

COMMONWEALTH OF PENNSYLVANIA



OFFICE OF CONSUMER ADVOCATE

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Consumer Advocate

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December 6, 2011

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

RE: Pennsylvania Public Utility Commission  
v.  
PPL Electric Utilities Corporation  
Time of Use Rates  
Docket No. R-2011-2264771

Dear Secretary Chiavetta:

Enclosed please find the Office of Consumer Advocate's Prehearing Memorandum in the above-referenced proceeding.

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

Respectfully Submitted,

A handwritten signature in black ink, appearing to read "Aron J. Beatty".

Aron J. Beatty  
Assistant Consumer Advocate  
PA Attorney I.D. # 86625

Enclosure

cc: Honorable Susan D. Colwell  
Certificate of Service

149540

BEFORE THE  
PENNSYLVANIA PUBLIC UTILITY COMMISSION

Pennsylvania Public Utility	:		
Commission	:		
v.	:		
PPL Electric Utilities Corporation	:	Docket No.	R-2011-2264771
(Time Of Use Filing)	:		C-2011-2267808
	:		C-2011-2268983

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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 November 28, 2011 prehearing conference Notice issued in the above-captioned matter, the Office of Consumer Advocate (OCA) provides the following information:

**I. INTRODUCTION**

On September 26, 2011, PPL Electric Utilities Corporation (PPL or Company) filed its Supplement No. 110 to PPL Electric Utilities Corporation's Tariff Electric – Pa. P.U.C. No. 201. Supplement No. 110 was filed pursuant to the Pennsylvania Public Utility Commission's August 25, 2011 Order at Docket No. M-2011-2258733. In its Order, the Commission directed the Company to submit proposed revisions to its existing Time of Use rate program. In response, the Company filed Supplement No. 110 and proposes that it become effective 30 days after it is approved or on March 1, 2012, whichever is later. PPL intends to implement modifications to its optional time of use (TOU) default service generation rates for residential and small commercial customers.

On October 18, 2011, the OCA filed a Formal Complaint against the Company's TOU filing as found in Supplement No. 110. The Office of Small Business Advocate has also filed a Formal Complaint in this matter. The Bureau of Investigation and Enforcement filed a Notice of Appearance. Eric Epstein, Dominion Retail Inc. and the Sustainable Energy Fund of Central Eastern Pennsylvania filed Petitions to Intervene.

On November 11, 2011, the Commission entered an Order in this docket suspending operation of the Company's TOU filing until September 1, 2012. The Commission ordered an investigation to determine the lawfulness, justness, and reasonableness of the rates, rules, and regulations contained in the proposed Supplement No. 110 to Tariff Electric Pa. P.U.C. No. 201.

The matter was assigned to the Office of Administrative Law Judge. The proceeding was further assigned to Administrative Law Judge Susan D. Colwell for investigation and the scheduling of hearings. On November 28, 2011, a prehearing conference Notice was issued by the Commission. The OCA submits this Prehearing Memorandum in accordance with the prehearing conference Notice and in anticipation of the scheduled December 9th conference.

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

The OCA supports the development of voluntary Time of Use rates consistent with the requirements of Act 129 of 2008 in order to reduce peak demands, reduce generation costs, and provide certain energy efficiency benefits. The Company's tariff filing would significantly modify the existing TOU program. The OCA anticipates that it will address at least the following issues through the course of the Complaint proceeding:

- The Company has proposed a TOU percentage premium methodology for residential customers taking TOU service where a premium is either added or a discount applied to

the fixed default service rate depending on whether it is the on-peak or off-peak period. At today's rates, the proposed methodology would produce on-peak generation rates of 10.095 cents/kWh. Using the Company's proposed TOU percentage discount methodology for off-peak service, residential customers would pay 7.990 cents/kWh. These rates were developed by PPL for illustrative purposes using the current Price to Compare of 8.411 cents/kWh. Statement of Reasons at 11. The TOU rates would change quarterly to reflect changes to the Price to Compare, however the percentage of the on-peak premium and off-peak discount would remain constant. The OCA submits that this methodology and the percentage of the on-peak premium and off-peak discount must be reviewed to ensure that they are appropriate and properly designed to achieve the stated objectives;

- The Company has modified the residential on and off-peak hours from those contained in their current TOU program. Under the Company's existing program, summer on-peak hours are from 1pm to 6pm, while non summer on-peak hours are from 5pm to 7pm. Under the new proposal, the Company would eliminate the seasonal distinction for residential customers. As a result, residential customers would have on-peak hours from 12pm to 7pm year round. Statement of Reasons at 8. The OCA submits that this program change must be thoroughly examined;
- The Company's proposal will require significant consumer education. The OCA is concerned that the educational materials provided to customers must clearly explain to residential customers the implications of taking service under the proposed rates. The OCA submits that consumer education is of paramount importance given the magnitude of the on-peak premiums and the OCA will review this issue in the proceeding.

The OCA reserves the right to raise additional issues if necessary.

### **III. WITNESSES**

The OCA intends to present the direct, rebuttal, and surrebuttal testimony, as may be necessary, of Richard Hahn. Mr. Hahn 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 provided directly to the OCA's witness at the below address, as well as to counsel for the OCA.

Richard Hahn  
La Capra Associates  
One Washington Mall, 9<sup>th</sup> Floor  
Boston, MA 02108  
617-778-5515  
617 778-5528 (fax)  
E-mail: [rhahn@lacapra.com](mailto:rhahn@lacapra.com)

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 notify Administrative Law Judge Colwell and all parties of record.

### **IV. DISCOVERY**

Because the time period for discovery and preparation of testimony is limited, the OCA supports a shortened discovery response time in this proceeding. 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
- G. Answers to on-the-record data requests be served in-hand within seven (7) calendar days of the request.

**V. PROPOSED SCHEDULE**

The OCA will work with all of the parties to develop a mutually agreeable procedural schedule.

**VI. SERVICE ON OCA**

The OCA will be represented in this case by Aron J. Beatty. Two copies of all documents should be served on the OCA as follows:

Aron J. Beatty  
Assistant Consumer Advocate  
Office of Consumer Advocate  
555 Walnut St., 5<sup>th</sup> Floor, Forum Place  
Harrisburg, PA 17101-1923  
Telephone: (717) 783-5048  
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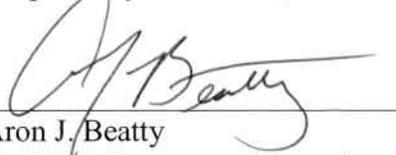
## VII. SETTLEMENT

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,



Aron J. Beatty  
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Consumer Advocate

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Dated: December 6, 2011  
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CERTIFICATE OF SERVICE

Pennsylvania Public Utility Commission :  
 :  
 v. : Docket No. R-2011-2264771  
 :  
 PPL Electric Utilities Corporation :  
 2012 Time-of-Use Rates :

I hereby certify that I have this day served a true copy of the foregoing document, 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 6<sup>th</sup> day of December 2011.

SERVICE BY E-MAIL and INTEROFFICE MAIL

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