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February 16, 2016

Rosemary Chiavetta, Secretary
Pennsylvania Public Utility Commission
Commonwealth Keystone Building
400 North Street, 2nd Floor
Harrisburg, PA 17120

VIA ELECTRONIC FILING

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 for filing with the Pennsylvania Public Utility Commission the PP&L Industrial Customer Alliance's ("PPLICA") Statement in Support of Joint Petition for Approval of Partial Settlement in the above-referenced proceeding.

As evidenced by the attached Certificate of Service, all parties to the proceeding are being served with a copy of this document. Thank you.

Very truly yours,

McNEES WALLACE & NURICK LLC

By 
Adeolu A. Bakare

Counsel to the PP&L Industrial Customer Alliance

c: Administrative Law Judge Susan D. Colwell (via E-mail and First Class Mail)
Certificate of Service

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CERTIFICATE OF SERVICE

I hereby certify that I am this day serving a true copy of the foregoing document upon the participants listed below in accordance with the requirements of 52 Pa. Code Section 1.54 (relating to service by a participant).

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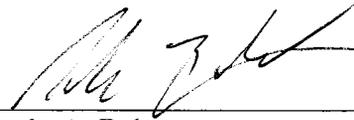
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Adeolu A. Bakare

Counsel to the PP&L Industrial Customer Alliance

Dated this 16th day of February, 2016, at Harrisburg, Pennsylvania

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

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

**PP&L INDUSTRIAL CUSTOMER ALLIANCE
STATEMENT IN SUPPORT OF
JOINT PETITION FOR APPROVAL OF PARTIAL SETTLEMENT**

The PP&L Industrial Customer Alliance (“PPLICA”), by and through its counsel, submits that the Joint Petition for Approval of Partial Settlement (“Joint Petition” or “Partial Settlement”), filed in the above-captioned proceeding, is in the public interest and represents a fair, just and reasonable resolution of PPL Electric Utilities Corporation’s (“PPL Electric” or “Company”) Petition for approval of its Act 129 Phase III Energy Efficiency and Conservation (“EE&C”) Plan (“Petition” or “Phase III EE&C Plan”). As a result of settlement discussions, PPL; PPLICA; the Office of Consumer Advocate (“OCA”); the Office of Small Business Advocate (“OSBA”); the Commission for Economic Opportunity (“CEO”); the Coalition for Affordable Utility Services and Energy Efficiency in Pennsylvania (“CAUSE-PA”); the Sustainable Energy Fund (“SEF”); Nest Labs, Inc. (“Nest”); and EnerNOC, Inc. (“EnerNOC”) (collectively, the “Joint Petitioners”), have agreed upon the terms embodied in the foregoing Partial Settlement.¹ PPLICA offers this Statement in Support to further demonstrate that the Partial Settlement is in the public interest and should be approved without modification.

I. BACKGROUND

On November 30, 2015, PPL filed with the Commission the aforementioned Petition. Specifically, the Petition outlined the Company’s proposal to address the requirements of Act

129, the Commission's Phase III Implementation Order entered on June 19, 2015, at Docket No. M-2014-2424864, and the PUC's Clarification Order entered on August 20, 2015, at Docket No. M-2014-2424864, through programs designed to achieve consumption reduction and peak demand reduction requirements.

On January 4, 2016, PPLICA filed a Petition to Intervene and Answer to the Company's Petition. PPLICA is an *ad hoc* association of energy-intensive commercial and industrial ("C&I") customers receiving electric service in PPL's service territory, primarily under Rate Schedules LP-4, LP-5 and IS-P, as well as available riders.² PPLICA members collectively consume approximately 1.35 billion kWh of electricity each year in manufacturing and other operational processes, and these electric costs are a significant element of their respective costs of operation. Any modification to PPL's electric rates may impact PPLICA members' cost of operations.

A Prehearing Conference was held on January 5, 2016, before Administrative Law Judge ("ALJ") Susan D. Colwell. A procedural schedule was established for discovery, written testimony, settlement discussions, and hearings.

On or about January 28, 2016, the Parties informed the ALJ that a settlement in principle had been reached on all issues except for the Total Resource Cost ("TRC") Test issues raised by PPLICA.

II. STATEMENT IN SUPPORT

6. The Commission has a strong policy favoring settlements. As set forth in the PUC's regulations, "[t]he Commission encourages parties to seek negotiated settlements of contested proceedings in lieu of incurring the time, expense and uncertainty of litigation." 52 Pa.

¹ The Retail Electric Supply Association ("RESA") has advised that it is not taking a position on the Partial Settlement. Wal-Mart Stores East and Sam's East, Inc. (collectively, "Walmart"), has advised that it does not oppose the Partial Settlement.

Code § 69.391; *see also* 52 Pa. Code § 5.231. Consistent with the Commission's Policy, the Joint Petitioners engaged in several negotiations to resolve the issues raised by various parties. These ongoing discussions produced the foregoing Partial Settlement.

7. The Joint Petitioners agree that approval of the proposed Partial Settlement is overwhelmingly in the best interest of the parties involved.

8. The Partial Settlement is in the public interest for the following reasons:

- a. As a result of the Partial Settlement, expenses incurred by the Joint Petitioners and the Commission for completing this proceeding will be substantially less than they would have been if the proceeding had been fully litigated.
- b. Uncertainties regarding further expenses associated with possible appeals from the Final Order of the Commission regarding the settled issues are avoided as a result of the Partial Settlement.
- c. The Partial Settlement results in terms and provisions that present a just and reasonable resolution of the Company's proposed Phase III EE&C Plan, with the notable exception of the TRC issues raised by PPLICA and reserved for further litigation.
- d. The Partial Settlement reflects compromises on all sides presented without prejudice to any position any Joint Petitioner may have advanced so far in this proceeding. Similarly, the Partial Settlement is presented without prejudice to any position any party may advance in future proceedings involving the Company.

9. In addition, the Partial Settlement satisfies specific concerns raised by PPLICA concerning PPL's Custom Program incentives, Demand Response ("DR") administration, and disclosure of DR administrative costs and customer incentives.

10. Regarding PPL's Custom Program incentives, the Partial Settlement provides an agreement by PPL to remove the "average" modifier from the incentive ranges in the Custom Program, *see* Partial Settlement, and a commitment by PPL to preserve consistency in the Custom Program's rebates and per-site caps, *see id.* ¶¶ 48-49. These terms add greater certainty to the incentives available to PPLICA members and other customers participating in PPL's

² Some PPLICA members also have accounts on Rate Schedules GS-1 and GS-3.

Custom Program. As originally filed, the Custom Program incentives would potentially allow PPL to issue refunds below or above the stated range provided that the average refund remained within the range. As modified by the Partial Settlement, PPL will issue only incentives for Custom measures within the stated range and will further seek to preserve as much consistency and fairness among Custom rebate levels as possible.

11. The Partial Settlement also resolves PPLICA's concerns related to PPL's DR Program by acknowledging that dual-enrolled customers may require coordination between the Act 129 DR Conservation Service Provider ("CSPs") and their PJM Curtailment Service Provider. This is important because many Large C&I customers already participate in PJM DR programs using PJM Curtailment Service Providers. Absent appropriate coordination, such customers could be prohibited from participating in PPL's DR program if the DR CSP selected by PPL is also a registered PJM Curtailment Service Provider, because PJM rules limit each customer to use of a single Curtailment Service Provider.

12. PPL also will report on the total amount of incentives paid to both single and dual-enrolled DR participants in each Final Phase III Annual Report. *see id.* ¶¶ 50-51. The provisions ensure that PPLICA members can participate in PPL's DR Program without compromising eligibility for PJM's DR programs and provides the public with more transparent information regarding PPL's administration of its DR Program and the ratio of CSP incentive costs to administrative costs.

13. Finally, the Partial Settlement permits allows PPLICA to pursue a Commission resolution of the unresolved TRC Test matters raised in PPLICA Statement No. 1.

14. PPLICA supports the Partial Settlement because it is in the public interest; however, in the event that the Partial Settlement is rejected by the ALJ or the Commission,

PPLICA will resume its litigation position, which may differ from the terms of the Partial Settlement.

11. As set forth above, PPLICA submits that the Partial Settlement is in the public interest and adheres to the Commission policies promoting negotiated settlements. The Partial Settlement was achieved after settlement discussions. While the Joint Petitioners have invested time and resources in the negotiation of the Partial Settlement, this process has allowed the parties, and the Commission, to avoid expending the substantial resources that would have been required to fully litigate this proceeding while still reaching a just, reasonable and non-discriminatory result. The Joint Petitioners have thus reached an amicable resolution to this dispute as embodied in the Partial Settlement. Approval of the Partial Settlement will permit the Commission and Joint Petitioners to avoid incurring the additional time, expense and uncertainty of further current litigation of issues in this proceeding. *See* 52 Pa. Code § 69.391.

III. CONCLUSION

WHEREFORE, the PP&L Industrial Customer Alliance respectfully requests that the Pennsylvania Public Utility Commission approve the Joint Petition for Approval of Partial Settlement submitted in this proceeding.

Respectfully submitted,

McNEES WALLACE & NURICK LLC

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