

COMMONWEALTH OF PENNSYLVANIA



OFFICE OF SMALL BUSINESS ADVOCATE

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November 17, 2010

HAND DELIVERED

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, 2014
Docket No. P-2008-2060309**

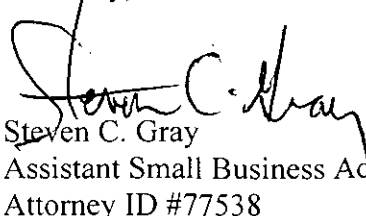
Dear Secretary Chiavetta:

I am delivering for filing today the original plus three copies of the Statement in Support of the Settlement Petition, on behalf of the Office of Small Business Advocate, in the above-captioned proceeding.

Two copies have been served today on all known parties in this proceeding. A Certificate of Service to that effect is enclosed.

If you have any questions, please do not hesitate to contact me.

Sincerely,


Steven C. Gray
Assistant Small Business Advocate
Attorney ID #77538

Enclosures

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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 : **Docket No. P-2008-2060309**
January 1, 2011 through May 31, 2014 :

**STATEMENT OF THE
OFFICE OF SMALL BUSINESS ADVOCATE
IN SUPPORT OF THE SETTLEMENT PETITION**

Introduction

The Small Business Advocate is authorized and directed to represent the interests of the small business consumers of utility services in the Commonwealth of Pennsylvania under the provisions of the Small Business Advocate Act, Act 181 of 1988, 73 P.S. §§ 399.41 - 399.50. Pursuant to that statutory authority, the Office of Small Business Advocate (“OSBA”) filed an intervention in the above-captioned proceeding. The OSBA also filed an answer to the Petition of PPL Electric Utilities Corporation (“PPL” or “Company”) for Approval to Modify Its Procurement of Solar Alternative Energy Credits Under the Default Service Procurement Plan (“*Petition*”). PPL filed its *Petition* with the Pennsylvania Public Utility Commission (“Commission”) on May 18, 2010.

The OSBA actively participated in the negotiations that led to the proposed settlement, and is a signatory to the Joint Petition for Partial Settlement (“*Partial Settlement*”). The OSBA submits this statement in support of the *Partial Settlement*.

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The Partial Settlement

The *Partial Settlement* sets forth a comprehensive list of issues that were resolved through the negotiation process. The following issue was of significance to the OSBA when it concluded that the *Partial Settlement* was in the best interests of PPL's small business customers.

Exemption of Small Commercial and Industrial ("Small C&I") Customers – In its

Answer to the *Petition*, the OSBA averred as follows:

Section 2807(e)(3.4)(ii) of the Public Utility Code, 66 Pa. C.S. §2807(e)(3.4)(ii), requires PPL to acquire electricity for its default service customers at '[t]he least cost to customers over time.' Section 2807(e)(3.5) of the Public Utility Code, 66 Pa. C.S. §2807(e)(3.5), subjects the acquisition of AECs [alternative energy credits], including solar AECs, to the competitive procurement requirements applicable to the acquisition of default service electricity. Therefore, PPL is not permitted to amend the previously-approved DSP [default service plan] to change the method for acquiring solar AECs unless PPL can prove that the resulting default service rates will be '[t]he least cost to [Small C&I] customers over time.'

Answer of the OSBA, at 3, Paragraph 3.

Furthermore, the OSBA observed:

As filed by PPL, the *Petition* does not make clear that the default service rates charged to Small C&I customers will include only the costs of the solar AECs required under the AEPSA for the default service electricity provided to Small C&I customers. Therefore, the *Petition*, as filed, does not provide an adequate basis for concluding that the default service rates charged to Small C&I customers will not subsidize the default service rates charged to any other customer classes.

Answer of the OSBA, at 2-3, Paragraph 6.

The OSBA concluded:

As filed by PPL, the *Petition* does not provide an adequate basis for concluding that the net effect will be default service rates for Small C&I customers which are no higher than the default service

rates for those customers if PPL simply follows the previously-approved DSP.

Answer of the OSBA, at 2, Paragraph 4.

The Partial Settlement addresses the OSBA's concerns regarding subsidization and excessive default service rates by simply exempting the Company's Small C&I customers from the changes proposed in the Petition. *Partial Settlement*, Paragraph 12a. Consequently, solar alternative energy credits ("AECs") for Small C&I customers will be acquired exactly as provided under the Commission-approved default service plan ("DSP"). PPL witness Douglas R. Stinner explained the Company's current plan for procuring solar AECs as follows:

Pursuant to its existing DSP Plan, PPL Electric undertakes a series of competitive bid processes to obtain full requirements default service supply, spot market default service supply, block energy default service supply, and Alternative Energy Credits ('AEC RFP'). Under the full requirements and spot market contracts, each successful bidder is required to provide a proportional share of AECs, including SRECs, to fulfill PPL Electric's AEPS Act obligations. The approved full requirements and spot market procurements obtain supplies for periods up to 26 months in length. In addition, the Company conducts block and AEC RFPs to acquire a portion of default supply solely for residential customers. The Company's block supplies do not include AECs as part of the supply provided, and AECs, including SRECs, must be purchased for that portion of supply through the AEC RFP.

PPL Statement No. 1, at 6.

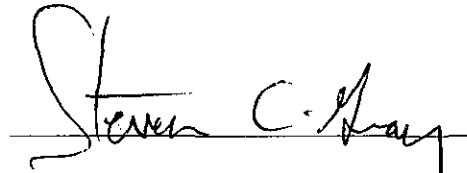
The OSBA supports the exemption of PPL's Small C&I customers as set forth in the *Partial Settlement*. The procurement of the solar AECs under the Company's current DSP is likely to result in default service rates that are "[t]he least cost to [Small C&I] customers over time," as required by Act 129 of 2008.

The OSBA takes no position in regards to any other issues set forth in the *Partial Settlement*.

Conclusion

For the reasons set forth in this statement, the OSBA supports the proposed *Partial Settlement* and respectfully requests that the ALJ and the Commission approve the *Partial Settlement* in its entirety.

Respectfully submitted,

A handwritten signature in black ink that reads "Steven C. Gray". The signature is written over a horizontal line.

Steven C. Gray
Assistant Small Business Advocate
Attorney ID No. 77538

For:

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Attorney ID No. 16452

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Dated: November 17, 2010

**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 : **Docket No. P-2008-2060309**
January 1, 2011 through May 31, 2014 :

CERTIFICATE OF SERVICE

I certify that I am serving two copies of the Statement in Support of the Settlement Petition, on behalf of the Office of Small Business Advocate, by e-mail and first-class mail (unless otherwise indicated) upon the persons addressed below:

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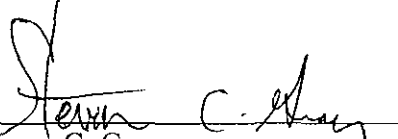
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