

COMMONWEALTH OF PENNSYLVANIA



OFFICE OF CONSUMER ADVOCATE

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March 7, 2016

Rosemary Chiavetta, Secretary
PA Public Utility Commission
Commonwealth Keystone Bldg.
400 North Street
Harrisburg, PA 17120

Re: Petition of PPL Electric Utilities Corporation
For Approval of a Default Service Program
And Procurement Plan for the Period
June 1, 2017 through May 31, 2021
Docket No. P-2016-2526627

Dear Secretary Chiavetta:

Attached for electronic filing please find the Office of Consumer Advocate's Prehearing Memorandum in the above-referenced proceeding.

Copies have been served per the attached Certificate of Service.

Respectfully submitted,

/s/ Brandon J. Pierce
Brandon J. Pierce
Assistant Consumer Advocate
PA Attorney I.D. #307665

Attachment

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

218059

BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION

Petition of PPL Electric Utilities Corporation :
For Approval of a Default Service Program : Docket Nos. P-2016-2526627
And Procurement Plan for the Period :
June 1, 2017 through May 31, 2021

PREHEARING MEMORANDUM
OF THE
OFFICE OF CONSUMER ADVOCATE

Pursuant to Section 333 of the Public Utility Code, 66 Pa.C.S. Section 333, and in response to the February 2, 2016 Prehearing Conference Order issued in the above-captioned matter, the Office of Consumer Advocate (OCA) provides the following information:

I. INTRODUCTION

On January 29, 2016, PPL Electric Utilities Corporation (PPL or the Company) filed a Petition (Petition) with the Pennsylvania Public Utility Commission (Commission) seeking approval of its default service program (DSP IV) and procurement plans for the period June 1, 2017 through May 31, 2021.

The Petition was assigned to the Office of Administrative Law Judge and was further assigned to Administrative Law Judge Susan D. Colwell for investigation and the scheduling of hearings. On February 2, 2016, ALJ Colwell issued a Prehearing Conference Order indicating that an Initial Prehearing Conference was scheduled for March 9, 2016. This Order also detailed the parties' obligations with respect to the Prehearing Conference.

On February 29, 2016, the OCA filed an Answer in response to the Company's Petition and its Notice of Intervention and Public Statement. The OCA submits this Prehearing Memorandum in accord with the Prehearing Conference Order in this matter.

II. ISSUES AND SUB-ISSUES

Based upon a preliminary analysis of the Company's Petition, the OCA has compiled a list of issues that it anticipates will be included in its investigation of the DSP. It is anticipated that other issues will arise and may be pursued as discovery proceeds.

The OCA has identified several issues that may require further review as follows:

- Default Service Products: The OCA will examine whether the type of load following product that the Company propose to solicit and the use of 50% six and 50% twelve-month contracts will provide the least cost over time for residential default service customers as required by the Commission's regulations and Act 129.
- Procurement Methodology: The OCA will examine the Company's proposed procurement method of acquiring all residential supply through biannual procurements occurring in April and October to ensure that the procurement methodology adopted in this proceeding is consistent with the Public Utility Code and is designed to provide the least cost reliable supply, taking into account price stability for customers over time.
- Supplier Master Agreement: The OCA will review the Company's supplier master agreement to ensure its compliance with the Public Utility Code and to ensure that such a plan does no harm to default service customers or the retail competitive market.
- AEPS: The Company has proposed to meet its AEPs requirements through a mix of procurement methodologies. The OCA will examine the Company's proposal to ensure that ratepayers continue to receive these services at just and reasonable rates.
- Rate Design: The Company proposes to maintain its GSC-1 rate design for residential default service with modifications. In particular, the Company proposes to continue to adjust the GSC-1 every six months to reflect the cost of the default service supply contracts in place for the upcoming six-month period. The OCA will examine the components, operation, and effects of the proposed design to ensure continued compliance with the Public Utility Code.

- Time of Use Rates: The Company proposes to continue to offer its current Time of Use (TOU) rate program to residential customers. The OCA will review the TOU proposal to ensure that it continues to meet the needs of ratepayers while maintaining compliance with existing law and the Commission's regulations.
- Standard Offer Referral Program: The Company proposes to continue to offer its current SOP to residential customers with limited modifications. The Company proposes to invoice EGSs monthly for the fee associates with referred customers, rather than on the current quarterly schedule. As part of its proposal to continue with the existing program, PPL further proposes to extend its current vendor at the same \$28 per referral cost through DSP IV. The OCA will examine the Standard Offer Referral Program and the costs that may arise from the continuation of such a referral program to ensure that such a program is still reasonable, cost-justified, and that the costs are allocated appropriately.
- CAP Shopping: PPL expresses concern over CAP shopping recommendations resulting from a collaborative held as part of the settlement in Company's last base rate proceeding and requests a statewide collaborative open to all interested stakeholders, or in the alternative a rulemaking proceeding to address these CAP shopping concerns. Petition at ¶ 120-122. The Company proposes in the interim to try to mitigate the impacts of CAP shopping by encouraging all OnTrack/CAP customers to participate in the SOP. Petition at ¶ 123. The OCA submits that this issue warrants further examination by the Commission prior to approving the Company's DSP IV.

III. WITNESSES

The OCA intends to present the direct, rebuttal, and surrebuttal testimony, as may be necessary, of its witnesses. The OCA's witnesses will present testimony in written form and will also attach various exhibits, documents, and explanatory information which will assist in the presentation of the OCA's case. In order to expedite the resolution of this proceeding, the OCA requests that copies of all interrogatories, testimony, and answers to interrogatories be mailed directly to the OCA's witnesses at the below addresses, as well as mailing a copy to counsel for the OCA.

Richard Hahn
Dr. Alvaro Pereira
Daymark Energy Advisors
One Washington Mall, 9th Fl.
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E-mail: rhahn@daymarkea.com
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Barbara Alexander
Consumer Affairs Consultant
83 Wedgewood Drive
Winthrop, ME 04364
E-mail: barbalex@ctel.net

The OCA specifically reserves the right to call additional witnesses, as necessary. As soon as the OCA has determined whether an additional witness or witnesses will be necessary for any portion of its case, the OCA will promptly notify Administrative Law Judge Colwell and all parties of record.

IV. SERVICE ON OCA

The OCA will be represented in this case by Senior Assistant Consumer Advocate Aron J. Beatty, and Assistant Consumer Advocates Christy M. Appleby, David T. Evrard, and Brandon J. Pierce. Two copies of all documents should be served on the OCA as follows:

Christy M. Appleby
Assistant Consumer Advocate
Office of Consumer Advocate
555 Walnut St., 5th Floor, Forum Place
Harrisburg, PA 17101-1923
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Email: cappleby@paoca.org

As a courtesy, the OCA requests that all electronic correspondence be additionally copied to David T. Evrard (devrard@paoca.org), Brandon J. Pierce (bpierce@paoca.org), Aron J. Beatty (abeatty@paoca.org) and Rebecca L. Nace (rnace@paoca.org).

V. DISCOVERY

Because the time period for discovery and preparation of testimony is limited, the OCA supports a shortened discovery response time in this proceeding, consistent with the

modifications approved in numerous other default service proceedings. The OCA, therefore, requests the following modifications to the discovery regulations:

- A. Answers to written interrogatories be served in-hand within ten (10) calendar days of service of the interrogatories.
- B. Objections to interrogatories be communicated orally within three (3) days of service; unresolved objections be served to the ALJ in writing within five (5) days of service of interrogatories.
- C. Motions to dismiss objections and/or direct the answering of interrogatories be filed within three (3) days of service of written objections.
- D. Answers to motions to dismiss objections and/or direct the answering of interrogatories be filed within three (3) days of service of such motions.
- E. Responses to requests for document production, entry for inspection, or other purposes be served in-hand within ten (10) calendar days.
- F. Requests for admission be deemed admitted unless answered within ten (10) days or objected to within five (5) days of service

VI. PROPOSED SCHEDULE

The OCA agrees to the schedule ALJ Colwell set forth in the Prehearing Conference Order

VII. PUBLIC INPUT HEARINGS

At present, the OCA has not received a request for a public input hearing. The OCA will promptly notify ALJ Colwell and request a public input hearing should circumstances warrant.

VIII. SETTLEMENT

At present, settlement discussions have not been scheduled. The OCA will participate fully in settlement negotiations at the appropriate time.

Respectfully Submitted,

/s/ Brandon J. Pierce
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Counsel for:
Tanya J. McCloskey
Acting Consumer Advocate

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Dated: March 7, 2016

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CERTIFICATE OF SERVICE

Petition of PPL Electric Utilities Corporation :
For Approval of a Default Service Program : Docket Nos. P-2016-2526627
And Procurement Plan for the Period :
June 1, 2017 through May 31, 2021

I hereby certify that I have this day served a true copy of the foregoing documents, 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 7th day of March 2016.

SERVICE BY HAND DELIVERY and FIRST CLASS MAIL

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400 North Street
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PPL Electric Utilities Corporation
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