

COMMONWEALTH OF PENNSYLVANIA



OFFICE OF CONSUMER ADVOCATE

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January 4, 2016

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

RE: Petition of PPL Electric Utilities  
Corporation for Approval of its Act 129  
Phase III Energy Efficiency and  
Conservation Plan  
Docket No. M-2015-2515642

Dear Secretary Chiavetta:

Enclosed please find the Office of Consumer Advocate's Prehearing Memorandum, in the above-referenced proceeding.

Copies have been served upon all parties of record as shown on the attached Certificate of Service.

Respectfully Submitted,

A handwritten signature in cursive script that reads "Amy E. Hirkis".

Amy E. Hirkis  
Assistant Consumer Advocate  
PA Attorney I.D. # 310094

Enclosures

cc: Honorable Susan D. Colwell, ALJ  
Certificate of Service

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BEFORE THE  
PENNSYLVANIA PUBLIC UTILITY COMMISSION

Petition of PPL Electric Utilities Corporation :  
For Approval of its Act 129 Phase III : Docket No. M-2015-2515642  
Energy Efficiency and Conservation Plan :

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PREHEARING MEMORANDUM  
OF THE  
OFFICE OF CONSUMER ADVOCATE

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Pursuant to Section 333 of the Public Utility Code, 66 Pa. C.S. Section 333, and in response to the December 18, 2015 Prehearing Conference Order issued in the above-captioned matter, the Office of Consumer Advocate (OCA) provides the following information:

**I. Introduction**

On October 15, 2008, Act 129 of 2008 (Act 129 or the Act) was signed into law by Governor Edward G. Rendell. Act 129 made numerous amendments to Chapter 28 of the Public Utility Code and required the seven major electric distribution companies (EDCs) to file energy efficiency and conservation plans (EE&C Plans), which occurred in the summer of 2009. The Phase I Plans expired on May 31, 2013. Phase II of the EE&C Plans began on June 1, 2013 and will continue until May 31, 2016. The Commission has now established the requirements and process for Phase III of the EE&C Plans to operate from June 1, 2016 through May 31, 2021. Energy Efficiency and Conservation Program, Docket No. M-2014-2424864 (Order Entered June 19, 2015) (Phase III Implementation Order). This proceeding concerns the Phase III Plan filed by PPL Electric Utilities Corporation (PPL or Company).

The Phase III Implementation Order directed that each EDC meet a consumption reduction target and a demand response target. Phase III Implementation Order at 35. The Phase

III Implementation Order also established that 5.5% of the consumption reduction target must be met through the low-income customer sector programs and that 3.5% of the consumption reduction target must be met through the Government/Educational/Nonprofit (G/E/NP) sector programs. Phase III Implementation Order at 68-70 (low-income customer segment consumption reduction target), 74-76 (G/E/NP customer segment consumption reduction target).

The Total Resource Cost (TRC) test will continue to be used to evaluate each EDC's EE&C Plan. Phase III Implementation Order at 102, citing 66 Pa. C.S. § 2806.1(a)(3). Act 129 caps annual spending on the Plan at 2% of the EDC's total revenues for the calendar year 2006. 66 Pa. C.S. § 2806.1(g). The Act provides for full and current cost recovery of the Plan costs through an automatic adjustment rider, but it prohibits the recovery of lost revenues by the EDC through the automatic adjustment rider. 66 Pa. C.S. § 2806.1(k). The costs incurred are to be allocated to the classes that directly benefit from the program measures implemented, unless a system wide benefit can be shown.

Pursuant to Act 129 and the Phase III Implementation Order, PPL filed its Phase III EE&C Plan on November 30, 2015. Under the timeline set forth in the Phase III Implementation Order, the Commission is to approve or reject all or part of the Plan at a public meeting within 120 days of the filing. Phase III Implementation Order at 89-91.

## **II. Procedural History**

On November 30, 2015, PPL filed its Petition of PPL Electric Utilities Corporation for Approval of its Act 129 Phase III Energy Efficiency and Conservation Plan (Phase III Plan or Plan). PPL's Phase III Plan is designed to reduce total energy consumption by 1,582,985 MWh/yr. over the five years of the program and achieve a 115 MW peak demand reduction in the final four years of the program. Plan at 2, Table 2. The five-year cost of PPL's Phase III Plan is projected to be \$312.5 million. Plan at 163-166. With respect to residential customers,

PPL has proposed the following five residential customer energy efficiency programs: (1) Appliance Recycling; (2) Efficient Lighting; (3) Energy Efficient Home; (4) Student Energy Efficient Education; and (5) Home Energy Education. Plan at 1, Table 1. The Plan also includes two residential low-income programs: (1) Low-Income WRAP, and (2) Energy Efficiency Kits and Education. *Id.* PPL's filing was assigned to the Office of Administrative Law Judge and further assigned to Administrative Law Judge Susan D. Colwell for investigation. On December 18, 2015, ALJ Colwell issued a Prehearing Conference Order. On January 5, 2016, the Prehearing Conference will be held in Harrisburg.

On December 10, 2015, the OCA filed a Notice of Intervention and Public Statement in this proceeding.

On January 4, 2016, the OCA will file Comments in accordance with the Phase III Implementation Order and the directive included in the publication of the filing in the *Pennsylvania Bulletin*.

### **III. Issues and Sub-issues**

Based upon a preliminary analysis of PPL's Phase III Plan and participation in the stakeholder meetings, the OCA has compiled a list of issues and sub-issues that it anticipates will be included in its investigation of the filings. It is anticipated that other issues may arise and may be pursued during the course of these proceedings.

The following list sets forth the issues at this time that the OCA anticipates it will examine:

(1) Whether the proposed energy conservation plan and the individual program design meets the requirements of Section 2806.1 of the Code and the Commission's Phase III Implementation Order;

(2) Whether the portfolio of programs proposed is reasonably balanced and whether the programs are equitably distributed across rate classes;

(3) Whether the Plan is reasonable and meets the requirements of Section 2806.1 and the Phase III Implementation Order for low-income and Government/Nonprofit/Educational customers;

(4) Whether the treatment of multifamily housing buildings through a mix of residential and commercial programs, as opposed to a program that exclusively targets multifamily housing sector, is reasonable;

(5) Whether the design of the proposed demand response program measures are reasonable and appropriately meet the requirements of the Phase III Implementation Order's identified demand response targets;

(6) Whether the proposed cost recovery mechanisms, including the proposed budgets, are reasonable;

(7) Whether the proposed program measures, including the cost-effectiveness of the Plan, are reasonable as measured by the Total Resource Cost (TRC) test; and

(8) Whether the proposed measurement and verification and evaluation plan is appropriate and reasonable.

The OCA reserves the right to raise additional issues as may be necessary.

#### **IV. Witnesses**

The OCA intends to present the direct testimony of the following witnesses in this proceeding. In order to expedite the resolution of this proceeding, the OCA requests that copies of all interrogatories, comments and answers to interrogatories be mailed directly to the expert witnesses as well as to counsel for the OCA.

EE&C Plans and Cost Recovery

Christina Mudd  
Stacy Sherwood  
Exeter Associates, Inc.  
10480 Little Patuxent Parkway  
Columbia, MD 21044  
Telephone: 410-992-7500  
E-mail: [cmudd@exeterassociates.com](mailto:cmudd@exeterassociates.com)  
[ssherwood@exeterassociates.com](mailto:ssherwood@exeterassociates.com)

Low-Income/Multifamily Aspects of EE&C Plan

Roger D. Colton  
Fisher, Sheehan and Colton  
34 Warwick Road  
Belmont, MA 02478  
Telephone: (617) 484-0597  
Facsimile: (617) 484-0594  
E-mail: [roger@fsconline.com](mailto:roger@fsconline.com)

The OCA specifically reserves the right to call additional witnesses, as necessary. As soon as the OCA has determined if an additional witness or witnesses will be necessary for any portion of its case, all parties of record will be notified.

**V. Service on the OCA**

The OCA will be represented in this case by Assistant Consumer Advocate Amy E. Hirakis and Senior Assistant Consumer Advocate Darryl A. Lawrence. Two copies of all documents should be served on the OCA as follows:

Amy E. Hirakis  
Assistant Consumer Advocate  
Darryl A. Lawrence  
Senior Assistant Consumer Advocate  
Office of Consumer Advocate  
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[dlawrence@paoca.org](mailto:dlawrence@paoca.org)

**VI. Discovery**

To date, the OCA has issued three sets of formal interrogatories. The Company has agreed to provide responses to interrogatories within ten (10) calendar days of service in exchange for the parties agreeing to its proposed procedural schedule. The OCA appreciates PPL's willingness to provide Answers to interrogatories within ten days of service, and the OCA is willing to provide this same courtesy to the parties in this proceeding in order to adequately develop a record on these issues in the limited timeframe for this proceeding. As such, the OCA requests that a formal modification to the Commission's procedural rule be made to require that Answers to written interrogatories shall be served in-hand within ten (10) calendar days of service. The OCA further requests that this modification be retroactive so that it applies to all discovery issued prior to the prehearing conference, to reflect PPL's agreement to answer interrogatories within ten days.

**VII. Schedule**

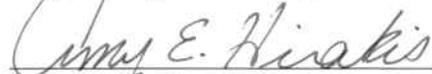
The OCA is agreeable to the Company's proposed procedural schedule, which is as follows:

|                               |                   |
|-------------------------------|-------------------|
| Intervenor Direct testimony   | January 12, 2016  |
| Settlement Discussion         | January 14, 2016  |
| Rebuttal Testimony            | January 25, 2016  |
| Evidentiary Hearing           | January 29, 2016  |
| Main Briefs due               | February 15, 2016 |
| Revised Comments/Revised plan | February 15, 2016 |
| Certification of the Record   | February 19, 2016 |

The OCA agrees to waive its right to file a Reply Brief only for the purposes of this Phase III Plan proceeding due to the expedited nature of this proceeding and the scheduling

difficulties that were presented by this proceeding. The OCA specifically does not waive its right to file a Reply Brief in any future EE&C Plan proceeding.

Respectfully Submitted,



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Acting Consumer Advocate

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January 4, 2016

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CERTIFICATE OF SERVICE

Petition of PPL Electric Utilities Corporation :  
for Approval of its Act 129 Phase III : Docket No. M-2015-2515642  
Energy Efficiency and Conservation Plan :

I hereby certify that I have this day served a true copy of the foregoing document, the Office of Consumer Advocate's Prehearing Memorandum, upon parties of record in this proceeding in accordance with the requirements of 52 Pa. Code Section 1.54 (relating to service by a participant), in the manner and upon the persons listed below:

Dated this 4th day of January 2016.

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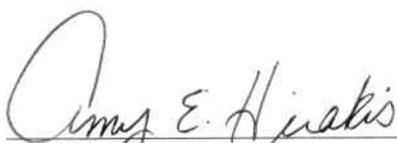
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