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April 11, 2012

Rosemary Chiavetta
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**RE: Pennsylvania Public Utility Commission v. PPL Electric Utilities Corporation
Docket Nos. R-2011-2264771, C-2011-2267808 and C-2011-2268983**

Dear Secretary Chiavetta:

Enclosed please find the Reply Brief of PPL Electric Utilities Corporation in the above-referenced proceeding. Copies will be provided as indicated on the Certificate of Service.

Respectfully Submitted,

A handwritten signature in black ink, appearing to read 'Anthony D. Kanagy', is written over a large, faint circular watermark or stamp.

Anthony D. Kanagy

ADK/skr

Enclosure

cc: Certificate of Service
Honorable Susan D. Colwell

CERTIFICATE OF SERVICE

I hereby certify that a true and correct copy of the foregoing has been served upon the following persons, in the manner indicated, in accordance with the requirements of 52 Pa. Code § 1.54 (relating to service by a participant).

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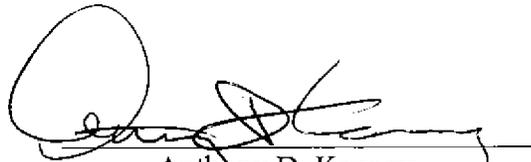
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**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

Pennsylvania Public Utility Commission	:	
	:	Docket Nos. R-2011-2264771
v.	:	C-2011-2267808
	:	C-2011-2268983
PPL Electric Utilities Corporation	:	

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I. INTRODUCTION AND BACKGROUND

On March 21, 2012, PPL Electric Utilities Corporation (“PPL Electric” or the “Company”) filed its Main Brief pursuant to the schedule established by Administrative Law Judge Susan D. Colwell (the “ALJ”). Therein, PPL Electric explained its positions on the various issues pending before the Pennsylvania Public Utility Commission (“Commission”) in this proceeding. In so doing, PPL Electric anticipated and, as a practical matter, responded to many of the arguments raised in the Main Briefs filed by the Bureau of Investigation and Enforcement (“I&E”), Office of Consumer Advocate (“OCA”), Office of Small Business Advocate (“OSBA”), Dominion Retail, Inc. d/b/a Dominion Energy Solutions (“Dominion”), Sustainable Energy Fund (“SEF”), and Eric Epstein (“Mr. Epstein”). Nevertheless, it is appropriate for PPL Electric to respond to certain contentions advanced by these parties in their Main Briefs.

In this proceeding, PPL Electric seeks to modify its Time-Of-Use (“TOU”) program. The Company proposes to implement a new TOU program for residential and small commercial and industrial (“small C&I”) customers. Under the proposed TOU program, customers will pay a percentage charge or premium over the fixed price default service rate in on-peak periods and will receive a percentage discount off of the fixed price default service rate in off-peak periods. This methodology maintains the appropriate relationship between the TOU default service rate option and the fixed price default service rate option, is similar to successful TOU rate programs offered by other EDCs, and should provide the appropriate incentive for customers to shift load from on-peak to off-peak periods. It also is consistent with the methodology employed by other Pennsylvania EDCs.

In its Main Brief, I&E did not address the design of the proposed TOU program. I&E’s brief focused on whether TOU service is default service, and whether PPL Electric’s prior period

TOU undercollections could be recovered from all default service customers. I&E maintains that TOU service is not default service, and that PPL Electric should only be allowed to recover TOU undercollections from those customers who take TOU service.

The OCA supports redesigning the TOU program so that TOU default service rates are based on the fixed price default service option, with a premium/discount adjustment for on-peak and off-peak use. The OCA disagrees with PPL Electric's proposed on and off peak periods, as well as the Company's proposed premiums/discounts, and offers alternative periods and rates. Finally, the OCA maintains that the Commission should not address the prior period TOU undercollection in this proceeding.

The OSBA supports redesigning the TOU program; however, it does not support using different on and off peak periods for residential and small C&I customers. OSBA proposes that the Company offer real time rates for small C&I customers. In the alternative, the OSBA recommends that the existing TOU program remain in place for small C&I customers, adjusted only for the reconciliation issue. The OSBA agrees that TOU service has been treated by the Commission as default service, and supports PPL Electric's proposal to recover its TOU undercollections from all default service customers.

Dominion generally supports the design of PPL Electric's proposed TOU program. Dominion, like the OCA, proposes that the Commission not address the recovery of TOU prior period undercollections in this proceeding. However, Dominion states that if the Commission does address the issue of the undercollection, and it is not possible to recover the undercollection from TOU customers, then PPL Electric should recover the undercollection from all default service customers and not from shopping customers.

SEF generally opposes PPL Electric's TOU program. SEF argues that the on and off peak hours and rate design proposed by PPL Electric are inappropriate, and advocates that the Company bid out the TOU program to a third party.

Mr. Epstein also generally opposes PPL Electric's TOU program. His Main Brief does not address on and off-peak hours and rate designs, but more generally argues that the design does not encourage customer participation, and that the program design should reflect lessons learned and best practices.

For the reasons that follow, as well as those more fully explained in PPL Electric's Main Brief, the ALJ and the Commission should reject the parties' opposition to PPL Electric's proposals, approve the Company's TOU program and allow PPL Electric to fully recover its prior period TOU undercollections.

II. SUMMARY OF ARGUMENT

PPL Electric has proposed a reasonable, well-balanced TOU program that considers a number of competing interests, including, incentives to encourage customers to shift usage to off-peak periods, interaction of the TOU rate option with the fixed price rate option, selection of on-peak and off-peak periods designed to encourage customer participation, selection of on-peak and off-peak prices designed to encourage customer participation, simplistic design for customer convenience, reduction of the number of free riders or customers that can elect the TOU program and save money without shifting usage, cost recovery and the effect of the TOU program on competition.

Certain parties in this proceeding, the OCA and OSBA, have proposed modifications to the TOU program which disrupt the balance that the Company has achieved. For example the OCA proposes to modify the on-peak and off-peak periods and modify the Company's proposed pricing structure. These changes will negatively impact customer convenience, likely discourage

participation and create more potential for free riders. Similarly, the OSBA recommends developing different seasonal on-peak and off-peak periods, as well as a revised pricing methodology. The OSBA's proposed changes also would be inconvenient for customers, discourage participation and create the potential for more free riders.

Other parties in this proceeding, SEF and Mr. Epstein, strongly criticize the Company's proposed TOU program without providing any specific proposals of their own and without providing any actual evidence to support their proposals. PPL Electric recognizes that it has the burden of proof in this proceeding, and has presented substantial evidence to support its positions. However, SEF, in particular, misconstrues the law regarding the burden of proof to mean that SEF can criticize the Company's proposals, put forth no evidence to support its case and have its proposals adopted. This clearly is not the case. SEF and other parties must present evidence to support their positions, and SEF has failed to do so in this proceeding.

In this proceeding, OSBA, SEF and Mr. Epstein have argued that the Company should bid out its TOU generation supply requirements to a third party. The Company has explained that this would be inconsistent with the generation procurement provisions of its existing default service contracts, and also has explained that it is considering whether to bid out TOU generation supply under its next default service plan. This is a reasonable approach. Moreover, OSBA, SEF and Mr. Epstein have not provided any specific criteria for bidding out TOU generation supply. PPL Electric cannot conduct an RFP with undefined terms. Further, there is insufficient time for PPL Electric to file a petition with a detailed process for conducting the RFP, litigate the proposal, obtain Commission approval for its proposal, conduct the RFP, and implement the new TOU program prior to filing its next default service plan, which will become effective on June 1, 2013.

Another important issue in this proceeding is whether a TOU rate option is default service. Despite the fact that default service providers (“DSPs”) must offer a TOU program under Act 129, despite default service being defined by the Act as service to customers that do not choose to shop with an EGS, and despite the fact that a TOU program clearly is not distribution or generation service, I&E continues to argue that PPL Electric’s TOU rate option is not default service. I&E’s argument is contrary to the statute and cannot be accepted.¹

In this proceeding, PPL Electric has proposed an alternative method for recovering its prior period TOU undercollections in the event the Commission does not approve the Company’s proposed Competitive Transaction Rider (“CTR”) at Docket No. P-2011-2256365. Certain parties, including the OCA and Dominion, argue that it is premature for the Commission to decide this issue in this proceeding. PPL Electric disagrees with these parties’ contentions. As noted in testimony in this proceeding, PPL Electric’s request is an alternative proposal in the event that the Company is not permitted to recover its prior period TOU undercollection through the RR or CTR. It is possible that the Commission could disapprove the RR and/or CTR as cost recovery mechanisms. However, this disapproval would not necessarily preclude recovery of prior period TOU undercollections through a separate mechanism.² As explained in this proceeding, PPL Electric’s TOU costs are reasonable and PPL Electric is authorized by statute and prior Commission Order to recover its TOU undercollections. Therefore, PPL Electric’s

¹ Further, PPL Electric notes that the Commission recently issued a Recommended Decisions by the ALJ on April 4, 2012, which found that TOU is a default service program. *Petition of PPL Electric Utilities Corporation for Approval to Implement a Reconciliation Rider for Default Supply Service*, Docket No. P-2011-2256365 (Recommended Decision issued April 4, 2012)(“April 4 Recommended Decision”).

² In the April 4 Recommended Decision at Docket No. P-2011-2256365, the ALJ recommended that PPL Electric include its TOU undercollection amount in its Reconciliation Rider rates, consistent with the amount of the undercollection approved as reasonably incurred costs in this proceeding. April 4 Recommended Decision, p. 59. No party in this proceeding has presented any evidence whatsoever that any of PPL Electric’s TOU costs are or were unreasonable.

alternative proposal to recover its prior period TOU undercollections from all default service customers in this proceeding is reasonable.

PPL Electric has proposed a reasonable TOU program that balances many competing interests. For the reasons explained in the Company's testimony, Main Brief and Reply Brief, PPL Electric respectfully requests that the ALJ and the Commission approve the Company's proposed TOU program, and approve the Company's request to recover its prior period TOU undercollection from all default service customers.

III. ARGUMENT

The parties to this proceeding have taken a variety of positions regarding PPL Electric's proposed TOU plan. In its Main Brief, PPL Electric anticipated and already responded to many of the various contentions and arguments asserted by the parties. For the reasons set forth below, as well as those more fully explained in PPL Electric's Main Brief, the parties' opposition to PPL Electric's proposals should be rejected.³

A. BURDEN OF PROOF

PPL Electric agrees with the OCA and I&E that the initial burden of proving that its proposed TOU program is reasonable falls upon the utility.⁴ As explained in its Main Brief, PPL Electric has provided substantial evidence in this proceeding to meet that burden. In order to satisfy its burden, PPL Electric must prove its case by a preponderance of the evidence. *Samuel J. Lansberry, Inc. v. PA Public Utility Comm'n*, 578 A.2d 600 (Pa. Cmwlth.1990), *alloc. den.*, 529 A.2d 654, 602 A.2d 863 (1992). A preponderance of the evidence is established by presenting evidence that is more convincing, by even the smallest amount, than that presented by the other parties to the case. *Se-Ling Hosiery v. Margulies*, 364 Pa. 45, 70 A.2d 854 (1950).

³ In an effort to avoid repetition, PPL Electric will provide cross references to its Main Brief where matters and issues have been more fully explained.

⁴ See OCA Main Brief, p. 5; I&E Main Brief, p. 3.

Therefore, even though PPL Electric bears the burden of proof, other parties must present evidence to support their positions that is at least as convincing as the evidence submitted by PPL Electric. If a party presents no evidence to support its position, the party's position, by default, cannot be accepted because the party has not presented evidence that is as convincing as the evidence submitted by PPL Electric.

Certain parties in this proceeding, SEF and Mr. Epstein, have misconstrued the law with respect to the burden of proof to imply that they can criticize the Company's proposals, offer no evidence to support their positions and yet have their positions be accepted. As explained above, this is contrary to law and these parties' baseless arguments, made with no evidentiary support, cannot be accepted.⁵

In particular, SEF:

- Criticized the Company for not analyzing its TOU programs, but did not present any analysis of its own.⁶
- Criticized the Company's on-peak and off-peak periods, but did not present any alternative on-peak and off-peak periods.⁷
- Argued that the Company's TOU programs should be replaced with a market based TOU program administered by a third party, but did not present any evidence regarding what would constitute a "market based" program.⁸

SEF's arguments are not supported by any evidence and, therefore, cannot be accepted.

Likewise, Mr. Epstein:

⁵ PPL Electric agrees with the parties that the burden of proving that its proposed TOU program is reasonable does not shift. However, PPL Electric would note that the case cited by SEF in support of this proposition does not address that issue. *See* SEF Main Brief, p. 5.

⁶ *See* SEF Main Brief, pp. 7-9. As explained in the Company's Main Brief at pages 31 to 33, the Company has analyzed its TOU programs.

⁷ *See* SEF Main Brief, pp. 11-12, 14.

⁸ *See* SEF Main Brief, pp. 12-13.

- Argued that the Company should implement Best Management Practices and Lessons Learned, but provided no testimony regarding what would constitute “Best Management Practices” or “Lessons Learned”.⁹
- Argued that PPL Electric did not evaluate TOU programs of other utilities, but presented no evidence that PPL Electric’s TOU program was unreasonable as compared to TOU programs offered by other utilities.¹⁰
- Criticized PPL Electric’s recovery of TOU expenses, but presented no evidence that PPL Electric’s expenses were unreasonable.¹¹

Mr. Epstein’s arguments are not supported by any evidence and, therefore, cannot be accepted.

Finally, I&E has argued in its Main Brief that PPL Electric’s proposal to recover its prior period TOU undercollection should be denied because the Company’s revenue shortfall is unreasonable.¹² I&E attempts to characterize the undercollection as a “revenue shortfall” issue as opposed to a cost recovery issue. This argument makes no sense. Any undercollection is due to a shortfall of revenue. The key issue is whether the costs are reasonable. I&E has offered no evidence to show that PPL Electric’s TOU costs were unreasonable. I&E’s argument is not supported by any evidence, and should be rejected.

PPL Electric has shown that its proposed TOU program is reasonable. Other parties such as OCA and OSBA have offered other alternatives. However, these alternatives are not as reasonable as PPL Electric’s proposals considering all of the factors that should be evaluated, including the interaction between the TOU rate option and the fixed price rate option, effect on competition, cost recovery, and the number of customers in the TOU program. For the reasons explained herein, PPL Electric has met its burden of proof and the Company’s proposed TOU program should be approved.

⁹ See Mr. Epstein’s Main Brief, pp. 13-15.

¹⁰ See Mr. Epstein’s Main Brief, p. 14.

¹¹ See Mr. Epstein’s Main Brief, p. 17.

¹² See I&E Main Brief, pp. 10-11.

B. TOU ON-PEAK AND OFF-PEAK PERIODS

1. Separate On-Peak and Off-Peak Periods for Residential and Small C&I Customer Classes

The OSBA argues in its Main Brief that because both Residential and Small C&I customers participate in the same electricity market, the Company should adopt the same on-peak and off-peak periods for both the residential and small C&I customer classes.¹³ In addition, the OSBA claims that there is no economic reason for establishing different on-peak and off-peak periods between the customer classes.¹⁴ PPL Electric disagrees with this proposal.

PPL Electric differentiated the on-peak and off-peak periods for residential and small C&I customers because these two classes have different load shapes, PPL Electric St. No. 2-R, p. 9, and because ratemaking is performed on a class basis. See 66 Pa. C.S. § 1304. In addition, the Company has always offered different on-peak and off-peak periods for TOU customers depending on whether they were classified as residential or small C&I customers. PPL Electric St. No. 2-R, p. 9.

PPL Electric does not believe that there is an adequate reason for violating the traditional ratemaking principle that ratemaking is performed on a class basis. The TOU on and off-peak periods proposed by PPL Electric take into account load shape by customer class and develop different prices for each class based upon the class specific load shape.¹⁵ PPL Electric St. No. 2, p. 8. This allows PPL Electric to tailor the TOU program to the usage patterns of each customer class. PPL Electric historically has developed separate on-peak and off-peak periods for each

¹³ See OSBA Main Brief, p. 6-7.

¹⁴ See OSBA Main Brief, p. 7.

¹⁵ See PPL Electric Main Brief, p. 27.

customer class, PPL Electric St. No. 2-R, p. 9, and it believes that this is the appropriate methodology for its proposed TOU program.¹⁶

2. OCA On-Peak and Off-Peak Periods

Under its proposed TOU program, PPL Electric proposes to change its on-peak and off-peak periods for Residential customers when compared to its previous TOU programs. In particular, the Company's proposal simplifies the on-peak and off-peak periods so that the on-peak period is from 12:00 p.m. to 7:00 p.m. year-round, excluding weekends and holidays.¹⁷ PPL Electric St. No. 2, p. 7. This new peak period captures both the summer and non-summer peak periods from the Company's previous TOU programs. In addition, because it is a consistent time period, it will simplify TOU program implementation for customers.

In its Main Brief, the OCA opposes simplified year-round TOU peak periods. The OCA argues that seasonality should be considered in designing the TOU rates.¹⁸ PPL Electric has explained that it considered both summer and non-summer peak periods, and created a year-round TOU peak period that captures both seasonal peaks.¹⁹ PPL Electric's peak rates were developed to reflect those time periods when energy costs will be highest during the course of a day. In determining its peak periods, the Company evaluated the relationship between historical market prices and load shapes for residential customers, and evaluated on-peak periods to see what period would encourage load shifting, participation, and include both summer and winter peak periods.²⁰ PPL Electric has created a program that encourages customer participation by making participation simple. PPL Electric Exh. No. 1, p. 9. The OCA's argument that PPL Electric's peak periods need to be modified in order to reflect seasonal peak periods and to

¹⁶ See PPL Electric Main Brief, p. 27

¹⁷ Holidays are those recognized by PJM Interconnections, LLC which are New Year's Day, Memorial Day, Independence Day, Labor Day, Thanksgiving Day and Christmas Day.

¹⁸ See OCA Main Brief, p. 9.

¹⁹ See PPL Electric Main Brief, p. 23.

²⁰ See PPL Electric Main Brief, p. 17.

address those periods where energy costs are highest is incorrect – PPL Electric has already considered these factors in developing its TOU program.

In its Main Brief the OCA argues that alternative summer and non-summer on-peak and off-peak periods will better reflect wholesale conditions.²¹ PPL Electric disagrees with this conclusion. As explained above, the Company has considered seasonal peaks, and the proposed TOU program includes both the summer and non-summer peaks from the current program. The OCA’s proposed summer peak is longer than PPL Electric’s, and the OCA’s proposed winter peak would be inconvenient for most residential customers.²²

Further, the record evidence indicates that a program designed with different peak periods for the summer and non-summer seasons encourages more free riders than a year-round on-peak period.²³ PPL Electric St. No. 2-R, p. 8. PPL Electric’s single year-round program reasonably reflects actual market conditions, while also balancing a variety of other factors and considerations in order to address the goals of Act 129.²⁴

3. OSBA On-Peak and Off-Peak Periods

PPL Electric proposes to maintain its current on-peak and off-peak periods for small C&I customers, which is from 7a.m. to 7 p.m. year-round, excluding weekends and holidays.²⁵ PPL Electric St. No. 2, pp. 8-9.

The OSBA argues that the on-peak periods proposed by PPL Electric are not consistent with market price patterns on a time-of-day or seasonal basis. In particular, the OSBA focused on generation capacity costs, which are related to summer on-peak periods.²⁶ The OSBA argues

²¹ See OCA Main Brief, p. 12.

²² See OCA Main Brief, p. 12.

²³ See PPL Electric Main Brief, p. 24.

²⁴ See PPL Electric Main Brief, p. 25.

²⁵ PPL Electric notes that SEF appears to have mistakenly assumed in its Main Brief that the 7 a.m. to 7 p.m. on peak period for small C&I customers applies to residential customers as well. See SEF Main Brief, p. 12.

²⁶ See OSBA Main Brief, p. 7.

that the failure to include capacity costs in the summer on-peak period results in an understatement of peak period costs, and makes TOU differentials less effective in achieving load shifts.²⁷ The Company disagrees with this argument. The Company explained in this proceeding that capacity costs are recovered from customers on a year-round basis. If the TOU program rates reflected the full cost of capacity in a summer seasonal period, PPL Electric would bear the risk of not recovering capacity costs if customers shift usage to off-peak periods in the summer.²⁸ In addition, the Company would risk not recovering all capacity costs in a short summer on-peak period, especially when customers could take the TOU rate option in non-summer periods and drop the TOU rate option in summer periods. PPL Electric St. No. 2-RJ, p. 4. The OSBA's proposal would prevent the Company from recovering capacity costs, and is more likely to encourage gamesmanship; therefore, it should not be accepted.

C. TOU ON-PEAK AND OFF-PEAK PRICING

1. OCA's Proposed On-Peak and Off-Peak Pricing

PPL Electric proposed a TOU default service rate option that is based on the fixed price default service rate option.²⁹ Under PPL Electric's proposed TOU program, TOU customers will pay an adder or premium over the fixed price default service rate option for on-peak periods and receive a discount from the fixed price default service rate option for off-peak periods. PPL Electric St. No. 2, p. 10. OCA supports this design, but disagrees with the Company's proposed premium and discount.

²⁷ See OSBA Main Brief, p. 7.

²⁸ See PPL Electric Main Brief, pp. 25-26.

²⁹ In its Main Brief the OCA expressed support for linking the TOU rates to the default service rate. See OCA Main Brief, p. 7.

The OCA argues that the Company's proposed premium and discount do not reflect seasonal price differentials.³⁰ The following chart shows a comparison of the PPL Electric and OCA on and off-peak pricing:

Period	PPL Premium/(Discount)	OCA Premium/(Discount)
Summer peak *	+20%	+50%
Summer off-peak	-5%	-20%
Non-summer peak**	+20%	+25%
Non-summer off-peak	-5%	-4%

* OCA summer peak period is 1 hour longer than PPL Electric's peak period.

** OCA non-summer peak period is 3 hours shorter than PPL Electric's peak period.

As explained above, PPL Electric has considered seasonal price differentials and has developed consistent year-round pricing that takes into account both on-peak periods on a year-round basis. OCA's pricing is based upon its argument that the TOU program should have separate on-peak and off-peak periods for summer and non-summer periods. As set forth in its proposal, the OCA on-peak premiums are higher than PPL Electric's. This could discourage participation, because customers may be deterred by such high on-peak premiums. Finally, as explained in the Company's Main Brief, customers could leave the TOU program on a seasonal basis, which would impact PPL Electric's ability to recover the costs of the program.³¹ For these reasons, PPL Electric believes that its proposed pricing methodology is superior to the methodology proposed by the OCA.

2. Free Riders

PPL Electric submitted evidence that TOU rates should be designed so that a TOU customer with an average load shape pays more than the fixed price rate. This will encourage shifting of load to off-peak periods, and will reduce the impact of free riders.³² PPL Electric St.

³⁰ See OCA Main Brief, p. 16.

³¹ See PPL Electric Main Brief, p. 24.

³² See PPL Electric Main Brief, p. 29.

No. 2-R, pp. 12-13. The OCA argues that the TOU pricing should be set so that a customer with an average load shape is not required to pay more under the TOU rate option if the customer does not shift usage.³³ This program design does not provide the proper incentive for TOU customers to shift load. This design also places PPL Electric at a greater risk for not recovering its TOU costs. The OCA has presented no compelling reasons as to why a voluntary TOU program should carry so many free riders.

The OCA's response to PPL Electric's concern for free riders is to suggest that customers will not go to the trouble of enrolling in the TOU program unless they want to make an effort to shift their load.³⁴ However, this argument does not address the fact that, as designed, the OCA's on-peak and off-peak rates will allow too many customers to save money without shifting load, thereby thwarting the primary goal of the TOU program, which is to encourage load shifting.

D. TOU SERVICE IS DEFAULT SERVICE

A TOU program is a default service rate option that is provided by a default service provider.³⁵ Under the Public Utility Code, in determining whether a rate option is a default service, the relevant choice is not whether the customer chooses the TOU rate option, but whether the customer chooses an EGS. If the customer does not choose an EGS, the customer is taking default service. 66 Pa. C.S. § 2803. Therefore, customers who choose the TOU rate option from PPL Electric have not chosen an EGS and, as a result, are considered default service customers under the statute. As noted by the OSBA in its Main Brief, PPL Electric's TOU rate option has been treated as default service.³⁶

³³ See OCA Main Brief, p. 15.

³⁴ See OCA Main Brief, p. 15-16.

³⁵ As noted above, the ALJ recently issued a Recommended Decision finding that a TOU rate option is default service. April 4 Recommended Decision, p. 59. PPL Electric reiterates its arguments here in order to preserve its rights.

³⁶ See OSBA Main Brief, p. 11.

I&E argues that the TOU program requires active election by participants, and that a default service participant is a customer that takes no action.³⁷ I&E also argues that a customer who chooses the TOU default service rate option is not distinguishable from a customer who chooses to leave the EDC and receive service from an EGS.³⁸ This argument ignores the clear language of the statute, which states that a default service provider is one that provides generation service to a customer who:

- (1) contracts for electric power, including energy and capacity, and the chosen electric generation supplier does not supply the service, or
- (2) does not choose an alternative generation supplier.

66 Pa.C.S. § 2803. The statute makes no further distinction about customer action. Therefore, I&E's interpretation is not consistent with the language of the statute.

I&E also argues that because the Company's tariff separates the TOU default service rate option from the fixed price default service rate option, that this is somehow relevant to the inquiry as to whether the TOU rate option is default service. As shown by the above statutory language, the only question relevant to whether a rate option is a default service option is whether the customer has elected to be served by an EGS.

I&E appears to be confusing "service" and "rates" in order to make its argument that TOU default service is a different service than fixed default service. As the Company explained in its Main Brief, the Public Utility Code separately defines "rate" and "service". In this context, "service" is what is received by the customer, i.e., electricity supply. "Rates" are what the customer pays for that "service". PPL Electric only offers one default service. The statute requires that PPL Electric provide customers with a fixed price rate option and a TOU rate option

³⁷ See I&E Main Brief, p. 7.

³⁸ See I&E Main Brief, p. 7.

for that service. I&E's distinction between TOU default service and fixed default service is a distinction based on different rates, rather than different service.

I&E argues that the Commission's regulations create an inseparable connection between default service and the price to compare ("PTC").³⁹ I&E goes on to argue that the Company has not presented any evidence to demonstrate how the TOU program affects the PTC. I&E's argument is not relevant. The Commission's regulations regarding the PTC were adopted prior to Act 129's requirement that EDCs offer a TOU default service rate option. The Commission's Default Service Regulations became effective on September 15, 2007,⁴⁰ and Act 129 became effective on November 14, 2008.⁴¹ Therefore, the Commission's Default Service Regulations, including its PTC regulations, clearly would not address TOU default service.

I&E also argues that default service is obtained under least cost requirements and "the record is void of any evidence demonstrating how this will be adhered to under this alternative [TOU] service."⁴² This argument is completely incorrect. The Company explained that it was acquiring electric supplies for TOU customers under its Commission-approved default service plan – in the same manner that it procures supplies for all default service customers. When the Commission approved the Company's default service plan, the Commission specifically held that the Company's default service plan met the least cost requirements of Act 129.⁴³ Therefore, I&E's argument that TOU generation supplies are not obtained under Act 129's least cost requirements is incorrect.

³⁹ See I&E Main Brief, p. 9.

⁴⁰ *Rulemaking Re Electric Distribution Companies' Obligation to Serve Retail Customers at the Conclusion of the Transition Period Pursuant To 66 Pa.C.S. § 2807(e)(2)*, Docket No. L-00040169 (Order entered on May 10, 2007).

⁴¹ *See Implementation of Act 129 of October 15, 2008; Default Service And Retail Electric Markets*, Docket No. L-2009-2095604 (Order entered on September 22, 2011).

⁴² See I&E Main Brief, p. 9.

⁴³ *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, Order entered June 30, 2009.

In its Main Brief, the OSBA generally agrees that PPL Electric's TOU program is a default service program, but offers several reasons why the TOU rate option may not be default service.⁴⁴ First, OSBA argues that the TOU rate option is an optional program that customers voluntarily elect. As explained above, the fact that a customer may choose a TOU default service rate option over the fixed price default service rate option is irrelevant. DSPs provide default service to customers who do not choose an EGS.

Second, OSBA argues that the TOU rate option is related to smart meters, rather than default service.⁴⁵ OSBA misconstrues the statute. Under Act 129, EDCs, not DSPs, are required to provide smart meter technology to customers. *See* 66 Pa. C.S. § 2807(f). However, DSPs, not EDCs, are required to offer TOU programs to customers who have smart meter technology. Therefore, the Act 129 obligation to offer TOU programs is directly related to PPL Electric's obligation as a DSP, not its obligation as an EDC.

Third, OSBA argues that DSPs are not entitled to full recovery for providing a TOU program.⁴⁶ This argument is irrelevant. The Commission held that DSPs offering a TOU rate option could not recover lost revenues due to shifting demand under 66 Pa. C.S. § 2807(f)(4). This is completely irrelevant to whether a TOU rate option is default service.

Finally, the OSBA argues that some EDCs, namely Metropolitan Edison Company ("Met-Ed") and Pennsylvania Electric Company ("Penelec"), serving as DSPs, can meet their TOU obligations through TOU distribution rates.⁴⁷ PPL Electric disagrees with this conclusion. The Act 129 requirement to offer a TOU program applies to customers who have smart meter technology. 66 Pa. C.S. § 2807. Met-Ed and Penelec's customers do not have smart meter

⁴⁴ *See* OSBA Main Brief, p. 10.

⁴⁵ *See* OSBA Main Brief, p. 10.

⁴⁶ *See* OSBA Main Brief, p. 10.

⁴⁷ *See* OSBA Main Brief, p. 10, citing OSBA St. No. 1, p. 5.

technology, and are not scheduled to have smart meter technology until April 2017, at the earliest.⁴⁸ Therefore, it is unclear how TOU distribution rates that are offered to customers who do not have smart meter technology meet the requirements of Act 129.

PPL Electric's TOU program is offered under Act 129 to its customers who have smart meter technology. PPL Electric is offering its TOU program in order to comply with the Company's DSP obligations under Act 129 and, therefore, the Company's TOU program is a default service option.

E. RECOVERY OF TOU OVER/UNDERCOLLECTIONS

1. Recovery of TOU Over/Undercollections Under the Proposed TOU Program

The OSBA has argued that the mechanism proposed by the Company does not correctly calculate net revenue losses associated with load shifts.⁴⁹ As demonstrated on pages 22 and 23 of PPL Electric's Main Brief, the proposed reconciliation mechanism excludes decreased revenues due to shifting demand from the over/undercollection. The Company will not use actual revenues billed to TOU customers in the reconciliation process, but, rather, will assume that revenues from TOU customers equal TOU customers' kWh usage times the fixed price default service rate.⁵⁰ PPL Electric St. No. 1, pp. 7-8. The OSBA's argument that the reconciliation mechanism proposed by the Company does not correctly calculate net revenue losses associated with load shifts is incorrect. The Company's reconciliation process will not reflect any amounts for reduced consumption or shifted demand.⁵¹

⁴⁸ *Joint Petition of Metropolitan Edison Company, Pennsylvania Electric Company and Pennsylvania Power Company for Approval of Smart Meter Technology Procurement and Installation Plan*, Docket No. M-2009-2123950, p. 10 (Order entered June 9, 2010).

⁴⁹ See OSBA Main Brief, p. 5.

⁵⁰ See PPL Electric Main Brief, pp. 21-22.

⁵¹ Consistent with 66 Pa. C.S. § 2807(f)(4), any shift in usage patterns will be reflected in future base rate proceedings.

2. Recovery of Prior Period TOU Undercollections

PPL Electric has proposed to recover its prior period TOU undercollections in a proceeding that currently is pending before the Commission at Docket No. P-2011-2256365 (“RR/CTR proceeding”). PPL Electric has proposed in this proceeding, as an alternative, that it be permitted to recover its prior period TOU undercollection from all default service customers through the Company’s reconcilable GSC-1 cost recovery mechanism. Should the RR and/or CTR mechanisms be rejected by the Commission, then the alternative proposed here would allow PPL Electric to recover its prior period TOU undercollection.⁵² The OSBA does not object to collecting the prior period undercollection from default service customers.⁵³ OCA and Dominion have argued in their Main Briefs that this matter should not be addressed in this proceeding, and that the matter should instead be addressed in the RR/CTR proceeding.⁵⁴

OCA and Dominion are incorrect in stating that the prior period TOU undercollection should not be addressed in this proceeding, and should instead be addressed in the RR/CTR proceeding. In the RR/CTR proceeding, PPL Electric is proposing completely new reconciliation mechanisms, the RR/CTR, that would include TOU undercollections, as well as other over/undercollections. If the RR and CTR are denied, this should not preclude the Company from recovering its TOU undercollections. The Commission may approve an alternative request, where the language of the order would specify that if the RR and CTR are not

⁵² PPL Electric notes that the ALJ has recommended that PPL Electric be permitted to recover prior period TOU costs, to the extent they are reasonably incurred, through a new Reconciliation Rider. April 4 Recommended Decision, p 61. In addition, the ALJ has determined that the issue of whether the Company’s TOU costs are reasonable is to be determined in this proceeding. As explained herein, no party in this proceeding has presented any evidence that PPL Electric’s TOU costs are unreasonable. PPL Electric is continuing to argue that it should be permitted to recover its TOU costs from all default service customers in this proceeding in order to protect its rights in the event that the Commission does not approve the RR or CTR at Docket No. P-2011-2256365.

⁵³ See OSBA Main Brief, p. 7

⁵⁴ See OCA Main Brief, p. 19, Dominion Main Brief, p. 5.

approved, then PPL Electric may recover the TOU undercollection as proposed by the Company in this proceeding.

I&E opposes allowing PPL Electric to recover its prior period undercollection from default service customers. First, I&E argues that PPL Electric's TOU rate option is not default service. As explained above, PPL Electric's TOU rate option is offered by the Company, as a DSP, to meet its Act 129 requirements. The Company's TOU program clearly is default service, and the Company is authorized by statute to recover its default service costs. Moreover, as explained in the Company's Main Brief, even if the TOU rate option is not default service, the Commission has authorized PPL Electric to recover its TOU costs through a Section 1307(e) cost recovery mechanism.⁵⁵

Second, I&E argues that the Company's TOU undercollection is the result of a poorly designed program. In support of its argument, I&E states that both on-peak and off-peak TOU rates were lower than the fixed price default service rate for the January 1, 2011 to May 31, 2011 Application Period and that all customers could achieve savings without shifting usage.⁵⁶ This situation occurred because PPL Electric procured generation supplies for TOU customers through the PJM spot market, and spot market prices could be higher or lower than the Company's fixed price default service rate. Using spot market supplies was not a poor program design. In fact, in its Order approving the Company's current TOU program, the Commission stated as follows:

The Commission believes that the proposed TOU program takes a step in right direction when compared to PPL's present TOU program. One of the key components that facilitates this step in the right direction is PPL's proposal to use spot market procurements to provide TOU participant load. This structure

⁵⁵ *PPL Electric Utilities Corporation Supplement No. 94 to Tariff Electric – Pa. P.U.C. No. 201 – Time-of-Use Rates*, Docket No. R-2010-2201138, pp.7, 13.

⁵⁶ See I&E Main Brief, p. 11.

essentially allows TOU participants to be provided a form of short term market based rates.

PPL Electric Utilities Corporation Supplement No. 94 to Tariff Electric – Pa. P.U.C. No. 201 – Time of Use Rates, Docket No. R-2010-2201138, Order entered December 2, 2010, p. 5.

I&E's argument that the Company's TOU program was poorly designed is based on an improper hindsight review. As the Commission previously has found, "the reasonableness of the utility management's decision-making must be based upon the state of the information available at the time the decisions had to be made and without reliance upon after-discovered facts or hindsight." *Pa. P.U.C. v. Philadelphia Electric Co.*, 71 Pa. P.U.C. 42, 45 (1980).⁵⁷ I&E's reliance on hindsight is improper and is no reason to deny PPL Electric recovery of its costs.

Moreover, as the Company explained in its Main Brief, the Company's projected TOU costs are based on the public NYMEX spot market.⁵⁸ PPL Electric St. No. 1-R, p. 7. The fact that these projections were low because they did not anticipate a global increase in energy prices does not make PPL Electric's projections imprudent or unreasonable. On the contrary, PPL Electric took reasonable and prudent steps in developing its prior TOU program, and denying recovery of costs based on hindsight is improper. Further, I&E has offered no evidence that PPL Electric's costs were unreasonable.

In addition, I&E claims that the prior period undercollection is not a cost recovery issue, but is a revenue shortfall issue.⁵⁹ This argument is logically inconsistent. Any undercollection of costs will be due to a "revenue shortfall" because an undercollection means that there was not enough revenues to cover a program's costs. Here the Company's actual costs exceeded

⁵⁷ See also *C & D Technologies, Inc. et al v. PPL Electric Utilities Corporation*, Docket Nos. C-00992119 et al. (Order entered on February 4, 2005), *Pa. PUC v. Philadelphia Electric Company*, 561 A.2d 1224, 1227 (Pa. 1989), *Pittsburgh v. Pa. PUC*, 88 A.2d 59 (Pa. 1952), *National Fuel Gas Distribution Corp. v. Pa. PUC*, 464 A.2d 546 (Pa. Cmwlth. Ct. 1983).

⁵⁸ See PPL Electric Main Brief, p. 12

⁵⁹ See I&E Main Brief, p. 12.

projections, because projections by their very nature are imperfect. Under and overcollections happen frequently.

F. OTHER ISSUES

In addition to the major elements of the TOU program that were addressed, there were ancillary subjects that certain parties addressed in their Main Briefs.

1. TOU Program Participation Levels

PPL Electric has designed its TOU program so that it has a reasonable timeframe, a reasonable premium and a reasonable discount in order to encourage customer participation. However, both the OCA and Mr. Epstein in their Main Briefs have stated that PPL Electric's program should be modified to encourage greater participation.⁶⁰ Mr. Epstein has provided no proposal for how to increase customer participation. The OCA proposed a modified version of PPL Electric's proposed program. As discussed previously in this Reply Brief, and in detail in the Main Brief, the OCA's proposal is unlikely to increase customer participation, and may very well have a chilling effect. In particular, the high on-peak premiums and inconvenient non-summer peak periods may drive customers away from the TOU program.⁶¹

Further, Mr. Epstein's argument that the Company exerts minimal effort to sustain customers is misleading. As discussed in Mr. Kleha's direct testimony, the Company will use a variety of methods to encourage customer participation in the TOU program, including a press release, bill inserts, and updates to the Company's website. PPL Electric St. No. 1, p. 14. PPL Electric's TOU program is a default rate option, and is statutorily required. PPL Electric is careful, however, not to detract from competitive options. The Company should not encourage customers to stay on the TOU rate option as opposed to switching over to an EGS.

⁶⁰ See OCA Main Brief, p. 2; Mr. Epstein's Main Brief, p. 11.

⁶¹ See PPL Electric Main Brief, p. 24.

2. Bidding Out TOU Supply Requirements

PPL Electric currently is evaluating whether to bid out its TOU default service generation supply requirements as part of its next default service plan beginning June 1, 2013. In their Main Briefs, both the OSBA and SEF support bidding out TOU supply requirements in this proceeding.⁶² At this time both proposals are premature and, as a practical matter, cannot be adopted in this proceeding.⁶³ In addition, PPL Electric would note the legal insufficiency of both proposals. Neither provides a practical and comprehensive methodology for conducting such a program.

SEF's Main Brief supports the use of a bidding process, without providing a proposal for how to conduct such a process, and without supporting the use of a bidding process with any evidence. Further, while SEF has acknowledged that implementing the bidding process will require a separate Commission proceeding, it has provided no plan for a TOU program in the interim. Tr. 128.⁶⁴

The OSBA's proposal supports a bidding process for the TOU program to EGSs that would be subject to defined on-peak and off-peak periods, limitations on enrollment and customer switching, and minimum on-peak price premiums. While more comprehensive than what was offered by SEF, the OSBA's proposal still lacks necessary details that would make it a fully functional program. Further, the OSBA acknowledges that PPL Electric may not be able to implement this approach immediately, and that some interim TOU program is necessary.⁶⁵

⁶² See OSBA Main Brief, p. 9; SEF Main Brief, p. 12.

⁶³ See PPL Electric Main Brief, p. 30.

⁶⁴ In SEF footnote 32, SEF argues that PPL Electric should not be allowed to recover costs associated with a third-party bid out of the TOU program. If the Commission requires PPL Electric to do a bid out, the Company should be able to recover the costs incurred for the bid out, because those costs would be the actual costs incurred by the Company, and not an allocation of unspent costs. See PPL Electric St. No. 2-R, p. 17.

⁶⁵ See OSBA Main Brief, p. 9.

3. Real-Time Rates for Small C&I Customers

The OSBA argues for real-time rates to be offered to small C&I customers.⁶⁶ PPL Electric would need to make significant billing system modifications to accommodate this approach. PPL Electric St. No. 2-RJ, p. 5. Further, PPL Electric does not have any current method for ensuring that customers would be responsible for the final true-up of over or under collection amounts if real-time rates were used.

4. OSBA Alternative Proposal

The OSBA acknowledged that PPL Electric may not be able to implement real-time rates due to system limitations and, therefore, recommended that the existing TOU program remain in place for Small C&I customers, adjusted only for the reconciliation issue.⁶⁷ The OSBA has made the same proposal if implementation of a bidding process is not possible. The OSBA did not make these proposals in its testimony and, therefore, PPL Electric has not had an opportunity to fully investigate the impacts of such a proposal or to present a response. Accordingly, this proposal should not be accepted.⁶⁸

5. PPL Electric's TOU Program Complies with Act 129

PPL Electric has designed its TOU program to comply with the requirements and goals of Act 129. SEF, however, claims in its Main Brief that PPL Electric's witnesses have indicated in their testimony that the TOU program does not support the goals of Act 129. SEF wrongly states

⁶⁶ See OSBA Main Brief, p. 8.

⁶⁷ See OSBA Main Brief, p. 9.

⁶⁸ See *Pa. PUC v. UGI Corporation*, 58 Pa. P.U.C. 155, 133 (1984) ("With respect to the adjustment first proposed by Staff in brief, as well as any adjustment initially proposed in the briefing stage, we would be very hesitant to ever adopt an adjustment where an opposing party was denied the opportunity to examine the underlying position through cross-examination"); *Pa. PUC v. Pennsylvania Power & Light Co.*, 57 Pa. P.U.C. 559, 96 (1983) ("It is highly inappropriate for a party to propose a completely new adjustment for the first time in its brief").

that the goal of Act 129 is to “provide the least cost of electricity over time.”⁶⁹ As stated by the Commission in its Implementation Order:

In addition, Act 129 made substantial changes to the statutory standards for acquisition of electric generation supply by EDCs for their default service customers, including: requirements in regard to competitive procurement, a prudent mix of contract types, least cost to customers over time, and adequate and reliable service.⁷⁰

The Commission has identified a number of goals associated with Act 129 that must be read together. SEF has misstated the intent of Act 129 and, as a result, its analysis regarding whether PPL Electric’s program complies with the Act must be rejected.

In addition, SEF supports its claim by repeatedly referencing the 2011 TOU program report, which PPL Electric has not yet filed with the Commission. SEF states that the annual report is intended to assist the Commission in its determination on the validity of the TOU program.⁷¹ PPL Electric agrees that the annual report will be useful in analyzing the TOU program. However, as PPL Electric’s witness testified, the data from 2011 had not been finalized. As a result, PPL Electric has not yet filed its report. Tr. 88. Without complete data, the 2011 report would be useless to the Commission in its analysis. Contrary to SEF’s claim, PPL Electric’s insistence on waiting to file the 2011 report once all data is finalized is not a failure on the Company’s part, nor is it evidence that PPL Electric is not in compliance with prior Commission orders.⁷²

Finally, SEF implies that because PPL Electric has not done every conceivable manipulation of the data collected from TOU customers, it is not in compliance with Act 129.⁷³

⁶⁹ See SEF Main Brief, p. 8.

⁷⁰ *Implementation of Act 129 of October 15, 2008; Default Service And Retail Electric Markets*, Docket No. L-2009-2095604, p. 2 (Order entered on October 4, 2011).

⁷¹ See SEF Main Brief, p. 10.

⁷² See SEF Main Brief, p. 10.

⁷³ See SEF Main Brief, pp. 7-8.

However, PPL Electric has done all of the analysis required by the Commission, and has provided all of the data necessary to analyze the proposed TOU program.⁷⁴ OSBA St. No. 2, p. 8. Further, SEF's statement that "PPL Electric witnesses have explicitly indicated...that the Company's TOU proposal does not support" the goals of Act 129 is completely inaccurate.⁷⁵ SEF cites testimony indicating that the Company did not perform certain non-required analyses as its "explicit indication" of noncompliance. The evidence cited by SEF does not go to the merits of whether the Company's TOU proposal supports the goals of Act 129.

6. Implementation of Best Management Practices and Lessons Learned

PPL Electric proposed its modifications to the TOU program in order to address issues that it had identified in the current TOU program. The modifications proposed by PPL Electric in this proceeding would give PPL Electric a TOU program similar to the programs adopted by Pennsylvania Power Company and PECO. Tr. 136-137. In designing its TOU program, PPL Electric reviewed data from its previous filings. However, in his Main Brief, Mr. Epstein proposes that PPL Electric implement Lessons Learned and import Best Practices models from other utilities.⁷⁶ As noted previously in this Reply Brief, PPL Electric has had no opportunity to consider Mr. Epstein's proposal, because Mr. Epstein did not present any testimony on this issue.⁷⁷ Therefore, the Company has had no opportunity to prepare a response.⁷⁸ Because Mr.

⁷⁴ In footnote 23, SEF states that PPL Electric did not provide certain data as required by the Commission in its March 9, 2010 Order at Docket No. R-2009-2122718. SEF's accusation is unfounded, because PPL Electric filed all required information in Supplement No. 94. *See PPL Electric Utilities Corporation Supplement No. 94 to Tariff Electric – Pa. P.U.C. No. 201 – Time-of-Use Rates*, Docket No. R-2010-2201138 (Order entered on December 2, 2010).

⁷⁵ *See* SEF Main Brief, p. 7.

⁷⁶ *See* Mr. Epstein's Main Brief, p. 16.

⁷⁷ *See Pa. PUC v. UGI Corporation*, 58 Pa. P.U.C. 155, 202 (1984) ("With respect to the adjustment first proposed by Staff in brief, as well as any adjustment initially proposed in the briefing stage, we would be very hesitant to ever adopt an adjustment where an opposing party was denied the opportunity to examine the underlying position through cross-examination");

⁷⁸ In a similarly unsupported argument, Mr. Epstein claims that PPL Electric should prepare a legal budget and execute an RFP in order to obtain legal services. *See* Mr. Epstein Main Brief, p. 17. It is well-established that the Commission's authority to interfere with the internal management of a utility is limited and "[t]he Commission

Epstein did not produce any evidence in support of his proposal, his proposal does not meet the burden of proof required to support a finding.

7. The TOU Program is Effective

The OSBA, Mr. Epstein and SEF have all addressed comments to the affect that PPL Electric's prior TOU program was a failure.⁷⁹ PPL Electric disagrees with these characterizations. PPL Electric has been at the forefront in offering customers smart meters and TOU programs. The issues experienced by PPL Electric in its current program are being incurred as a result of two main factors. The first is that the current TOU program rates are not tied to the fixed price default service rates. When the Commission approved PPL Electric's current program, it noted the positive benefits of basing rates on spot market prices. Specifically, the Commission said that using spot market based rates was a key component that made Supplement No. 94 a "step in the right direction," because the structure "essentially allows TOU participants to be provided a form of short term market based rates."⁸⁰ Thus, it was not clear that designing rates that were not tied to the fixed price default service rates would have the impact on the program that PPL Electric experienced.

The second factor is that TOU customers can choose another rate option for generation supply service at any time. This is an issue that is inherent in the TOU program, because it is a default service program. PPL Electric cannot impede customers who want to leave default service in order to move to an EGS. This, alone, would not have been an issue if the prior period TOU undercollection was recoverable from all default service customers. However, because PPL Electric was not able to spread the undercollection across all default service customers, the

is not empowered to act as a super board of directors for the public utility." *See Metropolitan Edison Co. v. Pa. PUC*, 437 A.2d 76, 80 (Pa. Cmwlth. 1981). A utility has a right to self-management of its affairs free from Commission interference absent a showing of an abuse of discretion or arbitrary action by the utility. *Id.*

⁷⁹ See OSBA Main Brief, p. 8; Mr. Epstein's Main Brief, p. 11; SEF Main Brief, p. 13.

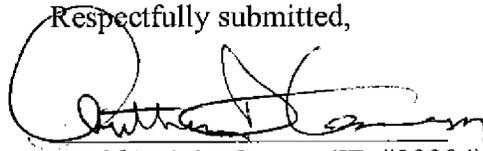
⁸⁰ *PPL Electric Utilities Corporation Supplement No. 94 To Tariff Electric – Pa. P.U.C. No. 201 – Time-of-Use Rates*, Docket No. R-2010-2201138, p. 9 (Order entered December 2, 2010).

TOU default service rate increased dramatically when the prior period undercollection was added to it. In order to resolve this issue in the future, PPL Electric has proposed that the Company be allowed to spread prior period over and undercollections to all PPL Electric customers taking default service.

IV. CONCLUSION

WHEREFORE, PPL Electric Utilities Corporation respectfully requests that Administrative Law Judge Susan D. Colwell and the Pennsylvania Public Utility Commission approve the Company's proposed Time-of-Use Program as filed and allow the Company to recover its Time-of-Use undercollections from all default service customers, if the Commission has not already approved the Company's request to recover these costs at Docket No. P-2011-2256365.

Respectfully submitted,



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