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June 4, 2012

Rosemary Chiavetta, Secretary  
Pennsylvania Public Utility Commission  
Commonwealth Keystone Building  
400 North Street, 2nd Floor  
Harrisburg, PA 17120

**VIA HAND DELIVERY**

**RE: Petition of PPL Electric Utilities Corporation for Approval of a Default Service Program and Procurement Plan for the Period of June 1, 2013 through May 31, 2015; Docket No. P-2012-2302074**

Dear Secretary Chiavetta:

Enclosed please find for filing with the Pennsylvania Public Utility Commission ("PUC" or "Commission") the original and three (3) copies of the Petition to Intervene and Answer of PP&L Industrial Customer Alliance ("PPLICA") concerning the above-referenced proceeding.

As shown by the attached Certificate of Service, all parties to this proceeding are being duly served. Please date stamp the extra copy of this transmittal letter and Petition, and kindly return them for our filing purposes. Thank you.

Very truly yours,

McNEES WALLACE & NURICK LLC

By   
Adeolu A. Bakare

Counsel to PP&L Industrial Customer Alliance

Enclosures

c: Administrative Law Judge Susan D. Colwell (via E-mail and Hand Delivery)  
Certificate of Service

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**BEFORE THE  
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

Petition of PPL Electric Utilities :  
Corporation for Approval of a Default :  
Service Program and Procurement :  
Plan for the Period June 1, 2013 :  
Through May 31, 2015 :

Docket No. P-2012-2302074

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**PETITION TO INTERVENE AND ANSWER  
OF THE PP&L INDUSTRIAL CUSTOMER ALLIANCE**

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Pursuant to Sections 5.71 through 5.74 of the Pennsylvania Public Utility Commission's ("PUC" or "Commission") Regulations, 52 Pa. Code §§ 5.71-5.74, the PP&L Industrial Customer Alliance ("PPLICA") hereby files this Petition to Intervene ("Petition") in the above-captioned proceeding. In addition, pursuant to Section 5.61(a) of the Commission's Regulations, 52 Pa. Code § 5.61(a), PPLICA hereby files this Answer in response to the above-captioned Petition of PPL Electric Utilities Corporation ("PPL" or "Company").

In its Petition, PPL sets forth a proposed plan to procure needed generation and to establish the terms and conditions under which the Company will supply Provider of Last Resort ("POLR") service for the period June 1, 2013, through May 31, 2015. The proposed Default Service Program ("DSP") would apply to all retail customers in PPL's service territory. PPL proposes separate treatment for: (1) Residential Customers served under Rate Schedules RS, RTS and RTD; (2) Small Commercial and Industrial ("C&I") Customers taking service under Rate Schedules GS-1, GS-3, GH-1, GH-2, IS-1, BL, SA, SM, SHS, SE, TS, SI-1, and standby service for the foregoing schedules; and (3) Large C&I Customers served under Rate Schedules GS-3, LP-4, ISP, LP-5, LP-6, LPEP, IST, and standby service for the foregoing schedules.

According to PPL's proposal, PPL plans to eliminate a fixed priced option for its Large C&I Customers. Conversely, Large C&I Customers would only be offered POLR service on a real-time hourly basis through the PJM Interconnection, L.L.C. ("PJM") Spot Market. See Petition, p. 5. PPLICA currently has several concerns regarding the Company's Petition, and specifically requests full evidentiary hearings with an opportunity for all interested parties to provide testimony prior to any Commission determination on the Company's Petition.

In support of its Petition to Intervene and Answer, PPLICA asserts as follows:

**I. PETITION TO INTERVENE**

1. PPLICA is an ad hoc association of energy-intensive industrial customers receiving electric service in PPL's service territory. PPLICA has been actively involved in many proceedings related to the introduction of electric generation supply choice in PPL's service territory. This includes being a participant in PPL's Restructuring Proceeding pursuant to the Electricity Generation Customer Choice and Competition Act ("Competition Act") and a signatory to the Settlement that resolved the appeals and challenges to the Commission's Final Order in the Restructuring Proceeding at Docket No. R-009739954. PPLICA also regularly participates in PPL's rate case proceedings, including the ongoing distribution base rate proceeding at Docket No. R-2012-2290597. In addition, PPLICA actively participated in the proceeding involving the establishment of PPL's currently effective Default Service Plan at Docket No. P-2008-2060309.

2. PPLICA members purchase service from PPL primarily under Rate Schedules LP-4, LP-5, LP-6, IS-P, and IS-T, as well as available riders. PPLICA members collectively consume approximately 1.74 billion kWh of electricity annually in manufacturing and other operational processes, and electricity costs comprise a significant portion of their production

costs. For purposes of this proceeding, PPLICA includes the companies listed in Attachment A hereto. PPLICA will update Attachment "A" during the course of this proceeding as needed to reflect changes in its membership.

3. PPLICA members are concerned with issues regarding the terms and conditions of default service. The Commission's final disposition of PPL's Petition will directly affect the rates that PPL imposes on Large C&I customers for POLR service. As PPL's largest retail customers, PPLICA members have an interest in this proceeding that is not represented by any other party of record; consequently, PPLICA satisfies the standards for intervention under Section 5.72 of the Commission's Regulations, 52 Pa. Code § 5.72.

4. The names and address of PPLICA's attorneys are:

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PPLICA requests that the names and address of its attorneys be added to the Commission's and all parties' service lists. All correspondence in this proceeding from the Commission should be directed to the attention of Adeolu A. Bakare at the address listed above.

## II. ANSWER

5. A preliminary review of the Company's filing indicates a need for a full Commission investigation, with evidentiary hearings, particularly as PPL seeks to implement various recommendations from the Commission's March 2, 2012 Retail Markets Investigation Final Order at Docket No. I-2011-2237952. This Answer identifies specific issues of concern for

PPLICA. PPLICA reserves the right, however, to raise and address additional issues of concern during the course of the proceeding based on further review of the Petition, PPL's Direct Testimony and discovery.

**A. PPL Must Demonstrate That the Company's DSP Provides Large C&I Customers With Least Cost Procurement.**

6. According to PPL's DSP proposal, PPL will offer Large C&I Customers Real-time hourly-priced generation service provided through a competitive bid process. See Petition, pp. 21-22. This procurement plan generally continues the approach utilized under PPL's current DSP, except that PPL also proposes to eliminate the currently available Optimal Monthly Pricing Service ("OMPS").

7. PPLICA intends to investigate whether PPL has demonstrated that its proposed procurement plan meets the Company's obligation to provide customers with least cost procurement. 66 Pa. C.S. § 2807(e)(3.1)(ii). Two jurisdictional EDCs, PECO Energy Company and Duquesne Light Company, have recently filed DSPs proposing to procure Large C&I default service supply directly through the PJM Interconnection, L.L.C. market. The Commission should closely examine the evidence proffered by PPL to determine whether bidding Large C&I default service load out to competitive suppliers provides least cost procurement.

8. In addition, whether PPL procures Large C&I default service load through competitive bids or the direct purchases in the PJM market, PPL should consider whether day-ahead hourly products should be used in lieu of real-time hourly pricing. PPL's reliance on real-time products may expose Large C&I default service customers to potentially excessive price volatility.

**B. The Commission Should Ensure That PPL Recover the Costs of its Proposed RME Programs Only From Customers Eligible to Participate in Such Programs.**

9. PPL's filing proposes to recover the costs of proposed RME Programs from EGSs participating in the programs. Based on the general terms provided in the Petition, PPLICA does not oppose PPL's proposal to recover RME program costs.

10. However, PPLICA notes that intervenors in other DSP proceedings currently before the Commission have advocated in favor of recovering RME program costs through nonbypassable riders or other similarly broad cost recovery mechanisms. Additionally, parties to other DSP proceedings have claimed that all customers derive benefits from RME programs. PPLICA intends to monitor any counter proposals to PPL's filed RME Program cost recovery methods and oppose any cost recovery structures imposing RME Program costs upon customers ineligible to participate in the programs.

**WHEREFORE**, for the reasons stated above, the PP&L Industrial Customer Alliance respectfully requests that the Commission grant this Petition to Intervene, providing the PP&L Industrial Customer Alliance with full-party status in this proceeding.

Respectfully submitted,

McNEES WALLACE & NURICK LLC

By 

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Dated: June 4, 2012

Counsel to the PP&L Industrial Customer Alliance

**ATTACHMENT A**

**PP&L INDUSTRIAL CUSTOMER ALLIANCE**

Air Products and Chemicals, Inc.  
Armstrong World Industries, Inc.  
General Dynamics-OTS Scranton  
Hercules Cement Company  
Linde, LLC  
SAPA Extrusions, Inc.  
The Hershey Company  
TIMET North America  
Wegmans Food Markets, Inc.

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**CERTIFICATE OF SERVICE**

I hereby certify that I have this day served a true copy of the foregoing document upon the participants listed below in accordance with the requirements of 52 Pa. Code § 1.54 (relating to service by a participant).

**VIA E-MAIL AND FIRST CLASS MAIL**

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Counsel to PP&L Industrial Customer Alliance

Dated this 4<sup>th</sup> day of June 2012, at Harrisburg, Pennsylvania.

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