



17 North Second Street
12th Floor
Harrisburg, PA 17101-1601
717-731-1970 Main
717-731-1985 Main Fax
www.postschell.com

Andrew S. Tubbs

atubbs@postschell.com
717-612-6057 Direct
717-731-1985 Direct Fax
File #: 2507/140069

September 7, 2012


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 an Evidentiary Hearing on the Energy Efficiency Benchmarks Established for the Period June 1, 2013 through May 31, 2016
Docket No. P-2012-2320369

Dear Secretary Chiavetta:

Enclosed please find the Prehearing Memorandum of PPL Electric Utilities Corporation for the above-referenced proceeding. Copies will be provided as indicated.

Respectfully Submitted,



Andrew S. Tubbs

AST/skr

Enclosure

cc: Honorable Elizabeth Barnes
Certificate of Service

CERTIFICATE OF SERVICE

Re: Petition of PPL Electric Utilities Corporation for an Evidentiary Hearing on the Energy Efficiency Benchmarks Established for the Period June 1, 2013 through May 31, 2016
Docket No. P-2012-2320369

I hereby certify that I have this date served a true copy of the foregoing document upon parties of record in this proceeding in accordance with the requirements of 52 Pa. Code § 1.54 (relating to service by a participant), in the manner and upon the persons listed below:

Dated this 7th day of September, 2012

SERVICE BY E-MAIL & FIRST CLASS MAIL

Johnnie Simms, Esquire
Bureau of Investigation & Enforcement
Pennsylvania Public Utility Commission
Commonwealth Keystone Building
P.O. Box 3265
Harrisburg, PA 17120

Shaun A. Sparks, Esquire
Krystle J. Sacavage, Esquire
Law Bureau
Pennsylvania Public Utility Commission
Commonwealth Keystone Building
P.O. Box 3265
Harrisburg, PA 17120

Paul E. Russell, Esquire
PPL Services Corp.
Office of General Counsel
Two North Ninth Street
Allentown, PA 18106

Pamela C. Polacek, Esquire
Adeolu A. Bakare, Esquire
McNees Wallace & Nurick LLC
100 Pine Street
P.O. Box 1166
Harrisburg, PA 17108

Steven Gray, Esquire
Office of Small Business Advocate
Suite 1102, Commerce Building
300 North Second Street
Harrisburg, PA 17101

Harry S. Geller, Esquire
Patrick M. Cicero, Esquire
Pennsylvania Utility Law Project
118 Locust Street
Harrisburg, PA 17101

Jeffrey J. Norton, Esquire
Carl R. Shultz, Esquire
Eckert Seamans Cherin & Mellott, LLC
213 Market Street, 8th Floor
P.O. Box 1248
Harrisburg, PA 17101

Zachary Max Fabish, Esquire
Sierra Club
50 F. Street NW, 8th Floor
Washington, DC 20001

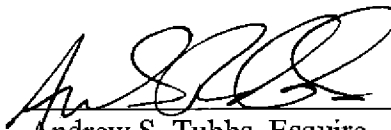
Joseph Otis Minott, Esquire
Clean Air Council
135 South 19th Street
Suite 300
Philadelphia, PA 19103

Heather M. Langeland, Esquire
PennFuture
425 Sixth Avenue, Suite 2770
Pittsburgh, PA 15219

James A. Mullins, Esquire
Office of Consumer Advocate
555 Walnut Street
5th Floor, Forum Place
Harrisburg, PA 17101-1923

POST & SCHELL, P.C.

BY:



Andrew S. Tubbs, Esquire
ID #80310
17 North 2nd Street, 12th Fl.
Harrisburg, PA 17101
Telephone: 717-612-6057
Facsimile: 717-731-1985

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

Petition of PPL Electric Utilities :
Corporation for an Evidentiary Hearing on : Docket No. P-2012-2320369
the Energy Efficiency Benchmarks :
Established for the Period June 1, 2013 :
through May 31, 2016 :

**PREHEARING MEMORANDUM OF
PPL ELECTRIC UTILITIES CORPORATION**

TO ADMINISTRATIVE LAW JUDGE ELIZABETH H. BARNES:

PPL Electric Utilities Corporation (“PPL Electric” or “Company”) hereby submits this Prehearing Conference Memorandum in compliance with the Prehearing Conference Order issued by Administrative Law Judge Elizabeth H. Barnes (“the ALJ”) on August 29, 2012.

I. BACKGROUND

On October 15, 2008, Governor Rendell signed House Bill No. 2200, subsequently identified as Act No. 129. Among other things, Act 129 created an energy efficiency and conservation program, codified in the Pennsylvania Public Utility Code at Sections 2806.1 and 2806.2, 66 Pa.C.S. §§ 2806.1 and 2806.2. This program requires an Electric Distribution Company (“EDC”) with at least 100,000 customers, such as PPL Electric, to adopt an energy efficiency and conservation (“EE&C”) plan, approved by the Commission, to reduce customers’ electric consumption and peak demand. PPL Electric’s current EE&C Plan was filed on July 1, 2009, and includes a broad portfolio of energy efficiency and conservation programs and peak load reduction programs. The Commission initially approved PPL Electric’s Phase I EE&C

Plan, with modifications, on October 26, 2009¹ and further revisions were approved in various subsequent orders.²

Pursuant to Act 129, the Commission is also charged with the responsibility to evaluate the costs and benefits of the EE&C program by November 30, 2013, and every five years thereafter. 66 Pa. C.S. § 2806.1(c)(3). The Commission must adopt, under Act 129, additional incremental reductions in consumption if the benefits of the EE&C program exceed its costs. *Id.*

Earlier this year, the Commission began the process of evaluating the costs and benefits of the EE&C program and establishing additional incremental reductions in consumption, provided the benefits exceed the costs. By order entered August 3, 2012, the Commission established Phase II of the EE&C program, requiring EDCs to adopt and implement cost effective plans to reduce energy consumption throughout the Commonwealth. *Energy Efficiency and Conservation Program*, Implementation Order, at Docket Nos. M-2012-2289411 and M-2008-2069887 (Order Entered August 3, 2012)(“*Implementation Order*”). As pertinent to PPL Electric’s Petition, the *Implementation Order* determined the required consumption reduction targets for each EDC, as well as guidelines for implementing Phase II of the EE&C Program.

The Commission’s *Implementation Order* tentatively adopted EDC specific consumption reduction targets. In addition, the Commission’s *Implementation Order* provided a process by which an EDC could challenge its Phase II consumption reduction, and the facts relied upon by the Commission in setting the target. In establishing this process, the Commission was clear that only EDCs were permitted to request an evidentiary hearing and that, “the scope of any such

¹ *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).

² See e.g., *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); *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).

proceeding will be narrow and limited to the consumption reduction issue.” *Implementation Order*, at 31.

On August 20, 2012, pursuant to Section 5.41 of the Commission’s Rules of Administrative Practice and Procedure, 52 Pa. Code § 5.41, and consistent with the Commission’s *Implementation Order*, PPL Electric requested an evidentiary hearing.³ As set forth in the Company’s Petition, the Company is not challenging the Phase II consumption reduction target. Indeed, PPL Electric requested this proceeding as a protective measure in order to affirm that EDCs retain the right to challenge subsequent modifications to the Commission’s Technical Reference Manual (“TRM”) and to petition to modify their Phase II targets as a result of future changes to the TRM or other market changes that are not presently known. Absent the filing of its Petition, the Commission stated that PPL Electric would, “have been deemed to have accepted the facts and...be bound by the consumption reduction requirement” contained in the *Implementation Order* because there would be no remaining disputed facts. *Implementation Order* at 31.

On August 30, 2012, the Office of Consumer Advocate (“OCA”) filed a Notice of Intervention. In addition, on August 30, 2012, Petitions to Intervene were filed by the Clean Air Council, the Pennsylvania Chapter of the Sierra Club, PP&L Industrial Customer Alliance, Comverge, Inc., Coalition for Affordable Utility Services and Energy Efficiency in

³ Concurrent with the filing of the request for an evidentiary hearing, PPL Electric filed a petition for reconsideration with the Commission. In that petition, PPL Electric requested that the Commission affirmatively state that its approval of the 25% adjustment factor, included in the SWE Market Potential Study, and the potential acceptance of the Phase II reduction compliance target does not: (1) preclude EDCs from challenging future modifications to the TRM; and (2) prohibit an EDC from petitioning the Commission to modify the applicable Phase II consumption reduction targets based upon future changes to the TRM or other market changes that are not presently known. Should the Commission grant PPL Electric’s petition for reconsideration, then there will be no need for the evidentiary hearing which is the subject of this proceeding.

Pennsylvania, and the Sustainable Energy Fund of Central Eastern Pennsylvania. On August 31, 2012, a Petition to Intervene was filed by Citizens for Pennsylvania's Future.

On August 29, 2012, a Prehearing Conference Order was issued, which directed the parties to file prehearing conference memoranda on or before September 7, 2012, and scheduled an Initial Prehearing Conference on September 10, 2012. Pursuant to the Prehearing Conference Order, PPL Electric hereby submits its Prehearing Memorandum.

II. COUNSEL

The attorney upon whom documents should be served is:

Andrew S. Tubbs (ID #80310)
Post & Schell, P.C.
17 North Second Street, 12th Floor
Harrisburg, PA 17101-1601
Phone: 717-612-6057
Fax: 717-731-1985
E-mail: atubbs@postschell.com

PPL Electric also requests that Paul Russell, David MacGregor and Matthew Agen be added to any informal e-mail distribution lists for this proceeding. Mr. Russell's e-mail address is perussell@pplweb.com, Mr. MacGregor's e-mail address is dmacgregor@postschell.com, and Mr. Agen's e-mail address is matthewagen@postschell.com.

III. IDENTIFIED ISSUES

1. Consolidation/Coordination of EDC Proceedings

As noted in the Prehearing Conference Order, in addition to PPL Electric's petition, petitions for evidentiary hearing were also filed on August 20, 2012 by: (1) PECO Energy Company (P-2012-2320334); (2) Metropolitan Edison Company (P-2012-2320450); Pennsylvania Power Company (P-2012-2320480); West Penn Power Company (P-2012-

2320484); and (5) Pennsylvania Electric Company (P-2012-2320468). PPL Electric does not support consolidating its petition with these other proceedings for two reasons.

First, the Commission's *Implementation Order* tentatively adopted specific Phase II consumption reduction targets for each of the above-referenced EDCs. In setting each EDC's Phase II targets, the Commission evaluated the individual EDC's available funding, efficiency potential and acquisition costs, in recognition of "the unique potential and conditions in each service territory." *Implementation Order* at 30. Therefore, each EDC's Phase II consumption reduction target is based upon specific underlying facts that are unique to that EDC and should be evaluated separately.

Second, the EDCs have stated various reasons for their respective petitions for evidentiary hearing. Indeed, in its Petition, PPL Electric maintains that the Commission's tentatively adopted Phase II consumption reduction target for its EE&C Plan is achievable. However, for the Company to achieve its target, the Company requests that the Commission affirm that EDCs retain the right to challenge subsequent modifications to the TRM and request modifications to its Phase II targets based upon any modifications to the TRM. Therefore, the issues raised by PPL Electric's Petition are narrower than and different from the issues raised by the other EDCs in their petitions.

For these reasons, PPL Electric does not support consolidating the proceedings. However, due to the time constraints associated with these proceedings, PPL Electric does support coordination of the procedural schedule of this proceeding with the other proceedings referenced above.

2. Settlement

PPL Electric is interested in pursuing settlement negotiations with the parties to attempt to resolve all or some of the issues raised in this proceeding.

3. Need for an Evidentiary Hearing

Absent the Commission granting PPL Electric's petition for reconsideration, PPL Electric proposes that a hearing be held to address the sole issue raised by the Company: whether the Commission's approval of the 25% adjustment factor precludes an EDC from challenging subsequent modifications to the TRM and from requesting modifications to its Phase II consumption targets based upon modifications to the TRM. However, as noted in its Petition, should the Commission grant PPL Electric's petition for reconsideration then there will be no need for the evidentiary hearing.

4. Procedural Schedule

PPL Electric proposes the following procedural schedule for this proceeding:

Prehearing Conference	September 10, 2012
Direct Testimony (all parties)	September 18, 2012
Rebuttal Testimony (all parties)	September 28, 2012
Evidentiary Hearing (Including PPL Electric's Surrebuttal Testimony)	October 3, 2012
Initial Briefs	October 16, 2012
Reply Briefs	October 26, 2012
Certification of Record	November 2, 2012

IV. WITNESSES AND ISSUES

Again, consistent with the Commission's *Implementation Order*, the issues raised by PPL Electric in its Petition, are limited to whether the Company retains the right to: (1) challenge

future modifications to the TRM and (2) petition the Commission to modify its Phase II consumption reduction targets based upon future changes to the TRM or other market changes that are not presently known. Therefore, this proceeding should be limited to the scope of the issues raised by PPL Electric and should not result in parties seeking to reargue, expand or fundamentally challenge the Commission's *Implementation Order* or PPL Electric's Commission-approved Phase II consumption reduction target. However, it is PPL Electric's position that written direct testimony on these limited issues will be of assistance to the parties and to the ALJ. PPL Electric proposes to file direct testimony, and expects to present the following witness at the evidentiary hearings:

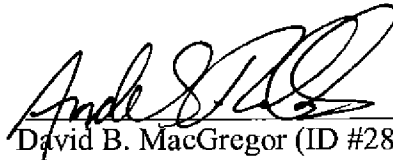
- Peter D. Cleff, Manager – Energy Efficiency Program, PPL Electric Utilities Corporation. 2 North Ninth Street, Allentown, PA 18101, (610) 774-4530. Mr. Cleff will address how modifications to the TRM can impact PPL Electric's EE&C plan and hinder the Company's ability to meet the reduction target identified by the Commission in its *Implementation Order*.

PPL Electric reserves the right to substitute or add witnesses, as appropriate, depending upon how the proceeding develops and what issues are raised by the other parties.

V. DISCOVERY

PPL Electric does not propose any modification to the discovery rules that are provided in the Commission's regulations. PPL Electric is willing to participate in informal discovery with the other parties. In addition, PPL Electric is amenable to working with the parties to identify potential admissions as to, or stipulation of, facts and to authentic documents to expedite this proceeding.

Respectfully submitted,



David B. MacGregor (ID #28804)
Post & Schell, P.C.
Four Penn Center
1600 John F. Kennedy Boulevard
Philadelphia, PA 19103-2808
Phone: 215-587-1197
Fax: 215-320-4879
E-mail: dmacgregor@postschell.com

Paul E. Russell (ID #21643)
Associate General Counsel
PPL Services Corporation
Office of General Counsel
Two North Ninth Street
Allentown, PA 18106
Phone: 610-774-4254
Fax: 610-774-6726
E-mail: perussell@pplweb.com

Matthew J. Agen
Post & Schell, P.C.
607 14th Street N.W.
Washington, DC 20005-2006
Phone: 202-661-6952
Fax: 202-661-6953
E-mail: matthewagen@postschell.com

Andrew S. Tubbs (ID #80310)
Post & Schell, P.C.
17 North Second Street, 12th Floor
Harrisburg, PA 17101-1601
Phone: 717-612-6057
Fax: 717-731-1985
E-mail: atubbs@postschell.com

Of Counsel:
Post & Schell, P.C.

Date: September 7, 2012

Attorneys for PPL Electric Utilities Corporation