



ATTORNEYS AT LAW

Craig R. Burgraff  
(717) 236-1300 x226  
crburgraff@hmslegal.com

100 North Tenth Street, Harrisburg, PA 17101 Phone: 717.236.1300 Fax: 717.236.4841 www.hmslegal.com

September 7, 2012

**BY HAND DELIVERY**

Rosemary Chiavetta, Secretary  
Pennsylvania Public Utility Commission  
Commonwealth Keystone Building  
400 North Street, 2<sup>nd</sup> Floor (filing room)  
PO Box 3265  
Harrisburg, PA 17105-3265

RE: Energy Efficiency and Conservation Program; Docket No. P-2012-2320369;  
**PREHEARING MEMORANDUM OF THE SUSTAINABLE ENERGY FUND OF  
CENTRAL EASTERN PENNSYLVANIA**

Dear Secretary Chiavetta:

Enclosed please find an original and three (3) copies of the Sustainable Energy Fund of Central Eastern Pennsylvania's Prehearing Memorandum in the above-captioned proceeding. Copies have been served on the parties pursuant to the Certificate of Service.

If you have any questions regarding this filing, please do not hesitate to contact me.

Very truly yours,

Craig R. Burgraff  
*Counsel for Sustainable Energy Fund  
of Central Eastern Pennsylvania*

CRB/alh  
Enclosure  
cc: Per Certificate of Service

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MAILING ADDRESS: P.O. BOX 1778 HARRISBURG, PA 17105

BEFORE THE  
PENNSYLVANIA PUBLIC UTILITY COMMISSION

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

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**PREHEARING MEMORANDUM OF  
SUSTAINABLE ENERGY FUND OF  
CENTRAL EASTERN PENNSYLVANIA**

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The Sustainable Energy Fund of Central Eastern Pennsylvania (“SEF”), by and through its counsel, Hawke McKeon & Sniscak LLP, hereby submit its Prehearing Memorandum in the above-captioned proceeding before the Pennsylvania Public Utility Commission (“Commission”).

**I. INTRODUCTION**

On August 20, 2012, PPL Electric Utilities Corporation (“PPL”) filed the Petition of PPL Electric Utilities Corporation for an Evidentiary Hearing in Docket Nos. M-2012-2289411 and M-2008-2069887 (“PPL Petition”). The PPL Petition requested the Commission to establish an evidentiary hearing regarding the consumption reduction targets established by the Commission in its August 3, 2012 Implementation Order at those dockets.<sup>1</sup> In particular, PPL requested that the Commission establish an evidentiary hearing concerning the 2.1% Act 129 Phase II three-year energy efficiency consumption reduction compliance target tentatively adopted for PPL by the

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<sup>1</sup> Energy Efficiency and Conservation Program Implementation Order, Docket Nos. M-2012-2289411 and M-2008-2069887 (August 3, 2012)(“Implementation Order”).

Commission.<sup>2</sup> The Commission determined that Electric Distribution Company (“EDC”) consumption reduction targets would become final unless an EDC petitioned the Commission for an evidentiary hearing by August 20, 2012 expressing its desire to contest the facts the Commission relied upon in adopting the consumption reduction target.<sup>3</sup>

The PPL Petition essentially requests that the Commission allow PPL to challenge subsequent modifications to the Technical Reference Manual (“TRM”) during Phase II and allow PPL to request in the future modifications to its Phase II targets.

The Implementation Order provides that petitions for intervention regarding an EDC’s request for an evidentiary hearing on its specific consumption reduction target were to be filed within ten (10) days. SEF filed its Petition to Intervene on August 30, 2012.

PPL also filed on August 20, 2012 the Petition of PPL Electric Utilities Corporation for Reconsideration (“PPL Reconsideration Petition”). The PPL Reconsideration Petition essentially mirrors the PPL Petition in that it requested the Commission to reconsider the Implementation Order and affirmatively state that its approval of the 25% adjustment factor, included in the statewide evaluator’s (“SWE”) Market Potential Study, and the acceptance of the Phase II reduction compliance target does not: (1) preclude EDCs from challenging future modifications to the TRM or their application to Phase II consumption reduction targets; or (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 future changes that are not presently known.<sup>4</sup>

The PPL Reconsideration Petition and the petitions for reconsideration filed by other EDCs were granted by the Commission.

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<sup>2</sup> Implementation Order at 24.

<sup>3</sup> *Id.* at 31.

<sup>4</sup> PPL Reconsideration Petition at 1.

## II. ISSUES AND PROCEDURE

Administrative Law Judge Elizabeth H. Barnes issued a Prehearing Conference Order on August 29, 2012. In Paragraph 7 of that Order, ALJ Barnes enumerated eight matters that will be considered at the prehearing conference, including consolidation of dockets and coordination with other petitions for evidentiary hearing, the timing of hearings, settlement, the necessity for a hearing and procedural matters.

There appears to be an overriding issue with this case, however, given the filing of both the PPL Petition and the PPL Reconsideration Petition. As noted above, the basis for both petitions are essentially identical, and PPL in the PPL Petition directly noted that there would be no need for the evidentiary hearing requested in the PPL Petition if PPL's Petition for Reconsideration were granted by the Commission.<sup>5</sup> Thus, PPL apparently believes that its petition for evidentiary hearing is moot.

However, the SEF reserves the right to submit testimony if the hearing moves forward at this time or in the future. As noted in the PPL Petition, the SWE's Market Potential Study methodology averaged the administration costs from Phase I, program years one and two, and increased them by 25%. Similarly, the program incentive funding estimates from Phase I were increased by the SWE by 25% for Phase II.<sup>6</sup> The Commission tentatively determined that the SWE provided valid reasons in support of the 25% adjustment factor and projected acquisition costs. The adjustment factor was used to account for future uncertainties when establishing program goals.<sup>7</sup>

SEF believes, for reasons stated in its June 25, 2012 Comments at Docket No. M-2012-2289411, that the SWE 25% adjustment factor to account for various potential future events is excessive because of flawed assumptions and is, therefore, not just and reasonable. Consumption reduction targets should be higher than the tentatively approved level for PPL.

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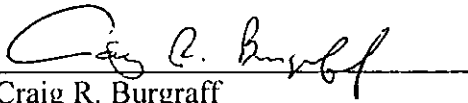
<sup>5</sup> PPL Petition at 6.

<sup>6</sup> *Id.* at 4.

<sup>7</sup> Implementation Order at 19.

If the hearing proceeds, SEF will abide by any schedule that is established. SEF is also amenable to discussing settlement if the hearing process goes forward.

Respectfully submitted,



Craig R. Burgraff  
Hawke McKeon & Sniscak LLP  
100 North Tenth Street  
P. O. Box 1778  
Harrisburg, PA 17105-1778  
(717) 236-1300  
[crburgraff@hmslegal.com](mailto:crburgraff@hmslegal.com)

*Counsel for Sustainable Energy Fund of Central  
Eastern Pennsylvania*

Dated: September 7, 2012

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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 parties, listed below, in accordance with the requirements of 52 Pa. Code § 1.54 (relating to service by a party).

**VIA ELECTRONIC MAIL AND FIRST CLASS MAIL**

Hon. Elizabeth H. Barnes  
Administrative Law Judge  
Pennsylvania Public Utility Commission  
P.O. Box 3265  
Harrisburg, PA 17105-3265

Charles Daniel Shields, Esquire  
I&E – PA PUC  
400 North Street, Second Floor West  
P.O. Box 3265  
Harrisburg, PA 17105-3265

Shaun A. Sparks, Esquire  
Kriss Brown, Esquire  
Law Bureau – PA PUC  
400 North Street, Third Floor  
P.O. Box 3265  
Harrisburg, PA 17105-3265

Andrew S. Tubbs, Esquire  
Post & Schell, P.C.  
17 North Second Street, 12th Floor  
Harrisburg, PA 17101-1601

David B. MacGregor, Esquire  
Post & Schell, P.C.  
17 North Second Street, 12th Floor  
Harrisburg, PA 17101-1601

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

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

Sharon Webb, Esquire  
Office of Small Business Advocate  
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 17101-1414

Zachary M. Fabish, Esquire  
Sierra Club  
50 F. Street, NW, 8<sup>th</sup> Floor  
Washington, DC 20001

Joseph Otis Minott, Esquire  
Clean Air Council  
135 S. 19<sup>th</sup> Street, Suite 300  
Philadelphia, PA 19103

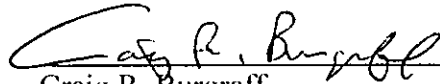
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James Mullins, Esquire  
Office of Consumer Advocate  
555 Walnut Street  
Forum Place, 5th Floor  
Harrisburg, PA 17101-1923

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

Joseph L. Vullo, Esquire  
Burke Vullo Reilly Roberts  
1460 Wyoming Avenue  
Forty Fort, PA 18704

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

  
Craig R. Burgraff

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