

Pennsylvania Public Utility Commission v. PP&L Industrial
Customer Alliance

R-00973954

NOTICE OF PETITION by PP&L Industrial Customer
Alliance, at No. 2032 C.D. 1998, Commonwealth Court of
Pennsylvania, from the order of the Commission dated
June 15, 1998 in the above-captioned proceeding.

B-00983721

Filed: July 27, 1998

DOCKETED
AUG 25 1998

DOCUMENT
FOLDER

Pennsylvania Public Utility Commission v. Enron Power
Marketing

R-00973954

NOTICE OF PETITION by Enron Power Marketing, at
No. 2030 C.D. 1998, Commonwealth Court of
Pennsylvania, from the order of the Commission dated
July 9, 1998 in the above-captioned proceeding.

B-00983723

Filed: July 27, 1998

DOCKETED
AUG 25 1998

DOCUMENT
1998 07 27

Pennsylvania Public Utility Commission v. Mid-Atlantic
Power Supply Association

R-00973954

NOTICE OF PETITION by Mid-Atlantic Power Supply
Association, at No. 2041 C.D. 1998, Commonwealth Court
of Pennsylvania, from the order of the Commission dated
June 15, 1998 in the above-captioned proceeding.

B-00983722

Filed: July 28, 1998

DOCKETED
AUG 25 1998

DOCUMENT
FOLDED

ORIGINAL

COMMONWEALTH OF PENNSYLVANIA



OFFICE OF CONSUMER ADVOCATE

555 Walnut Street 5th Floor, Forum Place
Harrisburg, Pennsylvania 17101-1923
(717) 783-5048

IRWIN A. POPOWSKY
Consumer Advocate

FAX (717) 783-7152
E-Mail: paoca@ptd.net

July 28, 1998

KJR

RECEIVED
98 JUL 28 PM 4:03
PA.P.U.C.
SECRETARY'S BUREAU

James J. McNulty, Secretary
PA Public Utility Commission
Room B-20, North Office Bldg.
Harrisburg, PA 17105-3265

Re: Pennsylvania Public Utility Commission
v.
Pennsylvania Power & Light Company
Docket No. R-00973954

Dear Secretary McNulty:

Please change your records in the above captioned proceeding to reflect the revised address for the Office Consumer Advocate, effective immediately:

OFFICE OF CONSUMER ADVOCATE
555 WALNUT STREET 5TH FL FORUM PLACE
HARRISBURG PA 17101-1923

The street address line and zip code have changed. A copy of this letter has been served upon all parties of record.

Sincerely,

James A. Mullins
Assistant Consumer Advocate

Enclosures

cc: All parties of record
Honorable George M. Kashi

DOCKETED DOCUMENT FOLDER
JUL 29 1998

43



**Commercial
Utility
Consultants**

1556 MCDANIEL DRIVE
WESTTOWN BUSINESS CENTER
WEST CHESTER, PA 19380
(610) 431-4400
(610) 431-1023 (FAX)
(800) 296-CUC1

98 JUL 30 AM 8:44

DOCUMENT
FOLDER

RECEIVED
SECRETARY'S BUREAU
July 28, 1998

ORIGINAL

Chairman John Quain
Pennsylvania Public Utility Commission
Room B-20, North Office Building
Harrisburg, PA 17120

R-00973954

Dear Chairman Quain:

Commercial Utility Consultants (CUC) is a utility consulting firm that represents several hundred PP&L commercial and industrial customers. I am writing to you because I have some serious concerns regarding Pennsylvania Power and Light (PP&L) Company's recent compliance filing. PP&L has chosen to blatantly disregard the PUC's order regarding many of the issues involving commercial and industrial rates and riders. The following is a list of issues which I find to be most troubling:

- The PUC's recent order clearly stated that the Competitive Transition Charge (CTC) should be lower for interruptible customers (rates IS-P, IS-T and PR-2) than for firm rate customers (pages 92-94 of the PUC order). I assume the reasoning behind the Commission's order was that PP&L did not have to build generating plants to accommodate interruptible load. In any event, there is no appreciable difference in PP&L's compliance filing between the CTC for an interruptible customer and that of a firm customer of the same rate class. In fact, in some cases, the CTC for interruptible customers is higher.
- The distribution charge in PP&L's compliance filing for a rate LP-5 customer is \$0.289 per KW of billing demand. The distribution charge for an interruptible rate IS-T customer receiving voltage at the same level as that of rate LP-5 is \$5.87 per KW of billing demand. The billing demand under rate IS-T is calculated differently than the billing demand is calculated under rate LP-5. On average, the billing demand for a rate IS-T customer is about one-third of what it would be if that same customer were receiving service under rate LP-5. However, the charge per KW is approximately 20 times higher for rate IS-T as it is for rate LP-5. Accounting for the difference in the way the billing demand is calculated means that the distribution charge is approximately six to seven times higher for a rate IS-T customer than it is for a similar customer on rate LP-5. There is absolutely no justification for having a higher distribution charge for rate IS-T than rate LP-5 since both customers receive service at the exact same voltage. In fact, if anything, the distribution charge should be less under rate IS-T since interruptible customers do not receive service during the times when PP&L's distribution lines are most stressed.

DOCKETED

AUG 05 1998

69

PAGE 2

- The transmission charge under rate IS-T is higher than it is under rate LP-5. I realize that the Pennsylvania Public Utility Commission does not have jurisdiction over transmission charges, but this is just one more inconsistency in PP&L's proposed rates.
- The PUC order clearly stated that interruptible customers should have the opportunity to shop for generation. However, the generation credit for interruptible customers is so low, that it precludes this entire rate class from shopping. In general, the shopping credit for an interruptible customer is approximately 2.4¢ per KWH less than it is for a similar firm rate customer. The average generation credit for a rate IS-T customer is less than 2¢ per KWH, making it uncompetitive with market prices for generation.
- PP&L is attempting to modify the definition of how the 500 MW cap of interruptible load is calculated. The present tariff clearly defines how this limit is to be calculated. However, the proposed compliance filing eliminates this definition. I do not believe that this issue was ever addressed in the restructuring proceedings nor do I think that a restructuring filing is the proper forum to make this change.
- The PUC order mandated that PP&L keep all competitive tariffs available to new customers until all customers had the opportunity to shop. As you know, this will not occur until January 1, 2000. PP&L's compliance filing, however, limits the Industrial Development Initiatives Rider to customers presently served under it. This is a clear violation of the PUC order. In addition, PP&L is claiming that the Economic Development Initiatives Rider and the Industrial Development Initiatives Rider are 99% generation based for rate LP-5 customers. The PUC order allowed PP&L to reduce the amount of these discounts if they could show that they were generation based discounts. By PP&L claiming that these discounts are 99% generation based, they are now proposing that under rate LP-5, a customer who used to receive a \$2.00 per KW credit would receive 2¢ per KW credit and a customer receiving a 1¢ per KWH credit would receive .01¢ per KWH credit. In the PECO restructuring case, PECO was given a similar order regarding their Employment and Economic Recovery Rider (E2R2). PECO allocated the discount by taking the generation portion of their rate and dividing by the overall cost to arrive at approximately 50%. PECO's compliance filing contains E2R2 credits at approximately 50% of what the present value is. On the other hand, PP&L is claiming that only 1% of their economic development discounts are allocated to non-generation.

Chairman John Quain
Pennsylvania Public Utility Commission

PAGE 3

One of the industrial customers which CUC represents is a large food processor in the Harrisburg area who is currently billed under rate IS-T. This customer was formerly billed under rate LP-5 but chose to switch to the interruptible rate IS-T in order to save approximately \$400,000.00 per year on their electric bills. This customer would actually pay approximately \$60,000.00 a year more under the non-generation portion of the proposed IS-T rate than they would under the non-generation portion of their former rate LP-5. Their shopping credit under rate IS-T would be only 1.9¢ per KWH. This is far below market value and precludes them from shopping for generation. Similarly, a cement manufacturer in the Allentown area would pay approximately \$320,000.00 per year more for the non-generation portion of their bill under proposed rate IS-T than they would under their former rate LP-5.

As you are probably aware, PP&L has been attempting to eliminate interruptible service in their area for several years. In the rate filing prior to the restructuring case, PP&L attempted to increase interruptible service rates by almost 30%. They have also consistently departed from their previously stated 500 MW cap definition in order to prevent new customers who are interested in interruptible service from obtaining it. PP&L now seems to be using the restructuring filing as their latest method to rid themselves of all interruptible rates and in the process, produce a de-facto rate increase for this group. The PUC, on the other hand, has consistently held that interruptible rates were necessary for numerous reasons including economic development and system integrity.

I am aware that you are heading a group trying to arrive at a settlement with PP&L on the various issues in their restructuring filing. While we are all hopeful that a settlement is imminent so as not to delay the implementation of customer choice, it is important that PP&L files a compliance filing consistent with the recent PUC order. The compliance filing that was issued on July 17, 1998, in my opinion, clearly departs from a number of important mandates listed in the PUC order.

Thank you for your interest in this matter and also for taking the time to consider the above issues.

Very truly yours,



Joseph P. McGillian
President

JPM:lcm

cc: Commissioner Bloom
Commissioner Brownell
Commissioner Rolka
Commissioner Wilson
James J. McNulty, Secretary



COMMONWEALTH OF PENNSYLVANIA
PENNSYLVANIA PUBLIC UTILITY COMMISSION
P.O. BOX 3265, HARRISBURG, PA 17105-3265

000412

IN REPLY PLEASE
REFER TO OUR FILE

July 29, 1998

R-00973954

The Honorable Jerry L. Nailor
House of Representatives
House Post Office - Main Capitol
Harrisburg, PA

RECEIVED
SECRETARY'S OFFICE

98 AUG - 3

KJR

Dear Representative Nailor:

Thank you for forwarding to us a copy of the letter you received from Mr. Ralph E. Peters, Chairman and Chief Executive Officer of Benatec Associates, who is disturbed by the recent decision of the Public Utility Commission to allow Pennsylvania Power and Light (PP&L) to recover only \$2.86 billion of its stranded costs as Pennsylvania implements electric competition.

Please inform Mr. Peters that PP&L filed a Petition for Reconsideration on June 26, 1998, before the Commission requesting the Commission to increase the amount of stranded costs PP&L could recover from \$2.86 billion to approximately \$4 billion. In its original restructuring plan filed in April of 1998, PP&L had requested \$4.04 billion in stranded cost recovery. At its Public Meeting of July 9, 1998, the Commission denied PP&L's reconsideration request. PP&L is now free to pursue its appeals which the utility filed before the federal courts and the Commonwealth Court of Pennsylvania challenging the Commission's Order. Currently, settlement negotiations between the Commission, PP&L and other parties are in progress in an attempt to resolve those appeals.

Please inform Mr. Peters that we appreciate having the benefit of his views on this matter and that I have taken the liberty of forwarding his correspondence to the Secretary of the Commission for inclusion into the official file of this proceeding. If I can be of any further assistance to you in this matter, please do not hesitate to call upon me.

DOCKETED
AUG 05 1998

Sincerely,

Rosemary Chiavetta
Rosemary Chiavetta, Esq.
Director of Legislative Affairs

cc: Secretary James McNulty ✓

DOCUMENT
FOLDER



GC98-03

July 23, 1998

Representative Jerry Nailor
2929 Gettysburg Road, Suite 6
Camp Hill, PA 17011

ROCKETED
AUG 05 1998

Dear Representative Nailor:

As a citizen of this great Commonwealth, I am disturbed by the recent decision of the Pennsylvania Public Utility Commission to allow Pennsylvania Power and Light Company to recover only \$2.86 billion of its stranded costs as Pennsylvania becomes a customer choice state. I have always been a satisfied PP & L customer over the past 35 plus years as they have always been price competitive. In fact their residential prices have been below the national average and the second lowest in the Commonwealth. I understand PP & L customers today pay essentially the same price for electricity as they did in 1986. When inflation is factored in this amount to about a 40% decrease in prices.

As a past President of The United Way Capital Region, the Capital Region Chamber of Commerce, Holy Spirit Hospital, etc., I have over the years worked with many employees of PP & L who have a long history of volunteering in the communities where they work and live. About 20% of their work force is constantly engaged in community organizations. PP & L also gave many thousands of dollars a year to worthy charities in the area they serve.

The communities in the PP & L service area will be negatively affected if PP & L doesn't recover at least \$4 billion as we move into a competitive marketplace.

In my opinion as the PP & L Company moves into this competitive marketplace, which I think is beneficial for our citizens, they need to be in a strong financial position to do so.

Sincerely,

BENATEC ASSOCIATES

Ralph E. Peters
Chairman and Chief Executive Officer

RECEIVED
SECRETARY'S BUREAU
98 AUG -3 PM 1:05

REP/sih

000413

DOCUMENT
FOLDER

BENATEC ASSOCIATES
ARCHITECTS / ENGINEERS
200 Airport Road, Capital City Airport, New Cumberland, PA 17070
Tel: 717-901-7055 Fax: 717-901-7059



S T R A T E G I C E N E R G Y L T D .

2 GATEWAY CENTER, PITTSBURGH, PENNSYLVANIA 15222-1458
412-394-5600 FAX 412-394-6576 jmolinda@sel.com www.sel.com

ORIGINAL

JOHN E. MOLINDA
DIRECTOR-ELECTRICITY MARKET
AND STRATEGY DEVELOPMENT
412-394-6956

VIA AIRBORNE EXPRESS

RECEIVED

July 29, 1998

JUL 29 1998

Mr. James McNulty
Secretary
Pennsylvania Public Utility Commission
North Office Building
P.O. Box 3265
Harrisburg, PA 17105-3265

PA PUBLIC UTILITY COMMISSION
SECRETARY'S BUREAU

**Re: Comments of Strategic Energy Ltd. ("SEL") on the
PP&L, Inc. Tariff Compliance Filing – Docket No. R-00973954**

Dear Secretary McNulty:

KJR

Attached are Strategic Energy Ltd.'s ("SEL's") comments on the referenced Supplier Tariff, submitted to the Commission by PP&L on July 1, 1998. Along with the original, eight copies and a copy on diskette are included. SEL is a licensed Electric Generation Supplier in Pennsylvania and an active generation service provider for the Commission's electric restructuring initiative. While we are not a direct intervenor in the PP&L restructuring proceedings, we have provided input to MAPSA in support of their intervention efforts in the restructuring proceedings of Electric Distribution Companies throughout the state.

We have limited our comments to the portion of PP&L's compliance filing that is embodied in their Supplier Tariff since this is the portion of their restructuring plan that most impacts our ability to provide competitive electricity to end-users. Our experience in the retail pilot program along with our continuous efforts to prepare for aggregating end-users and supplying their electric generation requirements under full retail competition allows us to provide essential and meaningful input to the Supplier Tariff.

For these reasons, along with additional reasons detailed in our comments, we respectfully request that the Commission consider our comments in rendering their decision regarding the Supplier Tariff portion of this compliance filing.

Sincerely,



John E. Molinda, P.E.

JPM/nji
Enclosures

f:\consult\jem\corresp\pa pu\vmcnulty 072998.doc

DOCUMENT
FOLDER

ORIGINAL
RECEIVED

JUL 29 1998

PA PUBLIC UTILITY COMMISSION
SECRETARY'S BUREAU

BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION

PP&L, Inc.
Supplier Tariff
Compliance Filing

|
|
Docket No. R-00973954

STRATEGIC ENERGY LTD.

COMMENTS

John E. Molinda, P.E.
James P. McCormick
Strategic Energy Ltd.
Two Gateway Center
Pittsburgh, PA 15222
(412) 394-5600

Dated: July 29, 1998

DOCKETED
AUG 04 1998

DOCUMENT
FOLDER

1 **Table of Contents**

2 I. Rationale for Strategic Energy Ltd. (“SEL”) Comments

3 II. SEL Comments

4 4. Coordination Obligations

5 Rule 4.11, Communication Requirements

6 Rule 4.14(a), Data Exchange

7 Rule 4.14(b), Data Exchange

8 5. Direct Access Procedures

9 5.1 Customer Enrollment

10 Rules 5.1.1, Mail Method and 5.1.2 EGS Method

11 Rule 5.1.4(b) Data Exchange

12 5.2 Initial EGS Selection for 1998

13 Rule 5.2.1(a)

14 Rule 5.2.1(b)

15 Rule 5.2.1(c)

16 Rule 5.2.1(e)

17 Rule 5.2.1(f)

18 5.3 Switching Among EGSs...Beginning January 1999

19 Section 5.3.1

20 Section 5.3.2

21 Section 5.3.7

22 6. Load Forecasting

23 Rule 6.1, Customer Load Forecasting

24 Rule 6.2.1 Monthly Metered Customer Forecasting

25 Rule 6.2.5 Partial Purchases During Phase-In

26 6.3 Daily Forecasting Process

27 Rule 6.3.2 Process Description for Forecasting

28 Rule 6.5 Adequacy of Forecast

29 7. Load Scheduling

30 Rule 7.2 Rounding to Whole Megawatts

31 7.3 Daily Load Scheduling Process

32 Rule 7.3.1 Uploading Schedule

33 New Rule 7.3.2 Load Schedule Changes

| | | |
|----|-------|---|
| 1 | 9. | Utilization of Scheduling Coordinators |
| 2 | | Rule 9.1 Participation Through a Scheduling Coordinator |
| 3 | 12. | Payment and Billing |
| 4 | | Rule 12.2.4 EGS Default |
| 5 | | Rule 12.2.6 Collection Costs |
| 6 | | Rule 12.6 Return of Deposits |
| 7 | | Rule 12.7 Interest on Deposits |
| 8 | | Rule 12.8 Credit Information |
| 9 | | |
| 10 | | Riders: Individual Coordination Agreement |
| 11 | | Section 2.0 |
| 12 | | Section 4.0 |
| 13 | | |
| 14 | | Matters Not Addressed Within Coordination Tariff |
| 15 | (i) | T & D Power Loss Factors |
| 16 | (ii) | Locational Marginal Price Bus Location(s) |
| 17 | (iii) | Customer Billing |
| 18 | | |
| 19 | | |

1 **I. RATIONALE FOR STRATEGIC ENERGY LTD. (“SEL”) COMMENTS**

2 SEL is providing comments to the PP&L, Inc. (“PP&L”) Electric Generation Supplier
3 Coordination Tariff on the grounds that SEL is participating in the restructured markets in
4 Pennsylvania as a licensed EGS and thus has a vital interest. As a licensed EGS, serving
5 PP&L distribution system customers, SEL will be subject to PP&L’s Tariff. SEL’s
6 concerns about PP&L’s Tariff could not have been foreseen at the beginning of the
7 restructuring proceedings when it would have been necessary for SEL to act to become an
8 intervenor. Therefore, it is unreasonable to require that SEL be an intervenor in the entire
9 PP&L restructuring process in order to “qualify” SEL to provide comments at this time.

10 SEL pleads with the Commission not to dismiss SEL’s comments on the grounds that other
11 EGSs are represented in the restructuring case. SEL interests in regards to PP&L’s Tariff
12 are not necessarily represented by any other intervenors in PP&L’s restructuring case. SEL
13 is concerned that PP&L’s Tariff is designed to serve the requirements of EGSs that have
14 chosen to rely on PP&L to provide a level of technical service that SEL does not require or
15 desire. Other EGSs may prefer a high level of EDC support and not object. This is not
16 SEL’s position. SEL much prefers to engage the skills and competencies of its own staff
17 of power supply coordination professionals.

18 This is SEL’s first opportunity to review PP&L’s proposed Coordination Tariff. SEL
19 believes it would be unfair, at best, and anti-competitive, at worst, to deny SEL the
20 opportunity to comment on whether PP&L’s proposed Tariff is fair and supports the needs
21 associated with developing a robust competitive market for Pennsylvania.

1 **II. SEL COMMENTS**

2 **4. Coordination Obligations**

3 Rule 4.11 Communication Requirements

4 The rule requiring that an EGS must be equipped for internet EDI peer-to-peer
5 communication with push and pull capability does not seem reasonable for start-up January
6 1, 1999.

7 Rule 4.14(a) Data Exchange

8 This rule itemizes the information that PP&L will make available to an EGS, on a daily
9 basis, regarding the EGS's customers. Absent from this list are historic customer usage
10 and demand records for each account. In case where Riders exist, PP&L should also
11 provide this readily available information.

12 SEL requests that the Commission require PP&L to add historic customer usage, demand
13 records and Riders to the list included under this rule.

14 Rule 4.14(b) Data Exchange

15 Within this protocol section of the proposed Coordination Tariff PP&L attempts to control
16 customer information release to the EGS beyond those requirements already articulated by
17 the Commission. This appears to be an attempt by PP&L to discourage switching, confuse
18 customers, and establish regulations beyond their authority. If a Pennsylvania electric
19 energy consumer has made a choice to switch its service provider that customer is aware

1 that the PP&L account number, meter reading data, rate class and usage, customer's
2 service location, billing address and telephone number are already known, or will become
3 known, to the EGS. Therefore, PP&L's proposal that the EGS must, at minimum, inform
4 the customer of these information release requirements is unnecessary. If a customer
5 desires budget billing from the EGS, the customer may initiate such a request. Further,
6 SEL's service agreements for customers of all classes identify the payment terms available.
7 SEL will not need to know the customer's current payment arrangements. Therefore, SEL
8 requests the Commission order PP&L to remove this paragraph from the Coordination
9 Tariff.

10 **5. Direct Access Procedures**

11 **5.1 Customer Enrollment**

12 Rules 5.1.1 Mail Method and 5.1.2 EGS Method

13 These sections describe processes that are solely matters of bilateral conduct between
14 PP&L and customers or the EGS and customers. By inclusion in the Coordination tariff,
15 PP&L contractually burdens the EGS with PP&L oversight for matters that are exclusively
16 the enforcement responsibility of the Commission.

17 SEL requests the Commission require PP&L to limit description of enrollment procedures
18 to matters that involve only PP&L and EGS interactions. SEL does not believe that
19 anyone's interests are served by PP&L describing their perception of the enrollment
20 process and advancing that perception to the level of contractually binding.

1 In regard to the enrollment procedures, described in Commission Docket No.
2 M-00960890F.0014, SEL has submitted its enrollment cards, procedure, and customer
3 transmittal letter to the Commission's Office of Communications. Consistent with the
4 Final Order SEL required customers only "provide their name, address, and account
5 number" plus, as the Office of Communications independently requested, the name of the
6 EDC and customer's signature. On June 5, 1998, Grace Cunningham, of the
7 Commission's Office of Communications, approved all of SEL's enrollment materials.
8 SEL implemented our procedures and the Commission's enrollment order with scrupulous
9 attention to detail. At this late date in the enrollment process, SEL does not believe it is in
10 anyone's interest for PP&L to alter the customer enrollment process defined by the
11 Commission.

12 Rule 5.1.4(b) Data Exchange

13 SEL requests that the EDC be required to provide all EGSs the customer's billing address
14 in addition to the (i) account number, (ii) rate class, (iii) customer name, and (iv) service
15 location address. In the absence of telephone number, the billing address is essential to
16 promoting customer contact.

17 **5.2 Initial EGS Selection for 1998**

18 Rule 5.2.1(a)

19 This paragraph is a duplication of paragraph 4.14(b). Consistent with our previously stated
20 reasons, this paragraph should be deleted.

1 Rule 5.2.1(b)

2 Delete term at end of paragraph, "if required."

3 Rule 5.2.1(c)

4 Amend this paragraph to delete any reference to current paragraph 5.2.1(a) which SEL
5 requested be deleted.

6 Rule 5.2.1(e)

7 PP&L indicates that they "will send a confirmation letter to all customers who have made
8 an initial EGS selection, after the initial EGS selection period concludes. [Emphasis
9 added]" Per the Commission's enrollment order of May 21, 1998, the initial selection
10 period concludes November 1, 1998. SEL thinks that it is unreasonable to require pending
11 competitive supply customers to wait an unnecessarily long period of time to receive
12 selection confirmation. Further, use of the term "after the initial selection period
13 concludes" leaves the notification time open ended.

14 SEL requests that customers who elect to take competitive supply within the initial
15 selection period receive confirmation of their EGS selection within 15 business days of
16 PP&L being notified.

17 Rule 5.2.1(f)

18 PP&L indicates that "after conclusion of the initial EGS selection period [Emphasis
19 added]" they will make information available to the selected EGS in accordance with Rule

1 4.14(a) via electronic data transfer. As in the previous Rule [5.2.1(e)], SEL believes such
2 delays are unwarranted and counter to the development of a smoothly functioning
3 competitive market. SEL requests that PP&L be required to transfer to the selected EGS,
4 via electronic data transfer, all the information listed in Rule 4.14(a). This should include
5 the customers' historic usage and demand records previously cited in our comments for
6 Rule 4.14(a). This transfer should occur concurrent with PP&L's customer notification
7 under Rule 5.2.1(e).

8 **5.3 Switching Among EGSs...Beginning January 1999**

9 Rule 5.3.1

10 This paragraph is a duplication of Rules 4.14(b) and 5.2.1(a). Consistent with the reasons
11 stated under our discussion of Rule 4.14(b), SEL requests the Commission to order PP&L
12 to remove this paragraph from the Coordination Tariff.

13 Rule 5.3.2

14 Amend this paragraph to delete any reference to current Rule 5.3.1, which SEL requested
15 be deleted.

16 Rule 5.3.7

17 If PP&L elects to change the account number of a customer receiving generation service
18 from an EGS, PP&L should notify the EGS of the change at least 5 business days in
19 advance of the pending change.

1 **6. Load Forecasting**

2 Rule 6.1 Customer Load Forecasting and Rule 6.2.1 Monthly Metered Customer
3 Forecasting

4 SEL objects to PP&L's proposed conjunctive method of performing a customer load
5 forecasting process for each EGS's hourly load requirement. SEL proposes that the
6 Commission allow, as an alternative, EGSs to provide their own forecasts and submit those
7 forecasts to PJM. Also, see comments related to Rule 6.3.2, Process Description for
8 Forecasting.

9 Rule 6.2.5 Partial Purchase During Phase-In

10 In order to provide indisputable clarity a closing paragraph, dealing with less than fully
11 subscribed rate classes, needs to be added to this rule. Suggested language follows:

12 *"In the event a rate class is subscribed at or below 66% of the non-coincident peak of the*
13 *rate class, all competitive supply customers of that class shall have all of their load*
14 *requirements served through their EGS(s)."*

15 **6.3 Daily Forecasting Process**

16 Rule 6.3.2 Process Description for Forecasting

17 SEL objects to PP&L's proposed method of providing day ahead forecasts on behalf of
18 EGS. SEL proposes, as an alternative, that the Commission allow EGSs to provide their
19 own forecasts.

1 Step 2a states that “by 10:00 a.m. Eastern Prevailing Time” the EGS should enter the load
2 forecast for the next day. Step 3 states “the Company will accept or reject an EGS forecast
3 by 11:00 a.m. Eastern Prevailing Time.”

4 It is SEL’s experience that power procurement efforts for the next day undertaken at, or
5 after 11:00 a.m. are untimely and often result in only unreasonable high energy price
6 offers. In order to procure power at reasonable prices, purchases arrangements must be
7 made by 8:00 a.m. of the prior business day, or two (2) days ahead by close of normal
8 business hours.

9 SEL requests the Commission require PP&L to change their process description for
10 forecasting time requirements to reflect realistic pricing dynamics. We have a strong
11 preference for the two (2) day ahead method.

12 For Steps 2 and 3, SEL requests that PP&L not be granted the unilateral prerogative to
13 “reject an EGS’s load forecast.” In the alternative, PP&L should be required to contact the
14 EGS to resolve forecast concerns. Thus, SEL recommends that the term in Step 3 “will
15 attempt to contact the EGS” should be changed to “shall contact the EGS.” Further, in the
16 absence of agreements, the EGS forecast should prevail.

17 During the pilots, SEL has experienced over delivery situations of more than 4% due to use
18 of EDC forecasts. Such situations are often reconciled at below market energy payments
19 to SEL and result in unnecessarily high costs of energy to SEL. This practice is anti-
20 competitive, a barrier to entry, and result in the imposition of an unnecessary cost burden
21 on customers.

1 Rule 6.5 Adequacy of Forecast

2 PP&L's Tariff demands that the EGS and the Company (PP&L) "shall" concur on an
3 EGS's own aggregated forecast for monthly metered customers by selecting one of two
4 very expensive options.

5 Option 1 entails installation of hourly or sub-hourly metering equipment "at Customer's
6 premises in order to permit the customer to be forecasted,..." Option 2 requires the EGS
7 "entering, at its own expense, into a joint load study" with the EDC to develop new load
8 curves.

9 SEL thinks that these options are unnecessarily complex, and impose unnecessary financial
10 burdens on the EGS. Under PJM operations, hourly imbalances are addressed through
11 regulation, load following, and spot market purchases. SEL as a fully vested PJM member
12 should be permitted to calculate and submit its schedules directly to PJM and settle
13 financial accounts accordingly. Also, SEL requests language be added to permit EGSs to
14 unilaterally change their hourly PJM Schedules, consistent with PJM operational protocols,
15 based on changing load or energy price conditions.

16 Further, mediation through the Commission or dispute resolution process (Section 18)
17 should be cited as additional options (3 and 4) for resolving controversy regarding monthly
18 metered customer forecasts.

19 **7. Load Scheduling**

20 **7.2 Rounding to Whole Megawatts**

1 The proposed PP&L requirement of rounding upward to the nearest whole megawatt has
2 the potential of imposing on the EGS, and its competitive service customers, an
3 unnecessary cost burden of between \$130,000 and \$260,000 per annum in the PP&L
4 service area. If “rounding-up” is pervasive throughout all Pennsylvania service areas this
5 cost could reach \$2 million per annum for each competitive supplier.

6 Based on this unnecessary cost burden, SEL requests the Commission direct PP&L to
7 round to whole megawatts as follows:

- 8 • If the aggregate forecast value for an hour is less than 1.0 MW, values of 1 MW and 0
9 MW may be used such that the daily cumulative total of megawatt hours shall equal or
10 exceed the daily total forecasts.
- 11 • If the aggregate forecast value for an hour is greater than 1.0 MW, the value will be
12 rounded downward to the nearest whole MW if the decimal portion is less than 0.5.
- 13 • If the aggregate forecast value for an hour is greater than 1.0 MW, the value will be
14 rounded upward to the nearest whole MW if the decimal portion is greater than or
15 equal to 0.5.

16 **7.3 Daily Load Scheduling Process**

17 Rule 7.3.1. Uploading Schedules

18 There are no operationally valid reasons for PP&L to assume responsibility to upload the
19 load schedule to PJM. The EGS is capable of doing this and PJM procedures permit this.

1 SEL requests the Commission to direct PP&L to add language to this Rule that provides
2 the EGS the discretion to upload the load schedule to PJM. SEL recommends the
3 following language change to Rule 7.3.1.

4 *“Rule 7.3.1. Uploading Schedules. The EGS has the discretion to assume*
5 *responsibility to upload the load schedule for the scheduling window to*
6 *PJM by 12:00 noon Eastern Prevailing Time on each business day using*
7 *the PJM eScheduler System according to PJM requirements on a*
8 *unilateral confirmation basis. In the absence of the EGS exercising this*
9 *discretion, PP&L will be responsible to upload the load schedule using*
10 *the same time constraints. The schedule uploaded by the EGS or the*
11 *company shall be binding on the other party”.*

12 New Rule 7.3.2 Load Schedule Changes

13 As in the PECO EGS Coordination Tariff, the EGS should be permitted to initiate changes
14 through the PJM eScheduler System. Subsequently, PP&L would be notified that changes
15 have been made and given a general description of the operational reasons for the changes.
16 If PP&L determines the reasons to be operationally valid, they will confirm the load
17 schedule changes via the eScheduler. In the absence of PP&L’s confirmation, the prior
18 load schedule will remain in effect.

19 To initiate this recommendation, SEL recommends the following language within the
20 PP&L Supplier Coordination Tariff:

1 *“7.3.2 Load Schedule Changes. An EGS may initiate changes to the load*
2 *schedule using the PJM eScheduler System. It is the responsibility of an*
3 *EGS to make any necessary changes and notify the Company via*
4 *telephone that changes have been made and a general description of the*
5 *operational reasons for the changes. The Company will make reasonable*
6 *efforts to review and, if the reason for the changes are determined by the*
7 *Company to be operationally valid, confirm the load schedule changes*
8 *using the PJM eScheduler System within one hour of the time that an EGS*
9 *notifies the Company of the change. In the absence of confirmation by the*
10 *Company, the prior load schedule value will remain in effect. In light of*
11 *deadlines imposed by the PJM OI for the submission of load schedule*
12 *changes, and EGS should initiate any necessary changes and notify the*
13 *Company well before the cut-off time to increase the likelihood that the*
14 *changes will be accepted.”*

15 **9. Utilization of Scheduling Coordinators**

16 **Rule 9.1 Participation through a Scheduling Coordinator**

17 The language of the first sentence of this Rule is unnecessarily narrow in its attempt to
18 define the intent and purpose of an EGS who seeks to have another EGS be the Scheduling
19 Coordinator. SEL proposes a change in language as follows:

20 *“If an EGS chooses not to directly interact with PJM for (i) energy,*
21 *capacity, or transmission scheduling, (ii) obtaining ancillary services, (iii)*
22 *addressing reconciliation rights and responsibilities, or (iv) any variety of*
23 *other services, an EGS may become a Coordinated Supplier by entering*

1 *into a business arrangement with another EGS that will act as a*
2 *Scheduling Coordinator.”*

3 **12. Payment and Billing**

4 **Rule 12.2.4 EGS Default**

5 This rule addresses the situation of an EGS in default, due to EGS failure to make payment
6 to PP&L. The PP&L Coordination Tariff fails to anticipate PP&L’s default through failure
7 to make appropriate payments to the EGS.

8 SEL requests the Commission require PP&L to address the situation of PP&L default to
9 provide balanced treatment of both parties within this agreement.

10 **Rule 12.2.6 Collection Costs**

11 Again, this rule addresses the situation of an EGS in default as defined in Rule 12.2.4. The
12 rule proposes that the EGS will pay PP&L’s out-of-pocket court costs.

13 SEL requests the Commission require PP&L to address the situation of PP&L default to
14 provide balanced treatment of both parties within this agreement.

15 **Rule 12.6 Return of Deposits**

16 PP&L commits to return an EGS’s deposit “upon payment of all service charges and...”

17 No time period is specified.

1 SEL requests the Commission direct PP&L to add language to require return of deposits
2 within 5 business days of satisfaction of all outstanding accounts.

3 **Rule 12.7 Interest on Deposits**

4 PP&L indicates that “[D]eposits shall cease to bear interest upon discontinuance of service
5 (or, if earlier, when the Company closes the account).”

6 SEL requests the Commission to direct PP&L to change the language of this rule to require
7 PP&L return the deposit, and all interest earned, as calculated up to the first business day
8 prior to remittance to the EGS.

9 **Rule 12.8 Credit Information**

10 Under this rule the EGS must provide PP&L “such information as the Company requires.”

11 SEL requests the Commission direct PP&L to change the language to read “such
12 *reasonable* information as the Company requires.”

13 **Riders**

14 **Individual Coordination Agreement Rider**

15 Section 2.0

16 To reflect SEL’s proposal to have complete and independent responsibility for all monthly
17 metered and hourly metered customers forecasts and scheduling, SEL requests the

1 Commission direct PP&L to limit their “Coordination Services” as specified in the Electric
2 Generation Coordination Tariff to reconciliation services.

3 PP&L should only be offering load forecasting and load scheduling as an alternative
4 service to those EGSs desiring such service.

5 Section 4.0

6 In order to reflect the responsibility of each party to this agreement to notify the other party
7 in the event of violations of any of the representations, warranties, or covenants of Section
8 3.0, wording should be changed.

9 SEL requests the Commission require PP&L to change the language as follows:

10 *4.1 The EGS or the Company shall provide notice to the other*
11 *party to this agreement via facsimile, with a copy delivered*
12 *pursuant to overnight mail, at such time that the EGS or*
13 *Company learns that...”*

14 **Matters Not Addressed Within Coordination Tariff**

15 PP&L has failed to address within this Tariff (i) transmission and distribution (“T&D”)
16 real power loss factors, (ii) commitments to identify customers’ load busses to the EGSs,
17 and (iii) customer billing. These matters should be addressed and examined within this
18 Tariff filing. Timely notice of this information is essential to promote development of a
19 robust competitive market.

1 (i) T&D Power Loss Factors

2 Realistic real power loss factors for both transmission and distribution are of vital
3 importance and will be a determining factor when the competitive supplier calculates the
4 generation price to be offered to potential customers. With already razor thin margins,
5 T&D loss factors, and their pricing implications could be the decisive consideration to
6 serve or not serve in an EDC's service area. Conversely, it is in the EDC's best interest to
7 take these factors to the highest value possible by using every argument imaginable for
8 doing so. Obviously, the higher the loss factor, the closer the competitive supplier's price
9 point is to the customer's shopping credit.

10 Given this market barrier construct opportunity, it is absolutely necessary for the
11 Commission to require PP&L to establish credible loss factors within the Coordination
12 Tariff and to do so now. Of equal importance, the Commission must scrutinize the
13 proposed factors by subjecting them to rigorous analysis for justification. Additionally,
14 loss factor values should be benchmarked against premier utility performers. Financial
15 recovery of T&D losses are a disincentive for EDC's to maintain and improve the
16 performance quality of their networks. Overstated loss factors must not result in
17 unnecessary customer cost burdens or increased profits for the EDC.

18 As SEL stated in its December 15, 1997 comments to the Commission regarding "Retail
19 Access Pilots, Operational Problems and Material Issues"¹:

¹ PAPUC Dockets P-00971168, 69, 70, 71, 72, 73, 75, and 83.

1 “The broad range of transmission loss factors professed by the EDCs within each customer
2 class and between EDCs begs challenge of loss accounting credibility and intent. For each
3 +3% deviation from reality, the customer or competitive generation supplier is required to
4 make a 0.1¢ per kWh (.03 x 3.0¢/kWh) premium payment. Though 0.1¢ per kWh may
5 seem trivial, it translates to a significant amount to negatively impact customers’ or
6 unnecessarily inflate EDC’s bottom lines. We estimate that overstatement of these losses
7 may result in excess of \$100 million annually of unnecessary charges to the customers of
8 Pennsylvania’s EDCs. Also, any overstated transmission losses provide the EDC with a
9 like amount of “free” energy.

10
11 Transmission loss assignment should be based on credible studies with
12 evidence made available for examination by the Commission and those
13 who are required to provide for losses. *We recommend that the*
14 *Commission distinguish between losses, and associated costs, assigned to*
15 *the transmission system and the distribution system.[Emphasis added.]”*

16 (ii) Locational Marginal Price Bus Location(s)

17 Within PJM, it is essential that competitive suppliers, as well as PP&L, know the bus
18 designations(s) for each customer in order to assess locational marginal price risk
19 exposure. It is only with this information that the competitive supplier can assign delivery
20 point, intelligently request Fixed Transmission Rights, properly assess financial risk, offer
21 appropriate products and “build” the cost for delivered generation service. This
22 information should be made fully available by September 1, 1998.

1 (iii) Customer Billing

2 PP&L has failed to indicate any retail customer billing specifications. Process
3 responsibilities, data exchange, and financial transfer mechanisms need to be described for
4 consolidated billing, the two bill method, and conjunctive billing.

5 SEL requests the Commission direct PP&L to address these matters within their tariff.

6

7 f:\consult\jpn\corres\paper\pp&l comments\comments on pp&l coordination tariff 072798.doc

Certificate of Service

I hereby certify that I have this day, served the foregoing document in the matter of PAPUC v. PP&L, Inc. Docket No. R-00973954, via U.S. Mail, on the following:

Johnnie Simms, Esquire
Office of Trial Staff
PA Public Utility Commission
Third Floor, Pitnick Building
901 North 7th Street - Rear
P.O. Box 3265
Harrisburg, PA 17105-3265

Karen Oill Moury, Esquire
Office of Small Business Advocate
Suite 1102, Commerce Building
300 North Second Street
Harrisburg, PA 17101

Craig R. Burgraff, Esquire
James A. Mullins, Esquire
Office of Consumer Advocate
555 Walnut St., Forum Place, 5th Fl.
Harrisburg, PA 17120

David M. Kleppinger, Esquire
Pamela C. Polacek, Esquire
McNees, Wallace & Nurick
100 Pine Street
PO Box 1166
Harrisburg, PA 17108

Harry S. Geller, Esquire
118 Locust Street
Harrisburg, PA 17108

David W. Francis, Esquire
Powell, Trachtman, Logan, Carrle,
Bowman & Lombardo, P.C.
114 North Second Street
Harrisburg, PA 17101

Michael T. Vough, Esquire
Vough & Mecadon
Greater Pittston Professional Center
126 South Main Street
Pittston, PA 18640

Richard L. Caplan, Esquire
Caplan & Lubner, LLP
40 Darby Road
Paoli, PA 19301

Craig A. Doll, Esquire
214 State Street
Harrisburg, PA 17101

Mary McFall Hopper, Esquire
Assistant General Counsel
PECO Energy Company
2301 Market Street, S23-1
Philadelphia, PA 19103

Robert P. Haynes, III, Esquire
PO Box 700
Suite 304
355 North 21st Street
Camp Hill, PA 17001-0700

Fred Zalzman, Esquire
78 N. Broadway
White Plains, NY 10603

Roger E. Clark, Esquire
Attorney For The Environmentalist
905 Denston Drive
Ambler, PA 19004

David A. McCormick, Esquire
Department of the Army
Office of The Judge Advocate General
901 North Stuart Street
Arlington, VA 22203-1837

Billie E. Ramsey, Executive Director
ARIPPA
1300 Market Street - Suite 7
Lemoyne, PA 17043

Robert F. Young
Anthony C. Adonizio, Esquire
Deputy General Counsel
212 Locust Street
PO Box 1266
Harrisburg, PA 17108-1266

Bruce A. Connell
General Counsel
600 N. Dairy Ashford
ML-1034
Houston, TX 77079

Terrence J. Fitzpatrick, Esquire
David M. DeSalle, Esquire
Ryan, Russell, Ogden & Seltzer, LLP
800 North Third Street, Suite 101
Harrisburg, PA 17102-2025

Clinton A. Vince / Paul E. Nordstrom
Deborah A. Swanstrom / Joel D. Newton
Verner Liipfert, Bernhard, McPherson &
Hand
901 15th Street
Washington, DC 20005

Scott J. Rubin, Esquire
3 Lost Creek Drive
Selinsgrove, PA 17870-9357

Eric Epstein
2308 Brandywine Drive
Harrisburg, PA 17110

Michael A. Stosser, Esquire
Adelia S. Borrasca, Esquire
Heller Ehrman White & McAuliffe
815 Connecticut Avenue, NW
Suite 200
Washington, DC 20006-4004

Joan O. Brandeis, Esquire
Schnader Harrison Segal & Lewis
1600 Market Street, Suite 3600
Philadelphia, PA 19103-4252

Linda C. Smith, Esquire
Dilworth Paxson Kalish & Kauffman
LLP
305 North Front Street
Suite 403
Harrisburg, PA 17101-1236

Joseph A. Dworetzky, Esquire
Hangley Aronchick Segal & Pudlin
One Logan Square, 12th Floor
Philadelphia, PA 19103-6933

Gary A. Jeffries, Esquire
CNG Energy Services Corporation
1 Park Ridge Center
P.O. Box 15746
Pittsburgh, PA 15244-0746

Daniel Clearfield, Esquire
Alan Kohler, Esquire
Robert J. Longwell, Esquire
Wolf, Block, Schorr & Solis-Cohen
Suite 300, 212 Locust Street
Harrisburg, PA 17101-1236

Michael L. Kessler, Esquire
American Energy Solutions, Inc.
111 South Alfred Street
Alexandria, VA 22314

James H. Norris, Esquire
Eckert Seamans Cherin & Mellott
42nd Floor - 600 Grant Street
Pittsburgh, PA 15219

Robert P. Haynes, Esquire
Mette, Evans & Woodside
3401 North Front Street
P.O. Box 5950
Harrisburg, PA 17110-0590

Susan M. Shanaman, Esquire
212 North Third Street
Suite 203
Harrisburg, PA 17101-1505

Gordon J. Smith, Esquire
John, Hengerer & Esposito
1200 17th Street, N.W.
Suite 600
Washington, DC 20036-3006

Patricia Armstrong, Esquire
Regina L. Matz, Esquire
Thomas, Thomas, Armstrong & Niesen
Suite 500 - 212 Locust Street
P.O. Box 9500
Harrisburg, PA 17108-9500

Usher Fogel, Esquire
Roland, Fogel, Koblenz & Carr, LLP
1 Columbia Place
Albany, NY 12207

Donald A. Kaplan
Preston Gates Ellis & Rouvelas Meeds
LLP
1735 New York Avenue, NW
Suite 500
Washington, DC 20006-5209

Paul E. Russell
Pennsylvania Power & Light Company
Two North Ninth Street
Allentown, PA 18101

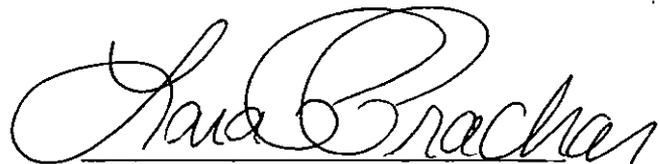
Bob Bennett
Manager of Fixed Utility Services
Pennsylvania Public Utility Commission
North Office Building
Room 200
Harrisburg, PA 17101

William T. Hawke, Esquire
Todd S. Stewart, Esquire
Malatesta Hawke & McKeon
100 N. Tenth Street
Harrisburg, PA 17105

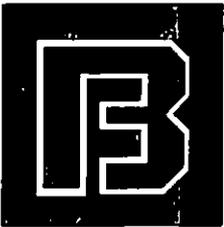
Joseph J. Malatesta, Jr., Esquire
Lillian Smith Harris, Esquire
Malatesta Hawke & McKeon
100 N. Tenth Street
PO Box 1778
Harrisburg, PA 17105

Dated: July 29, 1998

f:\consult\jpa\corres\papac\pp&l\comments\pp&l certificate of service.doc



Lara P. Prachar



BENTON FOUNDRY, INC.

R.R. #2, BOX 110
BENTON, PA. 17814-9550
(717) 925-6711
Fax: (717) 925-6929

DOCUMENT
FOLDER

July 30, 1998

ORIGINAL

RECEIVED

JUL 30 1998

DOCKETED

AUG 05 1998

Chairman John M. Quain
Vice-Chairman Robert K. Bloom
Commissioner David Rolka
Commissioner Nora Mead Brownell
Commissioner Aaron Wilson
Pennsylvania Public Utility Commission
P. O. Box 3265
Harrisburg, PA 17105-3265

PA PUBLIC UTILITY COMMISSION
SECRETARY'S BUREAU

Re: Application of Pennsylvania Power & Light Company for Approval of its Restructuring Plan Under Section 2806 of the Public Utility Code; Docket No. R-00973954

Members of the Pennsylvania Public Utility Commission:

On July 17, 1998, Pennsylvania Power & Light Company ("PP&L") submitted its compliance filing in accordance with the Pennsylvania Public Utility Commission's Order entered on June 15, 1998, in its restructuring proceeding at the above-referenced docket (hereinafter "PP&L Restructuring Order"). Although the Order permits parties to the proceeding to submit Comments on the various aspects of the compliance filing, Benton Foundry, Inc. ("Benton") requests leave to submit this letter addressing PP&L's treatment of the Price Response Service ("PRS") rate schedules in lieu of comments.

Benton currently is a PRS customer on PP&L's rate schedule PR-1. Benton saved over \$500,000 in production costs last year because of its use of the PR-1 rate rather than PP&L's LP-5 rate that would be otherwise applicable. Clearly, the Commission's ultimate disposition on the PRS issues raised in the compliance filing will have a substantial impact on Benton's ability to minimize production costs and to effectively compete in state, national and international markets. Because of this substantial interest, Benton respectfully requests that the Commission consider the following comments in reaching a decision on PP&L's compliance filing.

Although Benton was not a party in the restructuring proceedings before the PUC, Benton's general interests were represented by the PP&L Industrial Customer Alliance ("PPLICA"), some of whose members receive supply from PP&L under PRS arrangements. It is Benton's understanding that PPLICA will also comment extensively on PP&L's inappropriate treatment of PRS customers in the compliance filing. To the extent possible, Benton does not seek to burden the Commission by replicating PPLICA arguments; rather, this letter provides the Commission with a concrete illustration of how PP&L is handling current PRS customers in actual transactions and how the utility's actions

Pennsylvania Public Utility Commission

July 30, 1998

Page 2

will impact Benton as a PRS customer. Benton firmly believes that these comments will be helpful to the Commission in assessing the wrongful nature of the PP&L's actions.

Benton submits that PP&L's compliance filing treats the PRS rate schedules (PR-1 and PR-2) in a manner that violates both the provisions of the Electricity Generation Customer Choice and Competition Act, 66 Pa. C.S. § 2801, *et seq.* (the "Competition Act"), and the Commission's Restructuring Order. Specifically, the compliance filing terminates billing under the currently available PRS rate schedules on January 1, 1999, and eliminates the rate schedules from the tariff that will govern direct access. *See* Compliance Filing, Proposed Supplement No. 75 to Electric - Pa. P.U.C. No. 200, pp. 31 & 32 (terminating billing on January 1, 1999) and Proposed Supplement No. 1 to Electric - Pa. P.U.C. No. 201, pp. 31-31B & 32-32B (eliminating PR-1 and PR-2 rate schedules). PP&L has also indicated to Benton that it will no longer offer to PRS customers a rate commensurate with the PRS rates in effect on January 1, 1997.

PP&L's actions are violative of the Competition Act's rate caps by imposing rates that are higher during direct access than the rates that Benton would pay in comparable conditions under the tariff terms in effect on January 1, 1997. In addition, PP&L's actions violate the Restructuring Order by eliminating a rate schedule without ensuring that a mechanism is in place to provide PRS customers with charges for service in compliance with the rate cap during the stranded cost recovery period. For these reasons, Benton believes the PP&L compliance filing must be rejected, or alternatively, substantially modified.

As Benton perceives the Competition Act, one of the central consumer protections embodied in the Act is the ability of all customers to take service from PP&L subject to certain rate caps during the stranded cost recovery period. *See* 66 Pa. C.S. § 2804. The rate caps in Section 2804(4) provide all current customers with the opportunity to remain with the utility for generation service and to pay charges capped as follows:

(i) For a period of 54 months from the effective date of this chapter or until an electric distribution utility is no longer recovering its transition or stranded costs through a competitive transition charge or intangible transition charge and all customers of an electric distribution utility can choose an alternative provider of electric generation, whichever is shorter:

(A) the total charges of an electric distribution utility for service to any customer who purchases generation from that utility shall not exceed the total charges that have been approved by the commission for such service as of the effective date of the chapter;

* * *

(ii) In addition to the rate cap set forth in subparagraph (i), for a period of nine years from the effective date of this chapter or until an electric distribution utility is no longer recovering its transition or stranded costs through a competitive transition charge or intangible transition charge and all customers of an electric

Pennsylvania Public Utility Commission

July 30, 1998

Page 3

distribution utility can choose an alternative provider of electric generation, whichever is shorter, the generation component of a utility's charges to customers who purchase generation from the utility, including the competitive transition charge and intangible transition charge, shall not exceed the generation component charged to the customer that has been approved by the commission for such service as of the effective date of this chapter.

66 Pa. C.S. § 2804(4).

It is clear from these provisions of the Competition Act that the key date for determining the existence and level of the rate caps is the effective date of the chapter, or January 1, 1997. The Act clearly provides all customers rate cap protections that prevent PP&L from charging customers rates in excess of levels in effect on January 1, 1997.

Benton respectfully submits that this rate cap applicable to PRS customers should be based on the rate formula specified in the PR-1 and PR-2 rate schedules on January 1, 1997. See PP&L Tariff Electric Pa. P.U.C. No. 200, pp. 31(fifteenth revised) - 31A(tenth revised) & 32(sixth revised) - 32A(fifth revised). Benton also submits that, in accordance with the Commission's Restructuring Order, this formula should be unbundled, to the fullest extent possible, to allow PRS customers to access competitive supply, while retaining non-generation related portions of the discount reflected in PRS rates. This recommended unbundling is consistent with Benton's understanding of the Commission's general treatment of rate design and tariff issues in the Restructuring Order. See PP&L Restructuring Order, pp. 82-83.

PP&L's compliance filing and its recent statements and actions regarding the ability of Benton to remain a PRS customer do not comport with the dictates of the Competition Act and the Restructuring Order. Proposed Supplement No. 75 to Electric Pa. P.U.C. 200 in the compliance filing states that billing under both PR-1 and PR-2 will terminate on January 1, 1999. See Supplement No. 75 to Tariff Electric Pa. P.U.C. No. 200, pp. 31 & 32. Apparently, after January 1, 1999, the PRS rates will no longer be available to any customers and current PRS customers will be forced to revert to the otherwise applicable firm or interruptible rate schedule for service. As aforementioned, based on the savings that it experienced last year, Benton estimates that its rates will increase by approximately \$500,000 in the first year of direct access, if it is forced to revert to a firm rate schedule. This obviously represents an increase over the charges in existence as of the effective date of the Competition Act (January 1, 1997) and, thus, violates the Act's rate caps.

Recent dialogue between Benton and representatives of PP&L confirms PP&L's intention to seemingly disregard its provider of last resort and rate cap obligations regarding PRS customers. Benton met with a representative of PP&L Access to discuss Benton's rate options in the restructured environment. Benton was informed that PP&L would no longer offer PRS options and that PP&L does not anticipate providing Benton with any rate discount commensurate with Benton's rates in effect on January 1, 1997. This unlawful and unreasonable behavior by PP&L will raise Benton's energy charges by approximately \$500,000 in the first year of direct access if the PRS option is no longer available and Benton is forced to return to service under rate schedule LP-5. This increase

Pennsylvania Public Utility Commission

July 30, 1998

Page 4

in charges is a clear and purposeful violation of Benton's right to take service from PP&L under the rate cap.

The only area in the Commission's Restructuring Order dealing specifically with the PRS rate schedules is the section regarding the availability of tariff rates. See PP&L Restructuring Order, p. 92. According to the Restructuring Order, PPLICA objected to the PP&L's proposal "to make its interruptible and price response rate schedules, as well as Rate Schedules RTD and RTS, available only to those customers who currently take service under these rate schedules and elect to remain bundled sales customers of PP&L." PP&L Restructuring Order, p. 92. In response to this argument by PPLICA, the Commission rejected the PP&L proposal:

Based on the foregoing, we agree with PPLICA that PP&L's proposal is anti-competitive, impermissibly shifts costs, violates the rate cap provisions, discriminates against customers who shop, and is contrary to reliability considerations by undermining the availability of interruptible service. As a result, we reject PP&L's changes to its other interruptible rate schedules as unsupported by substantial evidence.

PP&L Restructuring Order, p. 94.

Previous to this conclusory statement, the Commission expressly acknowledged that customers on all tariffs are entitled to shop for competitive supply and be protected by the applicable rate cap. See PP&L Restructuring Order, p. 93.

In addition to the above-referenced specific directive, the Restructuring Order also contains general guidance regarding all tariff issues that must be followed by PP&L unless specifically indicated to the contrary in the Order. The Restructuring Order contains the following general guidance on rate design and tariff issues:

First, PP&L is directed to unbundle all tariff classes based on the allocation of costs and the rate design in its last base rate case as well as this Opinion and Order. Such unbundling will permit all customer classes to procure generation competitively. Specific tariff rules and regulations shall be those currently approved and on file with the Commission or directed to be filed by the Commission except as modified in this Opinion and Order.

Second, all existing special contracts shall remain in effect under their specific terms and conditions. A contract that explicitly prohibits shopping in contemplation of passage of the Act shall remain unchanged. However, any customer with a contract that does not explicitly prohibit shopping must be permitted to shop if that customer so desires. Upon [sic] We note that some contracts may have to be renewed. However, any rate caps remain applicable as provided in Section 2804(4).

Finally, no contract may permit bypass of the CTC. Any existing contract that purports to do so must assign customer payments to full recovery of the allocated

Pennsylvania Public Utility Commission

July 30, 1998

Page 5

CTC and provide the associated discount as a credit to the customer against other portions of the bill. As rates are unbundled, customers with existing discounts must receive a discount allocated to the distribution and transmission portion of the bill unless the nature of the discount is exclusively on the generation component.

PP&L Restructuring Order, pp. 82-83.

No statement exists in the Order that PRS customers can be treated in a manner inconsistent with these general guidelines. From these general directives, coupled with the PUC's specific directive regarding Price Response Service schedules, Benton draws the following conclusions regarding the proper treatment of PRS rates:

1. PP&L must unbundle the PRS rate schedule;
2. In unbundling PRS rates, PP&L must allocate any discounts to transmission and distribution unless the discount is exclusively on generation;
3. PRS customers must be permitted to shop if they desire;
4. The rate caps remain applicable as provided in Section 2804(4).

Obviously, PP&L's proposed treatment of the PRS rates does not comply with the Restructuring Order's mandate that all rates be unbundled. Nor does PP&L's proposed treatment ensure that the rate caps applicable to PRS customers pursuant to Section 2804(4) will be maintained. Even if the Commission were to intend PRS to be considered as an "economic incentive rate" in that portion of the Restructuring Order (see PP&L Restructuring Order, pp. 94-98), PRS customers nevertheless are entitled to rate cap protection. Benton respectfully submits that the Commission should direct PP&L to submit a revised compliance filing that ensures that the requirements of the Restructuring Order are fulfilled and PRS customers retain appropriate and applicable rate cap protections.

Benton has been fortunate to receive service from PP&L pursuant to the PRS rate. Because of the considerable advantage of PRS, Benton has tailored production to the times of day when prices are lower, enabling Benton to increase profits and expand operations in Pennsylvania. Benton applauds the passage of the Competition Act and the Commission's actions in implementing the Act. Although Benton intends to explore the possibility for further benefit in the competitive market, Benton respectfully submits that the Competition Act did not intend to render any customer economically worse off during the stranded cost recovery period. The rate caps in the Competition Act are designed to ensure that this does not occur. If the Price Response Service rate schedules are eliminated without implementation of any tariff language or mechanism to unbundle the rates of current PRS customers and to ensure that the rate cap is maintained, then Benton and other PRS customers will be significantly and detrimentally impacted during the transition period. PP&L's attempt to discontinue the price response service rates without instituting such mechanisms is contrary to the central consumer protections in the Competition Act and must be rejected.

Pennsylvania Public Utility Commission

July 30, 1998

Page 6

Benton appreciates this opportunity to voice its comments and concern to the Commission.

Very truly yours,

BENTON FOUNDRY, INC.



Thomas G. Brown
Vice President

c: Parties of Record in Docket No. R-00973954
Secretary James J. McNulty
PUC Office of Special Assistants
PUC Bureau of Fixed Utility Services

A024474

CERTIFICATE OF SERVICE

I hereby certify that I am this day serving 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 FIRST CLASS MAIL

Joan O. Brandeis, Esquire
Schnader, Harrison, Segal & Lewis
Suite 3600
1600 Market Street
Philadelphia, PA 19103-4252

Roger E. Clark, Esquire
905 Denston Drive
Ambler, PA 19002

Daniel Clearfield, Esquire
Alan Kohler, Esquire
Robert Longwell, Esquire
Wolf, Block, Schorr and Solis-Cohen
212 Locust Street
Harrisburg, PA 17101

Enron Corporation
Attn: James D. Steffes
1400 Smith Street
P.O. Box 4428
Houston, TX 77002

Bernard A. Ryan, Jr., Esquire
Angela Jones, Esquire
Office of Small Business Advocate
PA Public Utility Commission
Suite 1102, Commerce Building
300 North Second Street
Harrisburg, PA 17101

Stephen L. Huntoon
Mary McFall Hopper
PECO Energy Company
2301 Market Street, S23-1
Philadelphia, PA 19103

Paul E. Russell
Associate General Counsel
Pennsylvania Power & Light Company
Two North Ninth Street
Allentown, PA 18101

Mr. Robert D. Knecht
Industrial Economics Incorporated
2067 Massachusetts Avenue
Cambridge, MA 02140

Craig R. Burgraff
Barrett C. Sheridan
James A. Mullins
Assistant Consumer Advocate
Office of Consumer Advocate
555 Walnut Street
Forum Place, 5th Floor
Harrisburg, PA 17101-1923

Richard LaCapra
Henry Yoshimura
LaCapra Associates
The Province Building
333 Washington Street
Boston, MA 02108

Neil Talbot
81 Grand Street, No. 5
New York, NY 10013

Thomas S. Catlin
Exter Associates, Inc.
Suite 350
12510 Prosperity Drive
Silver Spring, MD 20904

Certificate of Service**Page 2****Docket No. R-00973954**

Scott J. Rubin, Esquire
3 Lost Creek Drive
Selinsgrove, PA 17870-9357

Johnnie E. Simms
Scott H. DeBroff
Prosecutors, Office of Trial Staff
PA Public Utility Commission
P.O. Box 3265
Harrisburg, PA 17105-3265

Gene Stilp, Coordinator
1550 FCVR
Harrisburg, PA 17112-9240

Donald A. Kaplan, Esquire
Lisa M. Helpert, Esquire
Preston Gates Ellis & Rouvelas Meeds, LLP
Suite 500
1735 New York Avenue, NW
Washington, DC 20006

Terrance J. Fitzpatrick, Esquire
David M. DeSalle, Esquire
Ryan, Russell, Ogden & Seltzer, LLP
800 North Third Street, Suite 101
Harrisburg, PA 17102-2025

David A. McCormick, Esquire
Regulatory Law Office
U.S. Army Legal Services Agency
Department of the Army
DAJA-RL 3949
901 North Stuart Street, Room 713
Arlington, VA 22203-1837

David W. Francis, Esquire
Powell, Trachtman, Logan, Carrle,
Bowman & Lombardo, P.C.
114 North Second Street
Harrisburg, PA 17101

Richard L. Caplan, Esquire
Caplan and Luber, LLP
40 Darby Road
Paoli, PA 19301

Craig A. Doll, Esquire
214 State Street
Harrisburg, PA 17112

Randall V. Griffin, Esquire
800 King Street
P.O. Box 231
Wilmington, DE 19899

Eric Joseph Epstein
2308 Brandywine Drive
Harrisburg, PA 17110

Billie E. Ramsey, Executive Director
ARIPPA
1300 Market Street, Suite 7
Lemoyne, PA 17043

John L. Munsch, Esquire
Allegheny Power
800 Cabin Hill Drive
Greensburg, PA 15601-1689

Michael A. Stosser, Esquire
Kraft Foods, Inc.
815 Connecticut Avenue NW
Suite 200
Washington, DC 20006-4004

Bruce A. Connell, Esquire
Legal Department
600 North Dairy Ashford, ML-1034
Houston, TX 77079

Certificate of Service**Page 3****Docket No. R-00973954**

William T. Hawke, Esquire
Janet L. Miller, Esquire
Todd S. Stuart, Esquire
Malatesta, Hawke & McKeon, LLP
Harrisburg Energy Center
P.O. Box 1778
Harrisburg, PA 17105-1778

Mary Huwaldt, Esquire
Caplan & Luber
40 Darby Road
Paoli, PA 17301

Robert F. Young, Esquire
212 Locust Street
P.O. Box 1266
Harrisburg, PA 17108-1266

Michael T. Vough, Esquire
Vough & Mecadon
Greater Pittston Professional Center
126 South Main Street
Pittston, PA 18640-1793

Michael L. Kessler
Vice President and General Counsel
American Energy Solutions, Inc.
111 South Alfred Street
Alexandria, VA 22314

Gary A. Jeffries
Senior Attorney
CNG Energy Services Corporation
One Park Ridge Center
P.O. Box 15746
Pittsburgh, PA 15244-0746

Usher Fogel, Esquire
Roland, Fogel, Koblenz & Carr, LLP
1 Columbia Place
Albany, NY 12207

John P. Zinkand
Executive Vice President
Pennsylvania Petroleum Association
Suite 121, Building 2
2001 North Front Street
Harrisburg, PA 17102

Linda C. Smith, Esq.
Dilworth, Paxson, Kalish & Kauffman, LLP
305 North Front Street, Suite 403
Harrisburg, PA 17101-1236

Gordon J. Smith, Esq.
John & Hengerer
1200 17th Street, N.W., Suite 600
Washington, D.C. 20036-3006

John R. Orr, Esq.
Duke Energy Trading and Marketing, L.L.C.
One Westchase Center, 10777 Westheimer
Suite 650
Houston, TX 77042

Stephen J. Baron
J. Kennedy and Associates, Inc.
35 Glenlake Parkway, Suite 475
Atlanta, GA 30328

Robert P. Haynes, III, Esquire
Zeigler & Zimerman
355 North 21st Street
Camp Hill, PA 17011

Clinton A. Vince, Esquire
Paul E. Nordstrom, Esquire
Deborah A. Swanstrom, Esquire
Joel D. Newton, Esquire
Verner, Liipfert, Bernhard, McPherson &
Hand
901 15th Street, NW
Washington, DC 20005-2301

Certificate of Service**Page 4****Docket No. R-00973954**

Barbara R. Alexander
15 Wedgewood Drive
Winthrop, ME 04564

Harry S. Geller, Esquire
118 Locust Street
Harrisburg, PA 17108

Susan M. Shanaman, Esquire
212 North Third Street
Suite 203
Harrisburg, PA 17101-1505

Attorney of Record
Environmental Energy Project
3700 Vartan Way
Harrisburg, PA 17110

Joseph A. Dworetzky, Esq.
John P. Lavelle, Jr., Esq.
Hangley, Aronchick, Segal & Pudlin
One Logan Square, 12th Floor
Philadelphia, PA 19103

Keith M. Sappenfield, II
Director of Marketing Support
Noram Energy Mangement, Inc.
P.O. Box 2628
Houston, TX 77252-2628

David Cruthirds
Electric Clearinghouse, Inc.
1000 Louisiana, Suite 5800
Houston, TX 77002-5050

Jerry Mendl
MSB Energy Associates
7507 Hubbard Avenue, Suite 200
Middleton, WI 53562

Norma J. Rosner, Esq.
General Counsel
Vastar Power Marketing, Inc.
200 Westlake Park Boulevard
Houston, TX 77079

Fred Zalzman
Pace Energy Project
Pace University School of Law
78 North Broadway
White Plains, NY 10603

Patricia Armstrong, Esquire
Thomas, Thomas, Armstrong & Niesen
212 Locust Street
P.O. Box 9500
Harrisburg, PA 17108-9500

James H. Norris, Esquire
Eckert, Seamans, Cherin & Mellott
42nd Floor - 600 Grant Street
Pittsburgh, PA 15219

John Haucke, Executive Vice President
Pennsylvania Association of Plumbing,
Heating, Cooling Contractors, Inc.
4015 Jonestown Road
Harrisburg, PA 17109-9109

Dave Boonin
New Energy Ventures
1845 Walnut Street, Suite 2525
Philadelphia, PA 19103

Vickiren S. Aeschleman
Director - Regulatory Policy
QST Energy, Inc.
300 Hamilton Boulevard, Suite 300
Peoria, IL 61602

Certificate of Service**Page 5****Docket No. R-00973954**

Sheila S. Hollis, Esquire
Mary Ann Ralls, Esquire
Stephanie A. Sugrue, Esquire
Duane, Morris & Heckshcer, LLP
1667 K. Street, N.W., Suite 700
Washington, DC 20006-1608

Brian A. Rider
Pennsylvania Retailers Association
224 Pine Street
Harrisburg, PA 17101-1325



Thomas G. Brown

Dated this 30th day of July, 1998.



COMMONWEALTH OF PENNSYLVANIA
PENNSYLVANIA PUBLIC UTILITY COMMISSION
P.O. BOX 3265, HARRISBURG, PA 17105-3265

IN REPLY PLEASE
REFER TO OUR FILE

July 30, 1998

Mr. Brad Gordon
55 Farrow Lane
Reinholds, PA 17569

R-00973954
DOCKETED
AUG 05 1998

Dear Mr. Gordon:

Thank you for your recent communication to the members of the Pennsylvania Public Utility Commission concerning your distress over recent PUC decisions in the restructuring cases of PP&L, Met-Ed and the Pennsylvania Electric Company.

Those decisions are now final, and while PP&L is currently engaged in settlement negotiations with the Commission and other parties in an attempt to resolve its appeals to the PUC's restructuring plan, the combined companies of Met-Ed and Pennsylvania Electric, known as GPU, have only recently filed its appeals to the Commission's Orders.

Thank you for your comments and concerns about the stability of electric distribution companies in Pennsylvania, and please know that I have taken the liberty of forwarding your communication to the Secretary of the Commission for inclusion into the official file of the proceedings.

Sincerely,

Rosemary Chiavetta
Rosemary Chiavetta, Esq.
Director of Legislative Affairs

KJR

cc: Chairman Quain
Vice Chairman Bloom
Commissioner Rolka
Commissioner Brownell
Commissioner Wilson
Secretary McNulty ✓

RECEIVED
SECRETARY'S BUREAU
98 AUG -3 PM 1:07

DOCUMENT
FOLDER

814000

RC

CHAIRMAN

From: bgordon
To: chairman; rolka; brownell; bloom; wilson
Cc: governor; Lieutenant-governor
Subject: Electric Restructuring
Date: Monday, July 27, 1998 3:02PM

I support the concept of electric competition. I am, however, very distressed at recent PUC decisions in the restructuring cases of PP&L, Met-Ed, and Pennsylvania Electric. These companies have historically keep their electric rates low while providing high levels of customer service and community support. It now appears that the PUC has subsidized the electric suppliers at the expense of these distribution companies. This can only result in reduced reliability, customer service, and community support. In addition, it will certainly have an adverse affect on the employees and stockholders of these companies. While electric suppliers will enter and exit our market, the distribution companies are the backbone of electric service stability in Pennsylvania. I strongly encourage you to reconsider your decisions on these restructuring cases to allow a fair and equitable recovery of their stranded costs. This, I believe, is in the long-term best interest of all Pennsylvanians.

Respectfully Submitted,

Brad Gordon
(717)335-3469
55 Farrow Lane
Reinholds, PA 17569

BGORDON@GPU.COM

DOCKETED
AUG 05 1998

**DOCUMENT
FOLDER**

RECEIVED
SECRETARY'S BUREAU

98 AUG -3 PM 1:08

000419