

COMMONWEALTH OF PENNSYLVANIA



OFFICE OF CONSUMER ADVOCATE

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IRWINA. POPOWSKY  
Consumer Advocate

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August 17, 2010

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 a Default Service Program and  
Procurement Plan for the Period January 1, 2011  
through May 31, 2013 to Modify Its  
Procurement of Solar Alternative Energy Credits  
Docket No. P-2008-2060309

Dear Secretary Chiavetta:

Enclosed for filing is the Prehearing Memorandum of the Office of Consumer Advocate, in the above-referenced proceeding.

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

Respectfully Submitted,

A handwritten signature in cursive script that reads "Tanya J. McCloskey".

Tanya J. McCloskey  
Senior Assistant Consumer Advocate  
PA Attorney I.D. # 50044

Enclosures

cc: Honorable Susan D. Colwell

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BEFORE THE  
PENNSYLVANIA PUBLIC UTILITY COMMISSION

Petition of PPL Electric Utilities Corporation :  
for Approval of a Default Service Program :  
and Procurement Plan for the Period :  
January 1, 2011 through May 31, 2013 :                   Docket No.   P-2008-2060309  
to Modify Its Procurement of Solar :  
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, the Office of Consumer Advocate (OCA) provides the following information:

I.     BACKGROUND

On May 18, 2010, PPL Electric Utilities Corporation (PPL or Company) filed a Petition for Approval to Modify Its Procurement of Solar Alternative Energy Credits Under the Default Service Procurement Plan. Through this Petition, PPL seeks to amend its current Default Service Procurement Plan (DSP Plan) approved by the Commission on June 30, 2009 to change the method of acquiring Tier 1 solar alternative energy credits (SRECs) associated with the DSP Plan's fixed-price load following contracts. Under PPL's current DSP Plan, PPL agreed to undertake a series of competitive bid processes to obtain full requirements supply, spot market supply, block energy products, and alternative energy credits. Under the full requirements and spot market

procurements, each winning supplier must provide a proportional share of SRECs to fulfill PPL's Alternative Energy Portfolio Standards Act (AEPS Act) obligations. Petition, ¶ 7. PPL proposes to reduce, on a prospective basis, the portion of SRECs that full requirements suppliers must provide and instead, procure a portion of its SREC obligation pursuant to multi-year contracts. PPL makes this proposal in response to the goals of the Commission's proposed Solar Policy Statement to encourage the development of new Solar Photovoltaic projects.

PPL also proposes to modify its Generation Supply Charges (GSC-1 and GSC-2) to provide for the treatment of all costs and credits associated with the procurement of SRECs. The Company states that it will allocate the costs and credits between the residential and small commercial and industrial classes based on an annual ratio that reflects the forecast MWhs for the year for the classes.

The OCA filed an Answer to PPL's Petition on June 7, 2010. Answers were also filed on June 7, 2010 by the Office of Small Business Advocate (OSBA) and the Sustainable Energy Fund (SEF). On June 18, 2010, Community Energy submitted a Letter Request to be a Party of Record and on June 23, 2010, the PP&L Industrial Customer Alliance (PPLICA) submitted a Petition to Intervene.

By Order entered July 22, 2010, the Commission assigned the Petition to the Office of Administrative Law Judge for the development of an evidentiary record and the preparation of a Recommended Decision. The Commission's Order granted PPLICA's Petition to Intervene but denied the Letter Request of Community Energy for party status. This matter was further assigned to Administrative Law Judge Susan D. Colwell.

The OCA hereby files its prehearing memorandum in this matter.

## II. ISSUES AND SUB-ISSUES

Based upon a preliminary analysis of PPL's Petition filed on May 18, 2010, the OCA has compiled a list of issues which it anticipates will be included in its investigation of PPL's request. The following list sets forth the issues at this time that OCA anticipates it may raise:

- whether the quantity of SRECs that PPL proposes to purchase is reasonable and properly reflects anticipated default service loads over the term of the contracts;
- whether the minimum level of SRECs that can be offered by a bidder is appropriate and allows for the participation of both small and large scale projects;
- whether an appropriate process, including a market benchmarking report on the solar market, is in place for determination of the competitiveness of the market for SRECs to help evaluate the winning bids in the RFP.

The OCA anticipates that other issues may be identified through the course of discovery and other issues may be identified by other parties to the proceeding. The OCA reserves the right to address additional issues that may arise.

## III. WITNESSES

The OCA intends to present the direct, rebuttal, and surrebuttal testimony, as may be necessary, of an expert witness in this proceeding. The witness will present testimony in written form and will also attach various exhibits, documents, and explanatory information which will assist in the presentation of OCA's case. The OCA is in the process of retaining a witness for this proceeding and will notify Your Honor and the parties of the OCA witness as soon as this process is completed.

#### IV. SERVICE ON OCA

The OCA will be represented in this case by Senior Assistant Consumer Advocate Tanya J. McCloskey and Assistant Consumer Advocate Aron J. Beatty. Two copies of all documents should be served on the OCA as follows:

Tanya J. McCloskey  
Senior Assistant Consumer Advocate  
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As a courtesy, the OCA requests that all electronic correspondence be copied to Jessica J. Horner ([jhorner@paoca.org](mailto:jhorner@paoca.org)).

#### V. SCHEDULE

The OCA will work with the parties to develop a procedural schedule.

VI. SETTLEMENT

The OCA is willing to engage in settlement discussions to resolve this matter.

Respectfully Submitted,



Tanya J. McCloskey  
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Dated: August 17, 2010

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CERTIFICATE OF SERVICE

Petition of PPL Electric Utilities Corporation :  
for Approval of a Default Service Program : Docket No. P-2008-2060309  
and Procurement Plan for the Period :  
January 1, 2011 through May 31, 2013 :  
to Modify Its Procurement of Solar :  
Alternative Energy Credits :

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

Dated this 17<sup>th</sup> day of August 2010.

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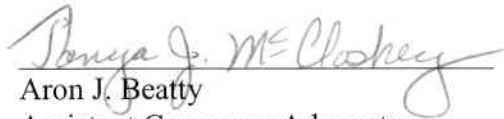
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