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File #: 140069

April 30, 2012

BY E-FILE

Rosemary Chiavetta, Secretary
Pennsylvania Public Utility Commission
Commonwealth Keystone Building
400 North Street, 2nd Floor North
P.O. Box 3265
Harrisburg, PA 17105-3265

RE: Petition of PPL Electric Utilities Corporation for Approval of its Energy Efficiency and Conservation Plan - Docket No. M-2009-2093216

Dear Secretary Chiavetta:

Enclosed on behalf of PPL Electric Utilities Corporation is the Joint Petition for Settlement for the above-referenced proceeding.

Copies have been provided to the persons in the manner indicated on the certificate of service.

Respectfully Submitted,

Andrew S. Tubbs

AST/jl

Enclosures

cc: Honorable Elizabeth Barnes
Certificate of Service

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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Date: April 30, 2012


Andrew S. Tubbs

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

Petition of PPL Electric Utilities	:	
Corporation for Approval of its Energy	:	Docket No. M-2009-2093216
Efficiency and Conservation Plan	:	

JOINT PETITION FOR SETTLEMENT

TO THE HONORABLE ADMINISTRATIVE LAW JUDGE ELIZABETH H. BARNES:

I. INTRODUCTION

The PP&L Industrial Customer Alliance (“PPLICA”), the Sustainable Energy Fund of Central Eastern Pennsylvania (the “SEF”) and PPL Electric Utilities Corporation (“PPL Electric” or “Company”), active parties in the above-captioned proceeding (hereinafter collectively referred to as the “Joint Petitioners”), hereby present this Joint Petition for Settlement (“Settlement”) and respectfully request that the Commission approve the Settlement as set forth below.¹

Joint Petitioners have agreed to a settlement that resolves all issues among the parties to the above-captioned proceeding, with respect to proposed modifications to PPL Electric's current EE&C Plan. In addition, the Settlement is being served upon all parties that participated in this proceeding to modify PPL Electric's current Energy Efficiency and Conservation Plan (“EE&C Plan”). As discussed below, the Settlement addresses, *inter alia*, the specific minor and non-minor modifications proposed by PPL Electric for which PPLICA and the SEF requested an investigation and hearings.

¹ The Commission's Bureau of Investigation & Enforcement, the Office of Small Business Advocate, the Office of Consumer Advocate (“OCA”), the Pennsylvania Communities Organizing Change d/b/a Action United, Inc. (“PCOC”), Richards Energy Group, Inc. and Eric Epstein, *pro se* have indicated that they do not object to the Settlement.

In support of this Settlement, the Joint Petitioners state the following:

II. BACKGROUND

1. PPL Electric provides electric distribution, transmission and provider of last resort services to approximately 1.4 million customers in a certificated service territory that spans approximately 10,000 square miles in all or portions of 29 counties in eastern and central Pennsylvania. PPL Electric is a “public utility” and an “electric distribution company” as those terms are defined under the Public Utility Code, 66 Pa. C.S. §§ 102 and 2803.

2. On July 1, 2009, PPL Electric filed its EE&C Plan with the Commission, pursuant to Act 129 of 2008² (“Act 129”) and various related Commission orders. The Commission approved PPL Electric’s EE&C Plan, with modifications, on October 26, 2009, in *Petition of PPL Electric Utilities Corporation for Approval of its Energy Efficiency and Conservation Plan*, Docket No. M-2009-2093216 (Order Entered October 26, 2009) (“*EE&C Order*”).³

3. PPL Electric’s portfolio of programs is designed to provide customer benefits and to meet the energy saving and peak load reduction goals set forth in Act 129. The EE&C Plan includes a range of energy efficiency and demand response programs that include every customer segment in PPL Electric’s service territory. These programs are the key components of a comprehensive electric energy efficiency initiative designed to achieve the 1,146,000 MWh of reduced energy consumption and 297 MW of peak demand reductions required by Act 129.

² Act 129 of 2008, P.L. 1592, 66 Pa.C.S. §§ 2806.1 and 2806.2.

³ The EE&C Plan was further revised by *Petition of PPL Electric Utilities Corporation for Approval of its Energy Efficiency and Conservation Plan*, Docket No. M-2009-2093216 (Order Entered February 17, 2010).

4. On September 15, 2010, PPL Electric filed a petition seeking approval to change certain aspects of the previously approved EE&C Plan. On January 28, 2011, the Commission approved certain modifications to the EE&C Plan, but deferred action on other proposed modifications subject to the Company filing a black-line EE&C Plan illustrating all of the proposed changes. On February 28, 2011, PPL Electric submitted a compliance filing that included the required black-line version of the EE&C Plan. After reviewing comments and reply comments filed in response to the Company's compliance filing, the Commission approved PPL Electric's petition on May 6, 2011.⁴

5. On February 2, 2012, PPL Electric filed, in Docket No. M-2009-2093216, the "Petition of PPL Electric Utilities Corporation for Approval of Changes to Its Act 129 Energy Efficiency and Conservation Plan" ("Petition") requesting Commission approval for both minor and non-minor changes to its EE&C Plan.⁵

6. By its Petition, PPL Electric requested Commission approval for both minor and non-minor changes to its EE&C Plan. First, the Company proposed 56 minor changes to its Commission-approved EE&C Plan. The minor changes fall into at least one of three categories identified by the Commission in its *Expedited Process Order*: (1) the elimination of a measure; (2) a transfer of funds within the same customer class; or (3) the addition of a measure or a change in the conditions of a measure. Second, PPL Electric requested Commission approval for six (6) "non-minor" modifications to its EE&C Plan. As noted in

⁴ *Petition of PPL Electric Utilities Corporation for Approval of its Energy Efficiency and Conservation Plan*, Docket No. M-2009-2093216 (Order Entered May 6, 2011).

⁵ Although the Commission established a bifurcated process for approving minor and non-minor proposed changes to the EE&C Plans, PPL Electric filed a single petition which included both minor and non-minor changes, and, therefore, the Company did not request expedited review of the minor changes. See the June 10, 2011 Final Order at Docket No. M-2008-2069887 ("*Expedited Process Order*")

the Petition, PPL Electric discussed a majority of these proposed changes to the EE&C Plan at the stakeholder meeting on October 18, 2011. Petition at 7.

7. Pursuant to the schedule established in the *Expedited Process Order*, on March 5, 2012, the OCA, PPLICA, and SEF filed comments in this proceeding. The vast majority of PPL Electric's proposed modifications to its EE&C Plan were unopposed by any party. However, PPLICA and SEF each raised objections to certain modifications contained in the Company's Petition.

8. On March 26, 2012, PPL Electric filed reply comments.

9. By Secretarial Letter issued on April 10, 2012, the Commission referred PPL Electric's Petition to the Office of Administrative Law Judge for expedited evidentiary hearings. Specifically, the Commission directed that the Administrative Law Judge ("ALJ") to proceed such the ALJ could certify the record of this proceeding to the Commission by May 1, 2012. The Commission stated that the issues to be addressed in proceeding before the ALJ be limited to PPL Electric's proposed Minor Modification Nos. 1, 3-6, 14, 16, 18, 19, 35, 36 and 55 and the Company's proposed Non-Minor Modification Nos. 2-5. In addition, the Commission stated that the SEF's proposal that PPL Electric implement an on-bill financing program should be addressed in this proceeding.

10. An informal Prehearing Conference was held on April 17, 2012. At the Prehearing Conference, ALJ Elizabeth H. Barnes established the litigation schedule.

11. The parties participated in a number of discussions over the course of this proceeding. As a result of those discussions, PPL Electric, PPLICA and SEF have reached a settlement of all issues in this proceeding prior to the date scheduled for serving testimony or evidentiary hearings.

12. The Settlement terms are set forth in the following section.

III. SETTLEMENT

A. MINOR MODIFICATIONS

13. PPL Electric's proposed Minor Modification Nos. 1, 3, 4, 5, 6, 14, 16, 18, 19, 35, 36 and 55 will be approved consistent with PPL Electric's Petition.

14. PPL Electric is permitted to adjust savings and cost assumptions for the HVAC Tune-Up Program as set forth in PPL Electric's proposed Minor Modification No. 19. PPL Electric has stopped all payments to the program's conservation service provider ("CSP"), but PPL Electric will be permitted to continue to allow the existing HVAC contractors to provide measures to customers and to receive rebates. However, PPL Electric agrees that it will no longer promote the HVAC Tune-Up Program to end-use customers and that it will close the HVAC Tune-Up Program once the Commission-approved budget for the program has been exhausted.

15. PPL Electric is permitted to increase the projected number of rebates for heat pump water heaters from 230 to 3,200 in the Efficient Equipment Incentive Program as set forth in PPL Electric's proposed Minor Modification No. 35. However, PPL Electric agrees to offer a solar thermal domestic hot water pilot program for its remaining Residential Thermal Storage ("RTS") customers. The pilot program, which will start as soon as practical but no later than the end of 2012, will provide up to 50 rebates to RTS customers at the same rebate level approved by the Commission for electric heat pump water heaters. PPL Electric will conduct outreach to inform RTS customers and solar installers of the pilot program. In addition, PPL Electric agrees that RTS customers who installed solar thermal domestic hot

water heaters on or after July 1, 2009, are eligible to participate in the pilot program, subject to the 50 rebate cap level.

16. PPL Electric's proposed Minor Modification No. 36 to change the rebate and eligibility requirements for its C&I Custom Incentive Program technical studies will be approved. However, in preparing for its potential Phase Two EE&C Plan, PPL Electric agrees to discuss with representatives of PPLICA potential modifications to rebate and eligibility requirements to reflect the costs incurred by a participating customer when in-house personnel are used to study and develop a project.

B. NON-MINOR MODIFICATIONS

17. PPL Electric's proposed Non-minor Modification Nos. 2, 3, 4 and 5 will be approved consistent with PPL Electric's Petition.

18. PPL Electric's proposal to eliminate the New Home Program will be approved as requested. However, PPL Electric agrees to inform local builders and contractors, through educational outreach efforts, of the existing programs and measures available that could assist them and their customers. Specifically, PPL Electric will provide information to local builders and contractors of existing measures and available rebates that can currently be utilized by builders or owners.

19. SEF's proposal for PPL Electric to implement an on-bill financing program for Small Commercial and Industrial customers will not be adopted. The issues associated with electric distribution company provided on-bill financing will be reserved for consideration by the Commission in its Act 129 Energy Efficiency and Conservation Program Phase Two proceeding at Docket No. M-2012-2289411.

IV. SETTLEMENT IS IN THE PUBLIC INTEREST

20. This Settlement reduces the administrative burdens on the Commission and avoids any extensive litigation expenditures because it resolves all of the issues in this proceeding without administrative adjudication.

21. PPL Electric, PPLICA and the SEF are in full agreement and respectfully submit that expeditious Commission adoption of the Settlement is in the best interests of all parties and PPL Electric's customers.

22. Joint Petitioners have submitted, along with this Settlement Petition, their respective Statements in Support setting forth the basis upon which each believes the Settlement to be fair, just and reasonable and therefore in the public interest. The Joint Petitioners' Statements in Support are attached hereto as Appendices "A" through "C".

V. CONDITIONS OF SETTLEMENT

23. This Settlement is conditioned upon the Commission's approval of the terms and conditions contained herein without modification. If the Commission modifies the Settlement, then any Joint Petitioner may elect to withdraw from this Settlement and may proceed with litigation and, in such event, this Settlement shall be void and of no effect. Such election to withdraw must be made in writing, filed with the Secretary of the Commission and served upon all Joint Petitioners within five (5) business days after the entry of any Order modifying the Settlement.

24. This Settlement is proposed by the Joint Petitioners to settle all issues in the instant proceedings. If the Commission does not approve the Settlement and the proceedings continue to further hearings, the Joint Petitioners reserve their respective rights to present additional testimony and to conduct full cross-examination, briefing and argument. The

Settlement is made without any admission against, or prejudice to, any position which any Joint Petitioner may adopt in the event of any further litigation in these proceedings.

25. This Settlement and its terms and conditions may not be cited as precedent in any future proceeding, except to the extent required to implement this Settlement.

26. The Commission's approval of the Settlement shall not be construed to represent approval of any Joint Petitioner's position on any issue, except to the extent required to effectuate the terms and agreements of the Settlement in these and future proceedings involving PPL Electric.

27. It is understood and agreed among the Joint Petitioners that the Settlement is the result of compromise, and does not necessarily represent the position(s) that would be advanced by any Joint Petitioner in these proceedings if they were fully litigated.

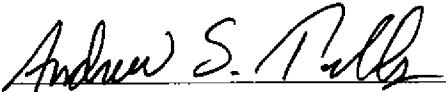
28. This Settlement is being presented only in the context of these proceedings in an effort to resolve the proceedings in a manner which is fair and reasonable. The Settlement is the product of compromise between and among the Joint Petitioners. This Settlement is presented without prejudice to any position that any of the Joint Petitioners may have advanced and without prejudice to the position any of the Joint Petitioners may advance in the future on the merits of the issues in future proceedings except to the extent necessary to effectuate the terms and conditions of this Settlement.

29. If the ALJ adopts the Settlement without modification, the Joint Petitioners waive their individual rights to file Exceptions with regard to the Settlement.

VI. CONCLUSION


WHEREFORE, the Joint Petitioners, by their respective counsel, respectfully request as follows:

1. That the Commission approve this Settlement including all terms and conditions herein;
2. That PPL Electric be permitted to modify its EE&C Plan consistent with the terms and conditions herein; and
3. That the Commission enter an Order consistent with this Settlement.



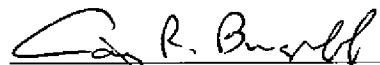
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Date: 4-30-12



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For: *PP&L Industrial Customer Alliance*

Date: 4-30-12



Craig R. Burgraff, Esquire
For: *Sustainable Energy Fund of Central Eastern Pennsylvania*

Date: 4-30-12

Appendix “A”

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

Petition of PPL Electric Utilities	:	
Corporation for Approval of its Energy	:	Docket No. M-2009-2093216
Efficiency and Conservation Plan	:	

**PPL ELECTRIC UTILITIES CORPORATION'S
STATEMENT IN SUPPORT OF
JOINT PETITION FOR SETTLEMENT**

TO THE HONORABLE ADMINISTRATIVE LAW JUDGE ELIZABETH H. BARNES:

PPL Electric Utilities Corporation ("PPL Electric") hereby submits this Statement in Support of the Joint Petition for Settlement ("Settlement") entered into by PPL Electric, PP&L Industrial Customer Alliance ("PPLICA"), and the Sustainable Energy Fund of Central Eastern Pennsylvania (the "SEF"), parties to the above-captioned proceeding (hereinafter collectively referred to as the "Joint Petitioners").¹ PPL Electric respectfully requests that the Pennsylvania Public Utility Commission ("Commission") approve the Settlement, including the terms and conditions thereof, without modification. Furthermore, consistent with the Settlement, PPL Electric respectfully requests that the Commission approve all of PPL Electric's proposed modifications to its Energy Efficiency and Conservation Plan ("EE&C Plan").

The Settlement, if approved, will resolve all issues raised by the Joint Petitioners in this proceeding. Given the diverse interests of the Joint Petitioners and the active role they have taken in this proceeding, the fact that they have resolved their respective issues in this proceeding, in and of itself, provides strong evidence that the Settlement is reasonable and in the public interest. The Settlement was achieved after a thorough review of PPL Electric's proposal

¹ The Commission's Bureau of Investigation & Enforcement, the Office of Small Business Advocate, the Office of Consumer Advocate ("OCA"), the Pennsylvania Communities Organizing Change d/b/a Action United, Inc. ("PCOC"), Richards Energy Group, Inc. and Eric Epstein, *pro se* have indicated that they do not object to the Settlement.

in this proceeding. The Joint Petitioners participated in a number of settlement discussions which ultimately led to the Settlement.

The Settlement reflects a carefully balanced compromise of the interests of the Joint Petitioners in this proceeding. The Joint Petitioners believe that approval of the Settlement is in the public interest. For these reasons, and the reasons set forth below, the Settlement is just and reasonable and should be approved. In support thereof, PPL Electric states as follows:

I. INTRODUCTION

PPL Electric provides electric distribution, transmission and provider of last resort services to approximately 1.4 million customers in a certificated service territory that spans approximately 10,000 square miles in all or portions of 29 counties in eastern and central Pennsylvania. PPL Electric is a “public utility” and an “electric distribution company” as those terms are defined under the Public Utility Code, 66 Pa. C.S. §§ 102 and 2803.

On July 1, 2009, PPL Electric filed its EE&C Plan with the Commission, pursuant to Act 129 of 2008² (“Act 129”) and various related Commission orders. The Commission approved PPL Electric’s EE&C Plan, with modifications, on October 26, 2009, in *Petition of PPL Electric Utilities Corporation for Approval of its Energy Efficiency and Conservation Plan*, Docket No. M-2009-2093216 (Order Entered October 26, 2009) (“EE&C Order”).³

PPL Electric’s portfolio of programs is designed to provide customer benefits and to meet the energy saving and peak load reduction goals set forth in Act 129. The EE&C Plan includes a range of energy efficiency and demand response programs that include every customer segment in PPL Electric’s service territory. These programs are the key components of a comprehensive

² Act 129 of 2008, P.L. 1592, 66 Pa.C.S. §§ 2806.1 and 2806.2.

³ The EE&C Plan was further revised by *Petition of PPL Electric Utilities Corporation for Approval of its Energy Efficiency and Conservation Plan*, Docket No. M-2009-2093216 (Order Entered February 17, 2010).

electric energy efficiency initiative designed to achieve the 1,146,000 MWh of reduced energy consumption and 297 MW of peak demand reductions required by Act 129.

On February 2, 2012, PPL Electric, filed in Docket No. M-2009-2093216, the "*Petition of PPL Electric Utilities Corporation for Approval of Changes to Its Act 129 Energy Efficiency and Conservation Plan*" ("Petition") requesting Commission approval for both minor and non-minor changes to its EE&C Plan.⁴ Specifically, PPL Electric proposed 56 minor changes to its and six (6) "non-minor" modifications to its EE&C Plan. As noted in the Petition, PPL Electric discussed a majority of these proposed changes to the EE&C Plan at the stakeholder meeting on October 18, 2011.

On March 5, 2012, the OCA, PPLICA, PCOC and the SEF filed comments in this proceeding. The vast majority of PPL Electric's proposed modifications to its EE&C Plan were unopposed by any party. However, PPLICA and the SEF each raised objections to certain modifications contained in the Company's Petition. PPL Electric filed reply comments on March 26, 2012. Pursuant to a Secretarial Letter issued on April 10, 2012, the Commission referred PPL Electric's Petition to the Office of Administrative Law Judge for expedited evidentiary hearings. Specifically, the Commission stated that the issues to be addressed in proceeding before the Administrative Law Judge be limited to PPL Electric's proposed Minor Modification Nos. 1-6, 14, 16, 18, 19, 35, 36 and 55 and the Company's proposed Non-Minor Modification Nos. 2-5. Furthermore, the Commission stated that the SEF's proposal that PPL Electric implement an on-bill financing program should be addressed in this proceeding.

⁴ Although the Commission established a bifurcated process for approving minor and non-minor proposed changes to the EE&C Plans, PPL Electric filed a single petition which included both minor and non-minor changes, and, therefore, the Company did not requested expedited review of the minor changes. See the June 10, 2011 Final Order at Docket No. M-2008-2069887.

The Joint Petitioners held several settlement conferences and exchanged settlement proposals and counter-proposals. As a result of the conferences and the efforts of the Joint Petitioners to examine the issues raised, a settlement in principle of all issues was reached prior to the dates set for the evidentiary hearings.

In the Settlement, the Joint Petitioners agree that the Commission should approve the proposed modifications to PPL Electric's EE&C Plan, subject to the terms and conditions set forth in the Settlement. The Settlement fully resolves the Joint Petitioners' issues in this proceeding, and reflects a carefully balanced compromise of the interests of the Joint Petitioners.

II. COMMISSION POLICY FAVORS SETTLEMENT

Commission policy promotes settlements. *See* 52 Pa. Code § 5.231. Settlements lessen the time and expense the parties must expend litigating a case and, at the same time, conserve precious administrative resources. The Commission has indicated that settlement results are often preferable to those achieved at the conclusion of a fully litigated proceeding. *See* 52 Pa. Code § 69.401. In order to accept a settlement, the Commission must first determine that the proposed terms and conditions are in the public interest. *Pa. P.U.C. v. York Water Co.*, Docket No. R-00049165 (Order entered Oct. 4, 2004); *Pa. P.U.C. v. C.S. Water and Sewer Assocs.*, 74 Pa. P.U.C. 767 (1991). For the reasons laid out in this Statement in Support of Settlement, PPL Electric believes that the Joint Petition for Settlement is just, reasonable, and in the public interest and, therefore, should be approved without modification.

III. TERMS OF THE SETTLEMENT

This Settlement is in the public interest because it addresses the specific minor and non-minor modifications proposed by PPL Electric for which PPLICA and the SEF requested an investigation and hearings. Therefore, the Settlement addresses all the concerns raised by the

parties to PPL Electric's proposed 56 minor and six (6) non-minor changes to its current EE&C Plan. These changes are both reasonable and necessary for PPL Electric's to successfully meet its 2012 and 2013 Act 129 overall compliance targets and to more reasonably project the mix of measures, programs, and the proportion of savings and costs for each customer sector to meet those compliance targets.

A. MINOR MODIFICATIONS

In its Petition, PPL Electric proposed 56 Minor Modifications to its current EE&C Plan. The proposed minor changes are a necessary "true-up" to the EE&C Plan, so that PPL Electric can: (1) change measure eligibility requirements to conform to the Commission's Technical Reference Manual ("TRM"); (2) discontinue measures that are fully subscribed, have negligible participation, or have negligible savings; (3) add measures to the EE&C Plan that were recently added to the TRM and will expand options for customers; (4) adjust rebates and eligibility requirements of measures to better align them to the savings provided by the measure, to increase or decrease participation levels, or to reflect market transformation; (5) adjust the estimated participation levels, savings, and costs for measures/programs to reflect Program Years 1 and 2 actual results that differed from estimates in the current EE&C Plan; (6) adjust the estimated participation levels, savings, and costs for measures/programs for Program Years 3 and 4 to better reflect actual progress and market conditions that differed from estimates in the current EE&C Plan; (6) change the classification of costs for direct install measures in the Winter Relief Assistance Program ("WRAP") and the E-Power Wise program from "Incentives" to "CSP Direct Program Costs" to comply with the Commission's 2011 TRC Order;⁵ and (7) update the general text in the EE&C Plan.

⁵ *Implementation of Act 129 of 2008 – Total Resource Cost (TRC) Test 2011 Revisions*, Docket No. M-2009-2108601 (Order Entered August 2, 2011).

The vast majority of the Company's proposed Minor Modifications were unopposed by any party. However, as noted above, PPLICA and the SEF each raised objections to certain modifications contained in the Company's Petition. Specifically, the Comments of PPLICA and the SEF raised issues with PPL Electric's proposed Minor-Modification Nos. 1-5, 14, 16, 18-19, 35-36, and 55.

During the course of the settlement discussions, the Joint Petitioner's discussed and reached agreement on specific settlement terms to address PPL Electric's proposed Minor Modifications Nos. 19, 35 and 36. The remaining modifications addressed in the comments filed by PPLICA and the SEF relative to Minor Modification Nos. 1-5, 14, 16, 18 and 55 were successfully resolved by either PPL Electric's March 26, 2012 Reply Comments or through the Joint Petitioner's settlement discussions.⁶ Therefore, the Joint Petitioners have agreed that all of the proposed minor modifications subject to this proceeding be approved as set forth in the Company's Petition.

1. Minor Modification No. 19 – Re-forecast HVAC Tune-up and Revise Incentives

In its Petition, PPL Electric proposed to adjust savings and cost assumptions between program years for the HVAC Tune-Up Program to reflect actual experience and reduce the projected total savings and costs of this program. Under the Settlement, PPL Electric will continue to offer this program consistent with the conditions prescribed in the Settlement.

⁶ Specifically, support for these proposed modifications was provided by PPL Electric as follows: Minor Modification No. 1 – Discontinue Rebate for Humidifiers, Petition at 15, Reply Comments at 15-8; Minor Modification No. 3 – Discontinue Rebate for Scanners, Printers and All Other Office Equipment, Petition at 16, Reply Comments at 15-18; Minor Modification No. 4 – Close Residential Portion of Renewable Energy Program Earlier than Expected, Petition at 16, Reply Comments at 18-20; Minor Modification No. 5 – Close Government, Non-Profit, Institutional (GNI) Portion of Renewable Energy Program Earlier than Expected, Petition at 16, Reply Comments at 20; Minor Modification No. 14 – Consolidate Cost Categories in EE&C Plan, Petition at 19, Reply Comments at 21-22; Minor Modification No. 16 – Transfer Funds from the Small C&I Portion of the C&I Custom Incentive Program to Small C&I Portion of the Efficient Equipment Incentive Program, Petition at 19-20; Reply Comments at 22; Minor Modification No. 18 – Reduce the Projected Costs of the Large C&I Load Curtailment Program, Petition at 22, Reply Comments at 8-11; and Minor Modification No. 55 – Add a Small C&I Direct Install Option to the Efficient Equipment Incentive Program, Petition at 31, Reply Comments at 25-26.

As explained in the Petition, PPL Electric acknowledges that this program has not been successful and will not realize material savings. Petition at 22. Therefore, the Company has stopped payments to the program conservation service provider (“CSP”). Under the Settlement, the Joint Petitioners have agreed that PPL Electric may continue to allow HVAC contractors to provide measures to customers and to receive rebates. However, PPL Electric has agreed to no longer promote the HVAC Tune-Up Program to end-use customers and that it will close the program once the Commission-approved budget for the program has been exhausted.

The Settlement strikes the appropriate balance between meeting customer needs and allowing the Company to use funds in an efficient manner. As noted by the Company in its Reply Comments, it expects very few requests for rebates under the HVAC Tune-Up Program in Program Years 3 and 4. Reply Comments at 23. However, the continued operation of the program, will provide the existing HVAC contractors with an opportunity to use their testing equipment to provide useful tune-up services to end-use customers. The continued operation of the HVAC Tune-Up Program will allow some participants to take advantage of rebates within the remaining approved budget and is in the public interest.

2. Minor Modification No. 25 – Change Projected Participation for Heat Pump Water Heaters

PPL Electric proposed to increase the projected number of rebates for heat pump water heaters from 230 to 3,200 in the Efficient Equipment Incentive Program because actual participation has exceeded expectations and the measure contributes significant per unit savings.

Under the Settlement, PPL Electric is permitted to make its requested modification but the Company will add a solar thermal domestic hot water pilot program for its Residential Thermal Storage (“RTS”) customers. By increasing the number of rebates under this measure, PPL Electric will benefit from the significant per unit savings that the measure provides the

Company,⁷ and will assist the Company in meeting its Act 129 obligations. In addition, the proposed pilot program will enable the Company to test the potential savings and benefits to be achieved through the installation of solar thermal domestic hot water heaters. The results of the pilot program will be useful to PPL Electric in planning for the potential Phase Two of Pennsylvania's EE&C Plans.

3. Minor Modification No. 36 – Change Rebate for C&I Custom Incentive Program Technical Studies and Add Expiration Dates to Ensure Customers Can Implement the Project by May 2013.

In its Petition, PPL Electric proposed to change the rebate and eligibility requirements for C&I Custom Incentive Program technical studies. Petition at 27; Reply Comments at 11-12.

Under the Settlement, PPL Electric's proposed changes would be approved. However, in response to the request that a participant's (a customer participating in an energy efficiency project) be able to recover internal staff costs through the Custom Incentive Program's rebate for technical studies, PPL Electric has agreed to discuss potential modifications to rebate and eligibility requirements for its potential Phase Two EE&C Plan. Approval of this provision of the Settlement is in the public interest, as it provides for PPL Electric and representatives of PPLICA to engage in meaningful discussions to identify, discuss and evaluate all the issues associated costs incurred by a participating customer when in-house personnel are used to study and develop a custom project. These discussions will assist the Company in planning for its potential Phase Two EE&C Plan.

⁷ 1,884 kWh/yr.

B. NON-MINOR MODIFICATIONS

In its Petition, PPL Electric proposed six (6) “non-minor” changes to its existing EE&C Plan: (1) eliminating the Time of Use Rates program⁸ (“TOU Program”); (2) eliminating the ENERGY STAR New Homes Program (“New Homes Program”); (3) adding the use of a CSP for the Commercial and Industrial (“C&I”) Efficient Equipment Incentive and C&I Custom Incentive Programs; (4) adjusting the projected common costs; (5) increasing the projected cost of the Direct Load Control Program and changing the projected participation between customer sectors; and (6) increasing participation and costs for the residential portion of the Renewable Energy Program.

The Comments of PPLICA and the SEF raised issues with PPL Electric’s proposed Non-minor Modifications 2, 3, 4, and 5. However, during the course of settlement discussions, the Joint Petitioners determined that the comments filed by PPLICA and the SEF relative to Non-minor Modification Nos. 3, 4, and 5 were successfully resolved by either PPL Electric’s March 26, 2012 Reply Comments or through the Joint Petitioner’s settlement discussions.⁹ In addition, the Joint Petitioners have reached an agreement relative to Non-minor Modification No. 2. Therefore, the Joint Petitioners have agreed that all of the proposed non-minor modifications subject to this proceeding be approved as set forth in the Company’s Petition.

⁸ By this Petition, PPL Electric is requesting Commission approval to eliminate the TOU Program from the Company’s EE&C Plan. However, the Company, consistent with Section 2807(f)(5) of Act 129, will continue to offer time-of-use rates to all customers that have been provided with a smart meter. 66 Pa. C.S. § 2807(f)(5).

⁹ Support for these proposed modifications was provided by PPL Electric as follows: Non-minor Modification No. 3 – The Addition of a CSP for the C&I and Institutional Portions of Efficient Equipment Incentive Programs, Petition at 33-34, Reply Comments at 12 -13; Non-minor Modification No. 4 – Adjustments to the Estimated Common Costs, Petition at 35-37, Reply Comments at 13-15; and Non-minor Modification No. 5 – Increase in the Projected Cost of the Direct Load Control Program, Petition at 37, Reply Comments at 28-31.

1. Non-Minor Modification No. 2 – Elimination of the New Home Program

PPL Electric proposed in its Petition to eliminate the existing New Home Program. Petition at 33. The Company explained that the new home market was not likely to rebound quickly enough to achieve material savings in Program Years 3 and 4 and that the measures in the New Home Program are also available in the Efficient Equipment Incentive Program. Therefore, the measures in the eliminated New Home Program would still be available to new home builders or owners, even though the formal program has been removed from the EE&C Plan. In its Comments, the SEF opposed the elimination of the New Home Program.

Under the Settlement, PPL Electric's proposal to eliminate the New Home Program will be adopted. However, PPL Electric has agreed to undertake educational outreach efforts to inform local builders and contractors of the existing programs and measures available to assist them and their customers. The elimination of the New Homes Program is in the public interest as the new home market was not likely to rebound quickly enough to achieve material savings in the Company's Phase One EE&C Plan. Further, as explained by PPL Electric, the per-home savings for this program are very low compared to the original estimates because new building codes, *e.g.*, IECC 2009 that became effective in 2010, thus reducing new home savings that could be credited to Act 129 EE&C Plans. Petition at 33. However, local builders and contractors may continue to implement measures through the Efficient Equipment Incentive Program but avoid the additional administrative costs to establish and maintain the New Home Program. Specifically, the elimination of the New Homes Program will result in approximately \$2.7 million being reallocated to the residential portion of the Efficient Equipment Incentive Program. Therefore, there is no impact on the portfolio's total cost or the residential sector budget due to the elimination of the program.

2. On-bill Financing

In its Comments, the SEF recommended that PPL Electric and the Commission consider implementing an on-bill financing pilot program for Small C&I customers. SEF Comment at 16.

Under the Settlement, the Joint Petitioners have agreed that the SEF's proposal for PPL Electric to implement an on-bill financing program for Small C&I customers not be adopted. Instead, the Joint Petitioners have agreed that the issues associated with electric distribution companies providing on-bill financing be reserved for consideration by the Commission in its ongoing Act 129 EE&C Plan Phase Two proceeding at Docket No. M-2012-2289411. This would enable the Commission to benefit from receiving comments from all interested stakeholders relative to the significant range of issues which may affect all of the electric distribution companies. Therefore, it would be premature for the Commission to address on-bill financing in the course of reviewing PPL Electric's Petition.

IV. CONCLUSION

The Settlement resolves all issues raised during this proceeding. For the reasons explained above, and those set forth in the proposed findings in the Settlement, the resolution of this proceeding in accordance with the terms of the Settlement is in the public interest.

Respectfully submitted,



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Date: April 30, 2012

Attorneys for PPL Electric Utilities Corporation

Appendix “B”

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

**Petition of PPL Electric Utilities :
Corporation for Approval of its Energy : Docket No. M-2009-2093216
Efficiency and Conservation Plan :**

**PP&L INDUSTRIAL CUSTOMER ALLIANCE
STATEMENT IN SUPPORT OF
JOINT PETITION FOR SETTLEMENT**

The PP&L Industrial Customer Alliance (“PPLICA”), the Sustainable Energy Fund of Central Eastern Pennsylvania (the “SEF”) and PPL Electric Utilities Corporation (“PPL” or “Company”), active parties in the above-captioned proceeding, are submitting to the Commission a Joint Petition For Settlement (“Joint Petition” or “Settlement”) proposing a negotiated resolution of all issues among the parties in the above-captioned proceeding. PPLICA hereby provides this Statement in Support, which explains the background and provisions of the Settlement, and establishes that approval of the Settlement without modification is appropriate and in the public interest.

I. INTRODUCTION AND BACKGROUND

On February 2, 2012, PPL filed a Petition of PPL Electric Utilities Corporation for Approval of Changes to Its Act 129 Energy Efficiency and Conservation Plan (“Petition”) at Docket No. M-2009-2093216 requesting Commission approval for both minor and non-minor changes to its EE&C Plan.¹

¹ Although the Commission had previously established an expedited review process for approving minor proposed changes to the EE&C Plans, PPL filed a single petition proposing both minor and non-minor changes, and, therefore, the Company did not request expedited review of the minor changes. See the June 10, 2011 Final Order at Docket No. M-2008-2069887 (“Expedited Process Order”)

Pursuant to the schedule established in the Expedited Process Order, on March 7, 2012, PPLICA, SEF, Pennsylvania Communities Organizing for Change d/b/a Action United, Inc. ("PCOC"), and the Office of Consumer Advocate ("OCA") filed Comments in this proceeding. OCA and PCOC did not oppose PPL's proposed modifications. PPLICA, along with SEF, opposed or requested further explanation or investigation of several proposed modifications in the Company's Petition.

On March 26, 2012, PPL filed Reply Comments responding to several of PPLICA's inquiries and otherwise requesting that the Commission reject the Comments of PPLICA and SEF.

On April 10, 2012, the Commission issued a Secretarial Letter referring PPL's Petition to the Office of Administrative Law Judge for expedited evidentiary hearings. The Commission established a schedule requiring the presiding Administrative Law Judge ("ALJ") to certify the record of this proceeding to the Commission by May 1, 2012. To facilitate the expedited process the Commission limited the issues to be addressed to those which parties had specifically identified in Comments as requiring hearings or investigation, including PPLICA's issues regarding proposed Minor Modifications Nos. 18 and 20, and proposed Major Modifications Nos. 3 and 4.

An informal Prehearing Conference was held on April 17, 2012. At the Prehearing Conference, ALJ Elizabeth H. Barnes established the litigation schedule.

The parties participated in numerous discussions over the course of this proceeding. Through discussions, PPLICA confirmed that several of the issues raised in its Comments were satisfactorily addressed by PPL's Reply Comments. With the responses provided in PPL's Reply Comments and the provisions of the Joint Petition, PPLICA and PPL have reached a settlement

of all issues in this proceeding prior to the date scheduled for serving testimony or evidentiary hearings.

A summary of the PPLICA issues addressed by PPL's Reply Comments is set forth below and followed by a brief explanation of the remaining PPLICA issue resolved through the Joint Petition.

II. PPL REPLY COMMENTS

The Commission's April 10, 2012 Secretarial Letter identified four issues raised in PPLICA's Comments to be addressed before the ALJ. Prior to reaching agreement on the terms of the Joint Petition, PPLICA notified PPL that three of the four issues had been resolved to PPLICA's satisfaction by information provided in PPL's Reply Comments. Specifically, PPLICA submits that PPL's Reply Comments resolved the issues raised regarding Minor Modification No. 18, and Major Modifications Nos. 3 and 4.

PPL's Reply Comments responded to the various discrepancies identified by PPLICA in relation to Minor Modification No. 18, PPL's proposal to reduce the projected costs of the Large Commercial and Industrial ("C&I") load curtailment program. PPLICA identified an apparent inconsistency between the Large C&I peak load curtailments reported in the Petition and Black-line EE&C Plan accompanying the Petition. PPLICA Comments, p. 8. PPL clarified that this discrepancy arose primarily from the omission of transmission-related gross-up that was not reflected in the current EE&C filing. PPL Reply Comments, p. 9. PPL also provided further explanation but of the \$2 million reduction to the Large C&I load curtailment allowance, confirming that the cost exposure of removing the reduction remains unquantified, but is expected to be relatively minor. PPL Reply Comments, p. 10. Additionally, PPL confirmed that another discrepancy observed by PPLICA resulted from an error in the Petition listing the total peak demand savings as 334 MW rather than the correct 384 MW target. PPL Reply Comments,

p. 10. The above information clarifies the identified inconsistencies and resolves PPLICA's concerns regarding proposed Minor Modification No. 18.

The clarification provided with regards to PPL's Major Modifications No. 3 also satisfies PPLICA's concerns. Major Modification No. 3 proposed to add a Curtailment Service Provider ("CSP") to the PPL's Large C&I and Institutional Efficient Equipment Incentive and Custom Incentive Programs. PPLICA raised concerns regarding interclass cost subsidies, claiming that Large C&I customers would derive little benefit from the addition of a CSP to the EE&C Plan. PPLICA Comments, p. 11. PPL's Reply Comments subsequently clarified that all CSP costs would be charged directly to specific customer sectors for actual work confirmed. PPL Reply Comments, p. 12. This statement resolves PPLICA's concerns with regards to proposed Major Modification No. 3.

Finally, PPLICA submits that the issues related to proposed Major Modification No. 4 require no further clarification or investigation at this time. Major Modification No. 4 proposes to adjust PPL's projected common costs for the EE&C Plan. PPLICA's primary concern in requesting that the Commission investigate the increase in common costs was to ensure that any cost shifting associated with other changes would be appropriately reflected in recalculated common costs. PPLICA Comments, p. 12. This concern arises from the linear relationship between direct program costs and common costs. *See* PPL Reply Comments, p. 14. Absent any changes to PPL's reported program costs, PPLICA's concerns of appropriate adjustments to common costs becomes moot.

III. EXPLANATION OF PROVISIONS IN JOINT PETITION FOR SETTLEMENT

In addition to the issues resolved through PPL's Reply Comments, the Joint Petition reflects a reasonable resolution of the issues raised by PPLICA in response to proposed Minor Modification No. 36. Minor Modification No. 36 proposes to change PPL's rebates for Large

C&I Custom Incentive Program technical studies by prohibiting rebates for technical studies performed by internal personnel. PPLICA Comments, pp. 9-10. PPLICA's Comments encourage the Company to revise this proposal in a manner reflecting the cost incurred by Large C&I customers using internal personnel to study and develop Custom Incentive Program projects. *Id.* at 11. The Joint Petition reflects the agreement of PPL to engage PPLICA in discussions during the development of Phase Two of its EE&C Plan and work to explore potential modifications to its Custom Incentive Program rebates.

PPLICA believes that it is very important for the Commission to fully examine the results, costs and benefits of all measures prior to extending those measures in any second phase of the EE&C Plans that may be required as a result of the ongoing proceeding at Docket M-2012-2289411. PPLICA reserves the opportunity to raise all relevant issues in any subsequent investigation into PPL's current EE&C Plan, or any proceeding regarding a second EE&C Plan.


IV. THE PUBLIC INTEREST SUPPORTS APPROVAL OF THE JOINT PETITION WITHOUT MODIFICATION

The terms of the Joint Petition reflect a just and reasonable compromise between the Joint Petitioners. Further, the Settlement avoids the expense and uncertainty of continued litigation of this matter, and otherwise advances the policy of this Commission to encourage parties to resolve contested proceedings through settlement processes. Therefore, approval of the Joint Petition, without modification, is in the public interest.

WHEREFORE, the PP&L Industrial Customer Alliance respectfully requests that the Commission adopt the Joint Petition for Settlement without modification.

Respectfully submitted,

MCNEES WALLACE & NURICK LLC

By 

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Dated: April 30, 2012

Appendix “C”

Appendix C

BEFORE THE PENNSYLVANIA PUBLIC UTILITY COMMISSION

Petition of PPL Electric Utilities :
Corporation for Approval of : Docket No.: M-2009-2093216
its Energy Efficiency and Conservation Plan :

STATEMENT OF THE SUSTAINABLE ENERGY FUND OF CENTRAL EASTERN PENNSYLVANIA IN SUPPORT OF SETTLEMENT

TO ADMINISTRATIVE LAW JUDGE ELIZABETH H. BARNES:

I. INTRODUCTION

PPL Electric Utilities Corporation (“PPL”) filed its Petition of PPL Electric Utilities Corporation for Approval of Changes to its Act 129 Energy Efficiency and Conservation Plan on February 2, 2102 (“February 2 Petition”). In its February 2 Petition, PPL requested approval for both minor and non-minor changes to its EE&C Plan. It proposed what it defined as fifty-six (56) minor changes as defined in the June 2011 Final Order¹, and six (6) non-minor modifications. PPL submitted a single petition to ensure a complete representation of all proposed changes in a single black-line EE&C Plan to illustrate the collective impacts of all proposed changes. PPL did not

¹ *Energy Efficiency and Conservation Program*, Docket No. M-2008-2069887 (June 10, 2011 Final Order)(“June 2011 Final Order”).

request expedited review of the minor changes, but instead requested that the February 2 Petition be reviewed under the procedure established for non-minor EE&C Plan changes.²

On March 5, 2012, SEF submitted Comments opposing some of the modifications proposed in the February 2 Petition since it believed that several of the modifications are counter-productive to the goals of Act 129 and PPL's EE&C Plan. SEF requested that the Commission approve those measures that SEF did not oppose and conduct an investigation and hearing on those measures SEF opposed.

In particular, SEF opposed the following proposed minor modifications.

- SEF opposed the proposed discontinuation of the rebate for dehumidifiers in the Efficient Equipment Initiative Program. (Minor Modification 1)
- SEF opposed the proposed discontinuation of rebates for scanners, printers and all other office equipment in the Small C&I sector Efficient Equipment Incentive Program (Minor Modification 3)
- SEF opposed the proposed premature closure of the residential photovoltaic ("PV") and residential ground source heat pump portions of the Renewable Energy Program. (Minor Modification 4)
- SEF opposed the proposed premature closure of the Government, Non-Profit, Institutional ("GNI") portion of the Renewable Energy Program. (Minor Modification 5)
- SEF opposed the proposed the discontinuation of the rebate for dishwashers and clothes washers in the Residential sector Efficient Equipment Incentive Program. (Minor Modification 6)

² February 2 Petition at 5.

- SEF opposed the proposed consolidation of CSP Labor and CSP Materials/Supplies into one combined item, CSP Costs, in the CSP cost breakdown in the EE&C Plan. (Minor Modification 14)
- SEF opposed the proposed reallocation of approximately \$13 million from the Small C&I Customer Incentive Program to the Small C&I Efficient Equipment Program. (Minor Modification 16)
- SEF opposed the proposed revisions to three measures in the HVAC Tune-Up Program with direct customer incentive payments and recommended the program's elimination. (Minor Modification 19)
- SEF opposed the proposed increase in funding and participation for residential and certain commercial electric heat pump water heaters and recommended that the increased funding and participation not be limited to electric heat pump water heaters, but also include solar thermal and natural gas heat pump water heaters. (Minor Modification 35)

The SEF opposed the following proposed non-minor modifications.

- SEF opposed the proposed elimination of the New Home Program. (Non-minor Modification 2)
- SEF opposed the proposed increase in projected cost of the Direct Load Control Program. (Non-minor Modification 5)

In addition, SEF recommended that PPL, and the Commission, consider implementing a third-party on-bill financing program as a means of significantly increasing program participation rates, especially given the Small C&I sector results.

Comments were also filed by the Office of Consumer Advocate ("OCA"), the PP&L Industrial Customer Alliance ("PPLICA") and the Pennsylvania Communities Organizing for

Change d/b/a Action United, Inc. (“PCOC”). The OCA did not object to PPL’s proposed modifications to its EE&C Plan for residential customers. PPLICA raised issues concerning the reduction in the projected costs of the Large C&I Load Curtailment Program, the failure to provide rebates for internal technical studies for the C&I Custom Incentive Program, the addition of a Conservation Service Provider (“CSP”) for the C&I and Institutional portion of the Efficient Equipment Incentives and Custom Incentive Programs and the adjustments to the estimated common costs. PCOC raised no opposition to the proposed changes. PPL filed Reply Comments on March 26, 2012.

On April 10, 2012, the Commission issued a Secretarial Letter in which it granted the requests of SEF and PPLICA for an investigation and hearings on specific proposed modifications and referred the matter to the Office of Administrative Law judge (“OALJ”). These modifications were minor modifications 1, 3-6, 14, 16, 18-19, 35-36 and 55, and non-minor modifications 2-6. The Commission also directed the proceedings to address SEF’s on-bill financing proposal. The Commission directed OALJ to proceed such that the assigned Administrative Law Judge (“ALJ”) could certify the record to the Commission by May 1, 2012.

ALJ Elizabeth H. Barnes conducted an informal telephonic prehearing conference on April 17, 2012. On that date, the ALJ issued a Scheduling Order establishing a testimony due date of April 20, 2012, an evidentiary hearing on April 25, 2012 and a due date for briefs of May 1, 2012.

PPL, the SEF and PPLICA have reached a settlement in this matter. ALJ Barnes was informed of the settlement in principal on April 20, 2012, and the procedural schedule was suspended and the hearing day cancelled.

SEF submits the following Statement in Support of the Joint Petition for Settlement (“Settlement”) submitted in this proceeding.

II. SPECIFIC SETTLEMENT TERMS

The SEF believes that the Settlement is in the public interest. The SEF, for the following reasons, recommends that the ALJ certify the Settlement to the Commission as part of the record in this case and the Commission approve the Settlement.

A. The Settlement provides that PPL is permitted to increase the projected number of rebates for heat pump water heaters from 230 to 3,200 in the Efficient Equipment Incentive Program as requested in proposed Minor Modification 35.³ PPL proposed to restrict heat pump water heaters rebates to electric heat pump water heaters. The SEF in its Comments recommended that the increased funding and participation for the Heat Pump Water Heating Program not be limited to electric heat pump water heaters, but rather should include other fuels including solar thermal.⁴

The Settlement provides that PPL will begin steps to expand the program to other fuels by offering a solar thermal domestic hot water pilot program for its remaining Residential Thermal Storage (“RTS”) customers. The pilot program will provide up to 50 rebates to RTS customers at the same rebate level approved by the Commission for electric heat pump water heaters. PPL has agreed to implement the pilot program as soon as practical but no later than the end of 2012, and has agreed to conduct outreach to RTS customers and solar installers.⁵

The SEF believes that the pilot program is an appropriate step forward for the program. As noted in the SEF’s Comments, solar thermal heat pump water heaters have benefit-to-cost ratios greater than one, and it is appropriate for the choice of fuel source and technologies to be left to the customers and not restricted to electricity.⁶

³ Settlement at Paragraph 15.

⁴ SEF Comments at 11-12.

⁵ Settlement at Paragraph 15.

⁶ SEF Comments at 12.

In addition, PPL in its current base rate case at Docket No. R-2012-2290597 has proposed to increase the RTS class distribution rates by 78%.⁷ Solar thermal heat pump water heating provides RTS customers with the ability to mitigate their electric bills.

In summary, the addition of the solar thermal pilot program enhances PPL's EE&C Plan and is in the public interest.

B. The Settlement provides that PPL is permitted to adjust the savings and cost assumptions for the HVAC Tune-Up Program.⁸ The SEF in its Comments recommended that the program be eliminated since it served to competitively disadvantage those entities that have and do properly maintain their equipment.⁹

While PPL has ceased payments to the program's conservation service provider, the Settlement allows PPL to continue to allow existing HVAC contractors to provide measures to customers and to receive rebates. However, PPL agrees that it will no longer promote the HVAC Tune-Up Program to end-use customers and that it will close the program once the Commission-approved budget for the program has been exhausted.¹⁰

The SEF believes that this resolution is reasonable and in the public interest since it continues the program for HVAC contractors already providing measures to customers while at the same time ending program promotion and limiting future expenditures to the existing budget. Once that budget is reached, the HVAC Tune-Up Program will be closed.

C. The Settlement provides that PPL is permitted to eliminate the New Home Program as requested.¹¹ The SEF in its Comments opposed the elimination of that program.¹² While allowed to eliminate the program, the Settlement reflects PPL's agreement to inform local builders and

⁷ PPL Statement No. 5 at 9 in Docket No. R-2012-2290597.

⁸ Settlement at Paragraph 14.

⁹ SEF Comments at 11.

¹⁰ Settlement at Paragraph 14.

¹¹ Settlement at Paragraph 18.

contractors, through educational outreach efforts, of the current existing programs and measures available that could assist them and their customers. PPL specifically has committed to provide information to local builders and contractors of existing measures and available rebates that can currently be utilized by builders or owners.

As noted in its Comments, the SEF believes that the New Home Program continues to have merit over the long term given its benefit to cost ratio of 1.40, and given the long-lived value of home construction measures. While there is a longer lead time needed to influence developers and contractors, the SEF believes that the program can be beneficial on a going-forward basis.¹³ The Settlement begins the process of informing local builders and contractors of existing measures and available rebates that currently still exist. In addition, the Commission in its Act 129 Energy Efficiency and Conservation Program Phase Two proceeding at Docket No. M-2012-2289411 has solicited comments from interested parties on the continuation of the Electric Distribution Companies (“EDCs”) EE&C plans. The proposed planning timeline of a continued Phase Two extension of the EDCs EE&C plans calls for the filing of Phase Two plans on November 1, 2012. The combination of increased information to local builders and contractors on existing measures and the ability to revisit the issue in the near future if Phase Two plans are required demonstrates the reasonableness of the Settlement.

D. The SEF in its Comments recommended that PPL and the Commission consider implementing a third party on-bill financing pilot in lieu of current efforts in Small C&I program and that sector’s disappointing results.¹⁴ PPL opposed on-bill financing in its Reply Comments.¹⁵

¹² SEF Comments at 14-15.

¹³ SEF Comments at 14-15.

¹⁴ SEF Comments at 15-16.

¹⁵ PPL Reply Comments at 31-33.

The Settlement provides that no on-bill financing program for Small Commercial and Industrial customers will be adopted at this time. The Settlement reserves the issue for consideration by the Commission in the Phase Two proceeding.¹⁶

The SEF in its Comments to the Commission's Phase Two proceeding raised the third party on-bill financing recommendation for the Commission's consideration. As noted earlier, the Commission, if it extends the EDCs EE&C plans beyond May 31, 2013, tentatively foresees filings on November 1, 2012. The SEF believes that reserving the issue until that time period is reasonable.

E. The Settlement provides for the approval of PPL's proposed minor and non-minor modifications at issue in this proceeding. The Settlement also provides that it is without prejudice to any position that any of the Joint Petitioners may have advanced or may advance in the future on the merits of the issues in future proceedings.¹⁷ Thus, the Joint Petitioners are not foreclosed from revisiting the issues attendant to the modifications at issue in this proceeding in future PPL EE&C Plan proceedings.

III. CONCLUSION

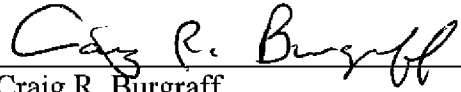
It is the policy of the Commission to encourage parties in contested proceedings to enter into settlements. 52 Pa.Code § 5.231(a). The Settlement is in the public interest and consistent with the Commission's stated policy of encouraging settlements.

WHEREFORE, the Sustainable Energy Fund of Central Eastern Pennsylvania requests that the Settlement be certified as part of the record to the Commission and that the Commission approve the Settlement.

¹⁶ Settlement at Paragraph 19.

¹⁷ Settlement at Paragraph 28.

Respectfully submitted,

A handwritten signature in black ink, reading "Craig R. Burgraff". The signature is written in a cursive style with a horizontal line underneath it.

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Dated: April 30, 2012