



September 14, 2012

KENNETH L. MICKENS, ESQUIRE LLC
LEGAL CONSULTING

Rosemary Chiavetta
Secretary
Pennsylvania Public Utility Commission
Commonwealth Keystone Building
400 North Street
Harrisburg, PA 17105-3265

**Re: Pennsylvania Public Utility Commission
v.
PPL Electric Utilities Corporation
Docket No. R-2012-2290597
Sustainable Energy Fund Letter in Lieu
Of Reply Brief (Net Metering)**

Dear Secretary Chiavetta:

In accordance with revised PUC Regulation 52 Pa. Code § 5.502 (b) (1), enclosed please find a signed original of the Sustainable Energy Fund's Letter in Lieu of Reply Brief for filing in the above-referenced proceeding. Parties have been served in accordance with the attached Certificate of Service.

Sincerely,

Kenneth L. Mickens, Esquire
Attorney for the Sustainable
Energy Fund

KLM/bls
Enclosures
Honorable Susan D. Colwell
Certificate of Service

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**Re: Pennsylvania Public Utility Commission
v.
PPL Electric Utilities Corporation
Docket No. R-2012-2290597
Sustainable Energy Fund Letter in Lieu
Of Reply Brief (Net Metering)**

Dear Judge Colwell & Parties:

At p. 181 of its Initial Brief, PPL Electric states that “net metering customers clearly cause PPL Electric to incur costs that support an increase in the customer charge.” This claim is without support in the record of this proceeding and should be rejected. First, the Commission has made the following statement with regard to the implementation of the amendment to Act 35 concerning Net Metering and Interconnection:

The Commission agrees with DEP, OCA, MSEIA, PennFuture, PWIA and Vogel in that the clear intent of the Act 35 amendment was to facilitate the research, development and deployment of small alternative energy resources by providing monthly credits consistent with the full *retail* value for the kilowatt-hours generated by the renewable resource. As such, this Commission believes that *for energy produced from a renewable resource up to the level of monthly energy usage by a customer-generator should include the fully bundled charges for generation, transmission and distribution.*¹

Second, according to the U.S. Department of Energy, “[n]et metering is a low-cost, easily administered method of encouraging customer investment in renewable energy technologies. It increases the value of the electricity produced by renewable generation and allows customers to “bank” their energy and use it a different time than it is produced, giving

¹ Final Omitted Rulemaking Order - Implementation of Act 35 of 2007 - Net Metering and Interconnection, Docket No. L-00050174 (entered July 2, 2008), Order at p.14. (Emphasis added). Here the Commission adopted its *Final Omitted Rulemaking Order to amend the net metering regulations required by Section 1648.5 of the Alternative Energy Portfolio Standards Act, 73 P.S. § 1648.1, et. seq.* to be consistent with Act 35 of 2007.

customers more flexibility and allowing them to maximize the value of their production. *Providers may also benefit from net metering because when customers are producing electricity during peak periods, the system load factor is improved.*"² So, in addition to the obvious benefits to net metering customers, net metering also benefits the Company in a tangible way.

Moreover, PPL Electric witness Douglas A. Krall has acknowledged under cross examination that the Company has not conducted a total resource cost test, a rate impact measure, utility cost test or any similar test to determine the cost benefit of net metering. Tr. P. 476. Mr. Krall has also admitted that PPL Electric does not report net metering costs separately in financial statements or seek separate recovery. Tr. P. 477. In short, the Company has provided no evidence on the record of this proceeding which would support its allegation that net metering customers cause PPL Electric to incur costs that support an increase in the customer charge. Accordingly, this allegation should be rejected.

Sincerely,



Kenneth L. Mickens, Esquire

KLM/bls
Honorable Susan D. Colwell
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² U.S. Department of Energy: <http://apps3.eere.energy.gov/greenpower/markets/netmetering.shtml> retrieved June 7, 2012; also quoted in SEF St. 1, p. 6. (Emphasis added).

CERTIFICATE OF SERVICE

Docket No. R-2012-2290597

I hereby certify that I have this day served a copy of the foregoing SEF Letter in Lieu of Reply Brief in accordance with the requirements of 52 Pa. Code §1.54 et.seq. (relating to service by a participant).

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Dated: September 14, 2012

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