

COMMONWEALTH OF PENNSYLVANIA



OFFICE OF CONSUMER ADVOCATE

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March 23, 2009

James J. McNulty  
Secretary  
Pennsylvania Public Utility Commission  
Commonwealth Keystone Building  
400 North Street  
Harrisburg, PA 17120

RE: Petition of PPL Electric Utilities  
Corporation for Approval to Offer  
Customers a Voluntary Alternative Energy  
Program and to Bank Alternative Energy  
Credits

Docket No. P-2008-2021398

Secretary McNulty:

Enclosed for filing are an original and one (1) copy of the Prehearing Memorandum of the Office of Consumer Advocate, in the above-referenced proceeding.

Copies have been served as indicated on the enclosed Certificate of Service.

Respectfully Submitted,

A handwritten signature in cursive script that reads "James A. Mullins".

James A. Mullins  
Assistant Consumer Advocate  
PA Attorney I.D. # 77066

Enclosures

cc: Honorable David A. Salapa

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BEFORE THE  
PENNSYLVANIA PUBLIC UTILITY COMMISSION

Petition of PPL Electric Utilities Corporation :  
for Approval to Offer Customers a Voluntary : Docket No. P-2008-2021398  
Alternative Energy Program and to Bank :  
Alternative Energy Credits :

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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. § 333, and in response to the February 25, 2009 Prehearing Conference Order issued in the above-captioned matter, the Office of Consumer Advocate (OCA) provides the following information:

**I. INTRODUCTION**

On January 23, 2008, PPL Electric Utility Corporation (PPL or Company) filed a Petition with the Commission for approval to: (1) offer its default service customers a voluntary alternative energy program (Program), whereby customers can support the development of alternative energy through purchases of alternative energy credits (AECs); and (2) bank Tier I and Tier II AECs for use after PPL's transition Cost Recovery Period expires on December 31, 2009. Petition at pp. 1-3. The Company proposes to offer its residential and small commercial and industrial (C & I) customers a voluntary program under which customers can purchase 100 kwh blocks of AECs to support the development of alternative energy. The AECs that the Company is offering will equal one megawatt hour of electricity from an alternative energy

source, in accord with the Alternative Energy Portfolio Standards Act (AEPS). These megawatts will be delivered to the PJM Interconnection, LLC (PJM). PPL has entered into a contract with Community Energy, Inc. (CEI) in order to obtain AECs for the voluntary Program. CEI also will be responsible for marketing the Program with support from PPL. The rate under the Program will be \$2.50 per 100 kwh block of AECs and blocks purchased under the Program will be retired by the Company, i.e., they will not be available for re-use by PPL or any other entity in order to comply with the AEPS Act.

With respect to the banking of AECs, PPL proposes to bank 220,000 Tier I AECs purchased from CEI (out of a total of 360,000 Tier 1 AECs to be purchased from CEI) and 54,000 Tier II AECs (generated from the Company's compact fluorescent bulb program). Petition at ¶¶ 36, 45-46. These credits will be used to comply with the AEPS Act after PPL Electric's Cost Recovery Period ends.

In order to implement the program, PPL has requested from the Commission waivers of various regulations in its Petition. Specifically, the Company is seeking waivers of Section 54.8 of the Commission's regulations (52 Pa. Code § 54.8) and Section 54.187(b) of the Commission's regulations (52 Pa. Code § 54.187(b)). Petition at ¶ 67. Additionally, the Company seeks waiver from any final AEPS regulations to the extent that such regulations are inconsistent with PPL's banking proposal. Petition at ¶ 71. PPL initially sought to offer the voluntary Program to customers beginning April 1, 2008.

The Petition was assigned to the Office of Administrative Law Judge and was further assigned to Administrative Law Judge David A. Salapa for investigation and the scheduling of hearings. On February 25, 2009, ALJ Salapa issued a Prehearing Conference

Order indicating that an Initial Prehearing Conference was scheduled for March 26, 2009. This Order also detailed the parties' obligations with respect to the Prehearing Conference.

The OCA filed an Answer to the Company's Petition and a Notice of Intervention and Public Statement on February 12, 2008. The OCA submits this Prehearing Memorandum in anticipation of the scheduled March 26, 2009 conference.

## **II. ISSUES AND SUB-ISSUES**

The OCA supports the continued development of alternative energy resources as a means of reducing our reliance on fossil fuels to meet our current and future demands for safe, reasonable and reliable electric service. The OCA also has generally supported proposals by other Pennsylvania Electric Distribution Companies (EDCs), including PECO and UGI to offer renewable products to their default service customers. As such, the OCA agrees with the general principles underlying the Company's Petition. The development of alternative energy resources and the ability of Pennsylvania EDCs to offer this type of service to customers will greatly benefit the Commonwealth. As a result, the OCA supports the major provisions of PPL's Petition and submits that they are beneficial to customers. However, the OCA submits that further clarification regarding certain other provisions of the Petition be addressed. Specifically, the OCA has identified the following issues that require review:

- Cost recovery mechanism: In its Petition, PPL Electric proposes to defer costs associated with banking AECs during its Cost Recovery Period as a regulatory asset to be fully recovered (with a 6% return on the unamortized balance) after the Cost Recovery Period ends. These costs would be recovered from June 1, 2010 through May 31, 2011. For banking costs incurred after the Cost Recovery Period, PPL Electric proposes to recover such costs on a "full and current basis". The OCA submits that additional clarification on the proposed cost recovery mechanism be provided.

- Waiver of Commission Regulations. PPL seeks waiver of 52 Pa. Code § 54.8. This Code provision deals with the privacy of customer information. Specifically, the regulation prohibits PPL Electric from releasing private customer information to a third party unless the customer has been notified and given a convenient method of notifying the Company of the customer's desire to restrict the release of the private information. The regulation specifically states that a customer may restrict the release of his telephone number and historical billing data. The OCA submits that approval of any such waiver needs to be carefully examined.

### **III. WITNESSES**

The OCA does not intend call any witnesses at this time. However, the OCA specifically reserves the right to call a witness (or witnesses), as necessary. As soon as the OCA has determined whether a witness or witnesses will be necessary for any portion of its case, the OCA will notify Administrative Law Judge Salapa and all parties of record. 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 counsel for the OCA.

### **IV. DISCOVERY**

The OCA has not yet undertaken any discovery in this proceeding, but may do so if deemed necessary.

### **V. PROPOSED SCHEDULE**

The OCA will work with the parties to develop a mutually acceptable schedule for this proceeding.

## **VI. SERVICE ON OCA**

The OCA will be represented in this case by James A. Mullins. Two copies of all documents should be served on the OCA as follows:

James A. Mullins  
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As a courtesy, the OCA requests that all electronic correspondence be copied to James A. Mullins ([jmullins@paoca.org](mailto:jmullins@paoca.org)) and Jessica J. Horner ([jhorner@paoca.org](mailto:jhorner@paoca.org))

## **VII. SETTLEMENT**

The OCA is willing to participate in settlement discussions.

### VIII. PUBLIC INPUT HEARINGS

At present, the OCA has not received a request for a public input hearing. The OCA will make prompt notification and request a public input hearing should circumstances warrant.

Respectfully Submitted,



James A. Mullins  
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Dated: March 26, 2009  
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CERTIFICATE OF SERVICE

Petition of PPL Electric Utilities :  
Corporation for Approval to Offer :  
Customers a Voluntary Alternative : Docket No. P-2008-2021398  
Energy Program and to Bank :  
Alternative Energy Credits :

I hereby certify that I have this day served a true copy of the foregoing document, Prehearing Memorandum of the Office of Consumer Advocate, 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 23<sup>rd</sup> day of March 2009.

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