COMMONWEALTH OF PENNSYLVANIA

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December 3, 2010

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

RE: PPL Electric Utilities Corporation Energy Efficiency and Conservation Plan
Docket No. M-2009-2093216

Dear Secretary Chiavetta:

Enclosed for filing is the Reply Brief 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,

James A. Mullins
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Enclosures
cc: Honorable Dennis J. Buckley
Honorable Elizabeth H. Barnes

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BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION

PPL Electric Utilities Corporation Energy Efficiency and Conservation Plan	: :	Docket No. M-2009-2093216

REPLY BRIEF OF THE
OFFICE OF CONSUMER ADVOCATE

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Dated: December 3, 2010

I. INTRODUCTION

On July 1, 2009, PPL Electric Utilities Corporation (PPL or Company) filed its Energy Efficiency and Conservation (EE&C) Plan with the Commission. The proposed EE&C Plan consisted of 14 voluntary programs for customers and described an extensive portfolio of energy-efficiency, conservation, and peak load reduction measures, programs, and education. On October 26, 2009, the Pennsylvania Public Utility Commission entered an Order approving of the Company's EE&C Plan (with modifications).

On September 15, 2010, PPL filed a Petition with the Commission seeking approval of two modifications to the Company's PUC-approved EE&C Plan: (1) a change to PPL's Compact Fluorescent Lighting (CFL) Program and (2) a change to the classification of direct and common costs. Various parties submitted pleadings in response to this Petition and, on November 17, 2010, a technical hearing was held to address substantive issues emanating from the Petition. Pursuant to the schedule adopted, Main Briefs were filed in this proceeding by PPL, PPL Industrial Customer Alliance (PPLICA), Constellation NewEnergy, and the Pennsylvania Department of Environmental Protection on November 30, 2010. The OCA now files this Reply Brief in response to certain arguments contained in the Main Brief of PPLICA.

II. REPLY ARGUMENT

A. Introduction

As set forth in the Direct Testimony of PPL witness Peter D. Cleff, the Company's amended filing to its EE&C Plan includes projected peak load reductions in the Load Curtailment Program which have been increased from 100 MW to 150 MW based on bids from Conservation Service Providers (CSPs). PPL St. No. 5 at 28. Mr. Cleff further states that the increased peak load reductions can be achieved within the original budget of the Load Curtailment Program, while still providing more benefits to customers and a margin for compliance if other conservation programs do not achieve their projected peak load reductions. Id. The Company's rationale for this increase is that, without the increased peak load reductions from the Load Curtailment Program, the Company will run the risk of being unable to comply with its peak load reduction targets due to projected shortfalls in other programs, *e.g.*, PPL's time-of-use program. PPL St. No. 5 at 29. In its Main Brief, PPLICA argues that this program change will decrease EE&C Plan costs for the residential class while increasing costs for the Large C&I class. PPLICA M.B. at 11. As explained below, however, the OCA submits that this assertion by PPLICA is incorrect.

B. PPL's Proposal To Increase Its Peak Load Reduction Target From 100 MW To 150 MW Will Neither Benefit The Residential Class Nor Harm The C&I Class.

In its Main Brief, PPLICA states that:

> The undeniable result of increasing the peak load reduction target for the Load Curtailment Program by 50 MW and adjusting the assumptions for the TOU program will decrease EE&C Plan costs for the residential class and increase costs for the Large C&I class.

PPLICA M.B. at 11. PPLICA reaches this conclusion by assuming that the proposed implementation will impact the cost allocation between the residential class and the C&I class. Specifically, PPLICA states that:

> [A]s a result of the updated TOU assumptions, residential class EE&C costs will be lowered and, as a result of the additional 50 MW in the Load Curtailment Program, Large C&I customers will be subject to an additional $3 million in costs that would not be needed if the incremental 50 MW were not added.

Id. at 14. However, the Company's proposed change will not result in such cost-shifting. PPLICA is confusing program savings with cost assignment to customer classes. In a nutshell, PPL has not proposed to reduce overall costs assigned to the residential class from the level in its original EE&C Plan.[1] Nor has PPL proposed to increase overall costs assigned to the Large C&I class from the level in its original EE&C Plan. The Company still proposes to spend the same budgeted amount of costs for its residential programs—it will just achieve a lower level of savings from these programs.[2]

PPL was able to achieve its initial Load Control Program savings goals at a lower cost than the anticipated spending amount. The difference in the cost of achieving 100 MW and 150 MW of load curtailment is approximately $3 million. PPL St. No. 5 at 30. But, contrary to PPLICA's conclusion, Large C&I customers will not be subject to $3 million in *additional* costs above the level originally assigned to them. Rather, PPL's proposal is to utilize the originally assigned budget for the Large C&I class to provide additional program benefits to those customers and achieve necessary peak demand reductions within the budgeted amount.

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[1] Actually, the Company is now proposing to allocate all Compact Florescent Light Program sales, savings, and costs to the residential customer sector instead of maintaining the original allocation of 5% to the small C&I sector.

[2] Table 135 of PPL Exhibit PDC-2 (black line of changes to PPL's EE&C Plan) reflects an increase to total residential class costs due to the change to the classification of direct and common costs.

PPL's proposal to increase its peak load reduction targets for the Load Curtailment program is not intended to reduce the residential class charges from the original EE&C Plan. These costs actually increase due to the change to the classification of direct and common costs and the further assignment of the costs of the CFL program to the residential class. PPL's modification does not result in cost-shifting between customer classes as PPLICA asserts.[3] Neither the filed testimony of Mr. Cleff, nor his testimony at the November 17, 2010 technical hearing, indicate that PPL intends to decrease overall EE&C Plan costs assigned to the residential class.

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[3] PPLICA cites to a response of PPL witness Cleff to support the proposition that the residential class costs would be reduced if additional peak load reduction was obtained from the Large C&I class. PPLICA M.B. at 11 (citing transcript at p. 46). The question to which Mr. Cleff was responding, however, did not get to the point of the total costs assigned to the residential class, which--at a minimum-- remain at the original EE&C Plan levels.

III. CONCLUSION

WHEREFORE, the Office of Consumer Advocate respectfully submits that PPLICA's objection be rejected and that PPL's revised EE&C Plan be approved as filed.

Respectfully Submitted,

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DATED: December 3, 2010
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CERTIFICATE OF SERVICE

PPL Electric Utilities Corporation Energy Efficiency and Conservation Plan	: :	Docket No. M-2009-2093216

I hereby certify that I have this day served a true copy of the foregoing document, Reply Brief 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 3rd day of December 2010.

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