

COMMONWEALTH OF PENNSYLVANIA



OFFICE OF SMALL BUSINESS ADVOCATE

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William R. Lloyd, Jr.
Small Business Advocate

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October 5, 2010

HAND DELIVERED

Rosemary Chiavetta, Secretary
Pennsylvania Public Utility Commission
Commonwealth Keystone Building
400 North Street
Harrisburg, PA 17120

**Re: PPL Electric Utilities Corporation For Approval of an Energy Efficiency And
Conservation Plan
Docket No. M-2009-2093216**

Dear Secretary Chiavetta:

I am delivering for filing today the original plus three copies of the Answer, on behalf of the Office of Small Business Advocate, in the above-captioned proceeding.

Two copies have been served today on all known parties in this proceeding. A Certificate of Service to that effect is enclosed.

If you have any questions, please do not hesitate to contact me.

Sincerely,

A handwritten signature in black ink, appearing to read "S. Webb".

Sharon E. Webb
Assistant Small Business Advocate
Attorney ID No. 73995

Enclosures

cc: Parties of Record

Robert D. Knecht

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**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

Petition of PPL Electric Utilities	:	
Corporation For Approval of Changes to	:	Docket No. M-2009-2093216
Its Act 129 Energy Efficiency	:	
and Conservation Plan	:	

**ANSWER OF THE
OFFICE OF SMALL BUSINESS ADVOCATE**

Pursuant to 52 Pa. Code §5.61(a), the Office of Small Business Advocate (“OSBA”) files this Answer to the petition of PPL Electric Utilities Corporation (“PPL” or “Company”) for approval of certain modifications of the Company’s Energy Efficiency and Conservation Plan (“Petition”) that was filed with the Pennsylvania Public Utility Commission (“Commission”) on September 15, 2010, and avers the following in support thereof:

I. INTRODUCTION

1. The Office of Small Business Advocate is authorized and directed by the Small Business Advocate Act, Act 181 of 1988, 73 P.S. §§ 399.41 - 399.50, to represent the interests of small business consumers of utility services in matters before the Commission.

II. BACKGROUND

2. Act 129 of 2008 charged the Commission with establishing an energy efficiency and conservation program. See 66 Pa. C.S. §2806.1(a). Act 129 also directed each electric distribution company (“EDC”) with at least 100,000 customers to file an

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energy efficiency and conservation plan (“EE&C Plan”) with the Commission for review and approval. *See* 66 Pa. C.S. §2806.1(b) and (l).

3. PPL filed its original EE&C Plan on July 1, 2009, pursuant to the Commission’s directive at *Energy Efficiency and Conservation Program*, Docket No. M-2008-2069887 (Order entered January 16, 2009) (“Implementation Order”).

4. The Commission approved PPL’s EE&C Plan by Order entered on October 26, 2009.

5. On September 15, 2010, PPL filed a Petition to amend its approved EE&C Plan. The Company proposes two modifications to the approved EE&C Plan. PPL represents that these changes are based on additional information the Company has obtained since approval of that Plan and will better reflect the projected costs and projected savings for customer sectors.¹

III. RESPONSE TO AMENDED PLAN

6. The OSBA requested that its witness in the proceeding involving PPL’s originally filed EE&C Plan, Mr. Robert D. Knecht, review PPL’s Amended EE&C Plan. In his testimony on PPL’s original filing in 2009, Mr. Knecht expressed concern that the cost of the incentives for customer participation were excessive.² As Mr. Knecht pointed out, the Company had not provided detailed justification for the magnitude of the economic incentives that it proposed to offer with each program.³ Specifically, the forecast incentive costs to encourage participation represented a significant share of the

¹ Petition, at 4.

² OSBA Statement No. 1, Direct Testimony of Robert D. Knecht, August 7, 2009, at 9.

³ *Id.*

total costs used in the Total Resource Cost (“TRC”) test. PPL reported that, for the Small C&I rate class group, incentive costs were estimated at \$69.3 million compared to participant costs of \$115.2 million.⁴ Due to the magnitude of the incentives offered in its original plan, the OSBA recommended that PPL present a detailed justification for the magnitude of the subsidies that it offers as part of its annual filing.⁵

7. A review of PPL’s Petition reveals that the Company has not reported any effort to ensure that the incentives are not excessive. The OSBA objects to PPL’s failure to reconsider, and report on, the magnitude of the incentives.

8. The OSBA is also concerned that PPL may not have modified its approved EE&C Plan to reflect changes to the technical resource manual (“TRM”) directed by the Commission.


⁴ OSBA Statement No. 1, Direct Testimony of Robert D. Knecht, August 7, 2009, at 9.

⁵ *Id.*

IV. **CONCLUSION**

For the reasons set forth above, the OSBA respectfully requests that the Commission refer PPL's Amended EE&C Plan to the Office of Administrative Law Judge for hearings and a Recommended Decision.

Respectfully submitted,



Sharon E. Webb
Assistant Small Business Advocate
Attorney ID No. 73995

For:

William R. Lloyd, Jr.
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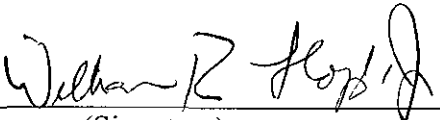
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Dated: October 5, 2010

VERIFICATION

I, William R. Lloyd, Jr., hereby state that the facts set forth herein above are true and correct to the best of my knowledge, information and belief and that I expect to be able to prove the same at a hearing held in this matter. I understand that the statements herein are made subject to the penalties of 18 Pa. C.S. §4904 (relating to unsworn falsification to authorities).

Date: October 5, 2010



(Signature)

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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 :

CERTIFICATE OF SERVICE

I certify that I am serving two copies of the Answer, on behalf of the Office of Small Business Advocate, by e-mail and first-class mail (unless otherwise noted) upon the persons addressed below:

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