



September 6, 2013

KENNETH L. MICKENS, ESQUIRE LLC
LEGAL CONSULTING

Rosemary Chiavetta
Secretary
Pennsylvania Public Utility Commission
Commonwealth Keystone Building
400 North Street
Harrisburg, PA 17105-3265

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

Sustainable Energy Fund Answer to Petition

Dear Secretary Chiavetta:

In accordance with revised PUC Regulation 52 Pa. Code § 1.37(a), enclosed please find a signed original of the Sustainable Energy Fund's Answer to the above-identified Petition of PPL Electric Utilities Corporation for filing in the above-referenced proceeding. Parties have been served in accordance with the attached Certificate of Service.

Sincerely,

Kenneth L. Mickens, Esq.
Attorney for Sustainable
Energy Fund

KLM/bls
Certificate of Service

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

SECRETARY, PA PUBLIC UTILITY COMMISSION
2013 SEP -6 AM 10:58
RECEIVED

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

**ANSWER OF SUSTAINABLE ENERGY FUND TO PETITION
OF PPL ELECTRIC FOR APPROVAL OF A NEW PILOT TIME-OF-
USE PROGRAM**

Pursuant to 52 Pa. Code § 5.61(a), the Sustainable Energy Fund (“SEF”) hereby files this Answer to PPL Electric Utilities Corporation’s (“PPL Electric” or “Company”) Petition for Approval of a New Pilot Time-of-Use (“TOU”) Program (“Petition”) filed with the Commission on August 23, 2013 in the above-referenced proceeding.

I. BACKGROUND

1. PPL Electric filed this Petition in compliance with the Commission’s Order in *Petition of PPL Electric Utilities Corporation for Approval of a Default Service Program and Procurement Plan for the Period June 1, 2013 through May 31, 2013*, Docket No. P-2012-2302074 (entered May 23, 2013) (“*May 23 Order*”).¹ Under the proposed new Pilot TOU Program, PPL

¹ In its January 24, 2013 Order in the DSP 2013-2015 proceeding (at Docket No. P-2012-2302074), the Commission approved with modification PPL Electric’s default service plan for the period June 1, 2013 through May 31, 2015 (“*January 24 Order*”). In regard to the TOU rate issues, the Commission stated that PPL Electric should schedule a collaborative with interested stakeholders in order to discuss and resolve any issues concerning the development and implementation of a TOU rate option that will allow the Company to meet its TOU rate requirement. In addition, PPL Electric was directed to file a new TOU rate

Electric's Commission-approved tariff will include a default service TOU rate option whereby the specific TOU rate options and services will be provided by retail electric generation suppliers ("EGSs"). Under this Pilot Program, multiple EGSs will be allowed to offer various TOU rate options to customers and permits customers to choose the TOU rate option that best satisfies their needs. The TOU rate options offered by the EGS participants will consist of a rate that varies during different time periods, but not as frequently as each hour and includes on-peak and off-peak periods, with rates during the on-peak periods which are higher than rates during off-peak periods.²

II. TOU COLLABORATIVE

2. In accordance with the Commission's *January 24 Order*, PPL Electric initiated a collaborative and meetings were held on February 22, 2013, April 10, 2013 and June 12, 2013. PPL Electric explains the details of the proposed Pilot TOU Program at pp. 7-16 of the Petition. SEF believes that PPL Electric has accurately reflected the general consensus of the stakeholders with regard to the details of the proposed Pilot TOU Program. In this regard, SEF joins PPL Electric in its assessment that the collaboration was successful. However, SEF submits that the proposed contingency TOU

proposal following the conclusion of the collaborative but no later than August 23, 2013. *January 24 Order*, p. 115.

plan³, to be implemented by PPL Electric in the event that no EGSs are willing or able to offer a service under the proposed Pilot TOU Program, does not represent a general consensus of the stakeholders and should not be adopted by the Commission.

III. PPL ELECTRIC PROPOSED TOU CONTINGENCY PLAN

3. PPL Electric's proposed TOU Contingency Plan is seriously flawed because it: (1) establishes on-peak and off-peak times that are inconsistent with actual market conditions⁴; (2) establishes artificial on-peak and off-peak rates⁵; (3) establishes different on-peak and off-peak times for residential and small commercial and industrial rate classes; and, (4) socializes program and energy costs across non-participating ratepayers.⁶

² PPL Electric Petition, pp. 9-16.

³ PPL Electric Petition, pp. 16-19.

⁴ Since these customers participate in the same generation marketplace, they are exposed to the same system economic peaks. Thus, SEF witness John M. Costlow has previously testified in this proceeding that residential and small C&I customers should have the same on-peak and off-peak times. SEF St. 1, pp. 13-14. In addition, the Company contingency plan establishes for residential customers on-peak hours from noon to 7:00 pm and for small C&I on-peak hours are set from 7:00 am until 7:00 pm. PPL Petition, p. 17. However, there are two drivers of electricity demand, outdoor air temperature and available daylight. Both vary seasonally and throughout the day. Consequently, the proposed 7:00 am to 7:00 pm on-peak period does not reasonably reflect summer or winter peak conditions. In this regard, the summer peaks in system load (demand) that cause electricity prices to rise occur during the late afternoon on hot summer days. SEF St. 1, p. 14. Thus, it is unreasonable to include morning hours in the on-peak period as PPL Electric proposes in its TOU Contingency Plan.

⁵ According to the Petition "[t]he on-peak rate, for Residential customers will be determined by adding a 15% adder to the then current PPL Electric Fixed Price Generation Supply Charge-1 ("GSC-1") Charge and the off-peak rate will be determined by subtracting a 4% discount off of the then current PPL Electric Fixed Price Generation Supply Charge-1 ("GSC-1") Charge (less the E Factor) The on-peak rate, for Small C&I customers will be determined by adding a 15% adder to the then current PPL Electric Fixed Price Generation Supply Charge-1 ("GSC-1") Charge and the off-peak rate will be determined by subtracting a 8% discount off of the then current PPL Electric Fixed Price Generation Supply Charge-1 ("GSC-1") Charge (less the E-Factor)." PPL Electric Petition, pp. 17-18.

⁶ For example, the Company states that the "TOU contingency plan over/under collections will be reconciled across all default service customers by rate class...." PPL Electric Petition, p. 18. However, since program under collections are socialized across all default service ratepayers, creation of artificial on-

4. Instead, SEF recommends that the Commission adopt the SEF Easy TOU as the Contingency TOU Plan for PPL Electric. SEF witness John M. Costlow explained the Easy TOU at pp. 14-16 of SEF St. 1, which has been entered into the record in this proceeding. The Easy TOU is designed to *encourage consumer participation through a simple procedure designed to target the highest economic peaks.* The Easy TOU would be offered to both Residential and Small C&I ratepayers as both a summer and winter TOU rate. The Easy Summer TOU Program would be available from June 1 through August 30. The on-peak periods would be from 3:00 pm to 6:00 pm Monday through Friday excluding holidays. The on-peak and off-peak periods will be fixed for the period from December 1 to February 28 and posted on PPL Electric's web page at the same time the December 1 to February 28 Price to Compare is posted.

5. During the remainder of the year from September 1 through November 30 and March 1 through May 31, Easy TOU customers would receive the same rates as the standard default service customers. TOU rates will be a fixed price for each period and are to be solicited upon the failure of PPL Electric's proposed TOU Program. Solicitations for subsequent periods would be coordinated with PPL Electric's 6- month fixed price solicitations.

peak and off-peak pricing creates an unnecessary risk for non-participating ratepayers.

The solicitation should be for the combined Residential and Small C&I load.⁷

6. The winning supplier will be the bidder that provides an on-peak and off-peak price that provides the greatest benefit for participants who shift load from on-peak to off-peak periods. Since suppliers are providing on-peak and off-peak pricing, the winning supplier, not the ratepayer, absorbs the risk and associated cost or benefit that results from actual prices that vary from the projections used in formulating the bid.

IV. CONCLUSION

WHEREFORE, for the reasons discussed above, Sustainable Energy Fund requests that the Commission adopt the PPL Electric proposed Pilot TOU Program. However, Sustainable Energy Fund submits that the Commission should adopt the SEF Easy TOU Program as the PPL Electric TOU Contingency Program.

⁷ SEF acknowledges the fact that the Commission failed to adopt an alternative Summer TOU rate option (which was based upon the SEF Easy TOU) in its *January 24 Order*. *January 24 Order*, p. 115. However, the Commission indicated that it was concerned that no suppliers would bid on the residential load alone. In this regard, SEF believes that there is no reason to have separate offers for residential and small C&I loads. Accordingly, SEF recommends that the loads be combined for this solicitation.

CERTIFICATE OF SERVICE

Docket No. P-2012-2302074

I hereby certify that I have this day served a copy of the foregoing Answer of Sustainable Energy Fund to Petition of PPL Electric for Approval of a New Pilot Time-of-Use Program in accordance with the requirements of 52 Pa. Code §1.54 et.seq. (relating to service by a participant).

Paul Russell, Esq.
PPL Electric Utilities Corporation
Two North Ninth Street
Allentown PA 18101-1179

Eric J. Epstein
4100 Hillsdale Road
Harrisburg, PA 17112

David B. MacGregor, Esq.
Post & Schell PC
Four Penn Center
1600 JFK Boulevard
Philadelphia, PA 19103

Melanie J. Elatieh, Esq.
UGI Corp.
460 N. Gulph Road
King of Prussia, PA 19406

James Mullins, Esq.
Tanya McCloskey, Esq.
Office of Consumer Advocate
555 Walnut St. 5th Floor, Forum Place
Harrisburg, PA 17101-1923

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

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

Daniel Clearfield, Esq.
Deanne M. O'Dell, Esq.
Eckert Seamans Cherin & Mellott LLC
213 Market Street, 8th Floor
Harrisburg, PA 17101

Regina L. Matz, Esq.
PA PUC Bureau of
Investigation & Enforcement
PO Box 3265
Harrisburg, PA 17105-3265

Brian J. Knipe, Esq.
Buchanan Ingersoll & Rooney PC
17 North Second Street, 15th Floor
Harrisburg, PA 17101

Patrick M. Cicero, Esq.
Pennsylvania Utility Law Project
118 Locust Street
Harrisburg, PA 17101

Divesh Gupta, Esq.
Constellation Energy
111 Market Place, Suite 500
Baltimore, MD 21202

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

Charles E. Thomas III, Esq.
Thomas Long Niesen & Kennard
212 Locust Street, Suite 500
P.O. Box 9500
Harrisburg, PA 17108-9500

RECORDED
2013 SEP -6 AM 10:50
PA PUC BUREAU
SECRETARY'S OFFICE

Respectfully Submitted,



Kenneth L. Mickens, Esq.
Attorney for Sustainable
Energy Fund
316 Yorkshire Drive
Harrisburg, PA 17111
(717) 657-0938
kmickens11@verizon.net

September 6, 2013

RECEIVED
2013 SEP -6 AM 10:59
PA P&S
SECRETARY'S BUREAU

Amy M. Klodowski, Esq.
FirstEnergy Solutions Corp.
800 Cabin Hill Drive
Greensburg, PA 15601

Matthew J. Agen, Esq.
607 14th St. N.W.
Washington, DC 20005-2006



Kenneth L. Mickens, Esq.
316 Yorkshire Drive
Harrisburg, PA 17111-6933
Telephone: (717) 657-0938

Dated: September 6, 2013

RECEIVED
2013 SEP -6 AM 10:50
PA PUC
SECRETARY'S OFFICE