com

  
David B. MacGregor (ID # 28804)  
Post & Schell, P.C.  
Four Penn Center  
1600 John F. Kennedy Boulevard  
Philadelphia, PA 19103-2808  
Phone: 215-587-1197  
Fax: 215-320-4879  
E-mail: dmacgregor@postschell.com

Matthew J. Agen  
Post & Schell, P.C.  
607 14th St. N.W.  
Washington, DC 20005-2006  
Phone: 202-661-6952  
Fax: 202-661-6953  
E-mail: matthewagen@postschell.com  
Of Counsel:

Andrew S. Tubbs (ID #80310)  
Post & Schell, P.C.  
17 North Second Street, 12th Floor  
Harrisburg, PA 17101-1601  
Phone: 717-612-6057  
Fax: 717-731-1985  
E-mail: atubbs@postschell.com

Post & Schell, P.C.

Date: January 7, 2009

Attorneys for PPL Electric Utilities Corporation

**PPL Electric Utilities Corporation**  
**Attachment 1 to PPL Electric Reply Comments (12/30/09)**

Act 129 Cost Recovery by Rate Group  
 Adjustment from January 1, 2010 to May 31, 2013

(A)	(B)	(C)	(B)/(C)
Estimated Act 129 Cost Recovery	Estimated Act 129 Cost Recovery With GRT	Forecasted kWh or KW	Calculated Act 129 Rider Rate (\$ per kWh or \$ per KW)
1/1/2010 - 5/31/2013	1/1/2010 - 5/31/2013	1/1/2010 - 5/31/2013	1/1/2010 - 5/31/2013

kWh

Residential  
 Total \$ 103,200,000 \$ 109,870,563 49,979,893,563 \$ 0.00219

Small Commercial & Industrial  
 Total \$ 112,800,000 \$ 119,872,476 39,846,746,563 \$ 0.00601

KW

Large Commercial & Industrial  
 Primary Voltage and Higher  
 Total \$ 34,100,000 \$ 35,238,045 77,913,940 \$ 0.465

**PPL Electric Utilities Corporation**  
**Act 129 Program Costs**  
**Adjustment from January 1, 2010 to May 31, 2013**  
**PPL Electric Utilities Reply Comments- Attachment 2 (12/30/09)**

Sector	Act 129 Program Cost \$MM	Statewide Evaluation Contractor \$MM	Act 129 Total Cost \$MM	Act 129 Program Cost for Rate Design \$MM
Residential	\$58.6	\$1.0	\$59.6	\$103.2
Low-Income	\$39.2	\$0.6	\$39.8	
<b>Total Residential</b>	<b>\$97.8</b>	<b>\$1.6</b>	<b>\$99.4</b>	<b>\$103.2</b>
Small C&I	\$88.5	\$1.4	\$89.9	\$112.8
Large C&I	\$33.2	\$0.5	\$33.7	\$34.1
institutional				
Residential - 14%	\$3.8	\$0.1	\$3.8	
Small C&I - 85%	\$22.5	\$0.4	\$22.9	
Large C&I - 1%	\$0.3	\$0.0	\$0.3	
<b>Total Institutional</b>	<b>\$26.6</b>	<b>\$0.4</b>	<b>\$27.0</b>	<b>\$250.1</b>
<b>Total</b>	<b>\$246.1</b>	<b>\$4.0</b>	<b>\$250.1</b>	

NOTES:  
Program cost per customer per year is based on a 41-month collection period (January 1, 2010 through May 31, 2013) and total cost of programs for that customer class.

Statewide Evaluation Contractor Estimate: \$ 4,000,000

For rate design purposes, costs associated with Institutional customers have been allocated among the Residential, Small C&I and Large C&I customer classes based on the number of Institutional customer accounts in each of those customer classes.

**Determination and Allocation of Administrative Costs  
PPL Electric Utilities Reply Comments- Attachment 3 (12/30/09)**

Percent Total Direct Costs		2010	2011	2012	2013
Residential	23.80%	\$5,939,089	\$14,073,952	\$15,451,665	\$16,513,675
Low Income	15.95%	\$6,786,541	\$8,437,849	\$9,194,086	\$10,414,680
Small Commercial	35.96%	\$5,380,504	\$17,254,189	\$24,050,913	\$31,839,902
Large Commercial	13.49%	\$1,114,192	\$5,266,994	\$9,086,045	\$13,982,363
Institutional	10.80%	\$1,590,976	\$5,108,931	\$7,269,817	\$9,607,609
<b>FTE</b>		<b>20</b>			
<b>EDC Labor</b>		<b>\$ 3,000,000</b>	<b>\$ 3,064,000</b>	<b>\$ 3,127,000</b>	<b>\$ 3,194,000</b>
Residential	23.80%	\$714,107	\$729,341	\$744,337	\$760,285
Low Income	15.95%	\$478,556	\$488,766	\$498,815	\$509,503
Small Commercial	35.96%	\$1,078,825	\$1,101,840	\$1,124,495	\$1,148,589
Large Commercial	13.49%	\$404,594	\$413,225	\$421,722	\$430,758
Institutional	10.80%	\$323,918	\$330,828	\$337,630	\$344,865
<b>EDC Materials</b>		<b>\$ 39,000</b>	<b>\$ 42,000</b>	<b>\$ 42,000</b>	<b>\$ 43,000</b>
Residential	23.80%	\$9,283	\$9,997	\$9,997	\$10,236
Low Income	15.95%	\$6,221	\$6,700	\$6,700	\$6,859
Small Commercial	35.96%	\$14,025	\$15,104	\$15,104	\$15,463
Large Commercial	13.49%	\$5,260	\$5,664	\$5,664	\$5,799
Institutional	10.80%	\$4,211	\$4,535	\$4,535	\$4,643
<b>Quality Assurance and EM&amp;V</b>		<b>\$3,656,000</b>	<b>\$3,733,000</b>	<b>\$ 3,811,000</b>	<b>\$ 3,890,000</b>
Residential	23.80%	\$870,258	\$888,587	\$907,153	\$925,958
Low Income	15.95%	\$583,201	\$595,484	\$607,926	\$620,528
Small Commercial	35.96%	\$1,314,728	\$1,342,418	\$1,370,467	\$1,398,876
Large Commercial	13.49%	\$493,065	\$503,450	\$513,969	\$524,624
Institutional	10.80%	\$394,748	\$403,062	\$411,484	\$420,014