



September 12, 2013

Via E-Filing

Secretary Rosemary Chiavetta
Pennsylvania Public Utility Commission
P.O. Box 3265
Harrisburg, PA 17105-3265

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

Docket No. P-2012-2302074

Dear Secretary Chiavetta:

Enclosed please find the Answer of the Coalition for Affordable Utility Services and Energy Efficiency in Pennsylvania (CAUSE-PA) to the Petition of PPL Electric Utilities Corporation for Approval of a New Pilot Time of Use Program.

Copies have been served according to the attached Certificate of Service.

Respectfully submitted,

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BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION

**Petition of PPL Electric Utilities Corporation for Approval of its
Default Service Program and Procurement Plan for the Period of
June 1, 2013 through May 21, 2015**

Docket Nos. P-2012-2302074

CERTIFICATE OF SERVICE

I hereby certify that true and correct copies of CAUSE-PA's Answer to the Petition of PPL Electric Utilities Corporation for Approval of a New Pilot Time-of-Use Program have been served upon the following persons, in the manner indicated, in accordance with the requirements of § 1.54 (relating to service by a participant).

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Date: September 12, 2013

BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION

**Petition of PPL Electric Utilities Corporation for Approval of its
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Docket Nos. P-2012-2302074

**ANSWER OF THE
COALITION FOR AFFORDABLE UTILITY SERVICES
AND ENERGY EFFICIENCY IN PENNSYLVANIA**

**TO THE PETITION OF PPL ELECTIC UTILITIES FOR APPROVAL OF ITS PILOT
TIME OF USE PROGRAM**

Pursuant to 52 Pa. Code § 5.61(a), the Coalition for Affordable Utility Services and Energy Efficiency in Pennsylvania (CAUSE-PA)¹ hereby files this Answer to PPL Electric Utilities Corporation's ("PPL" or "Company") Petition for Approval of a New Pilot Time-of Use ("TOU") Program filed with the Pennsylvania Public Utility Commission ("Commission") on August 23, 2013.

I. Background

PPL filed the instant Petition in compliance with the Commission's Orders in *Petition of PPL Electric Utilities Corporation for Approval of a Default Service Procurement Plan for the Period of June 1, 2013 through May 31, 2015*, Docket No. P-2012-2302074 (entered January 24, 2013 and May 23, 2013). Under the proposed Pilot TOU Program, PPL's tariff will include a default service TOU rate option whereby specific TOU rates and services will be provided by retail

¹ CAUSE-PA is an unincorporated association of low-income individuals that advocates on behalf of its members to enable consumers of limited economic means to connect to and maintain affordable water, electric, heating, and telecommunication services. CAUSE-PA was granted standing to intervene in this proceeding by Order of Administrative Law Judge Susan D. Colwell on June 7, 2012.

electric generation suppliers (“EGSs”). An EGS who chooses to participate in the program will offer TOU rate options, “which may not be less than three (3) calendar months coinciding with the changes to the Price-To-Compare (“PTC”).” (Petition at 11 (footnotes omitted).) Under its proposal, PPL is not pre-determining what rate structure or price differential participating EGSs offer, but instead is leaving those decisions to the discretion of the participating EGSs. These participating EGSs must create and maintain a TOU website that will be cross-referenced by PPL on its TOU website, and which provides details about the EGS’s available TOU offers for the current quarter including rate options and rates currently available.

PPL also proposes a TOU contingency plan in the event the Pilot TOU program is not successful or if there are no participating EGSs for any given period of the program. Under the TOU contingency plan, PPL proposes on-peak hours from noon-7pm Monday through Friday (excluding weekends and PJM Holidays). All other times will be off-peak. The on-peak rate for residential customers will be determined by adding 15% to the then current PPL Electric Fixed Price Generation Supply Charge-1 (“GSC-1”), and the off-peak rate will be determined by subtracting a 4% discount off the then current Fixed Price GSC-1 charge. (Petition at 17.)

Both of the TOU options proposed (EGS supplied or the PPL TOU contingency) are voluntary, and where there are multiple EGSs providing TOU options, the customer chooses which EGS rate option to elect. PPL proposes that the TOU option be made available to all customers, and these customers will be treated as “shopping customers,” meaning that all of the rules applicable to shopping customers will apply including the Commission’s switching rules. (Petition at 13.)

PPL has also proposed that its low-income customer assistance program (“CAP” or “OnTrack”) customers be permitted to participate, and that it will maintain a portion of its website

which “explains that OnTrack customers already receive a reduced monthly bill based upon his or her ability to pay and therefore may not see a change in her or her monthly payment in enrolled in the Pilot TOU Program.” (Petition at 14.) PPL will also require that participating EGSs are “required to inform OnTrack customers that if they participate in OnTrack, and choose to participate in the TOU rate options, they may not see a reduction in their monthly payment.” (Id.)

II. ANSWER

CAUSE-PA has preliminarily reviewed the Petition and identified a number of issues presented by the filing. CAUSE-PA anticipates that additional issues will arise as a more comprehensive review of PPL’s filing is undertaken, including a more comprehensive review of PPL’s testimony, if any, and discovery is conducted. However, the preliminary issues identified by CAUSE-PA include the structure of PPL’s proposed TOU program.

Through its counsel at the Pennsylvania Utility Law Project, CAUSE-PA participated in the TOU Collaborative and meetings that resulted in this Petition. Specifically, meetings were held in February, April, and June 2013. While these meetings resulted in agreement by some of the parties about the scope and role of EGSs in PPL’s Pilot TOU program, a number of questions remained unresolved by the collaborative. Among the issues unresolved was whether low-income customers enrolled in CAP should participate. No party to the collaborative had answers to the concerns raised by CAUSE-PA, the Office of Consumer Advocate, and PPL about the vulnerability of low-income CAP customers who would choose to participate in the TOU program.

Specifically, neither PPL nor any of the participating EGSs to the collaborative could sufficiently describe how they would educate low-income CAP customers about the consequences to their CAP bills if they participated in a TOU Program. PPL has proposed to provide a simple

disclaimer to its low-income CAP customers stating that they may not save money through the TOU, and proposes that EGSs be required to do the same. This is insufficient because it does not allow a CAP customer to make an informed decision about whether participation in the TOU will or will not be in his or her economic interest. PPL has chosen to design a complicated system to allocate the benefits and costs of CAP customers' shopping decisions, it should be required to meaningfully explain this allocation of benefits and costs to its CAP customers.

Under PPL's current shopping design for CAP customers, A PPL CAP customer who chooses a competitive supplier must incur shopping savings of \$5 per month for non-heating electric customers and savings of \$10 per month for customers who heat with electricity. The same is true for shopping losses, i.e., customers who choose a supplier with a price higher than the PPL PTC will not bear this cost if it is less than \$5 per month for non-heating electric customers or \$10 per month for customers who heat with electricity. However, even assuming that a customer reaches the \$5/\$10 savings thresholds, all savings above those levels are shared at a ratio of 60:40 with 60% of the savings benefitting PPL customers who pay for CAP through PPL's Electric Universal Service Rider and 40% of the savings benefitting the CAP participant. While savings are shared, costs are borne entirely by the low-income household. Under PPL's current CAP shopping procedures, if a CAP customer selects a supplier whose price results in a bill that is more than \$5 higher per month for non-electric heating customers, and more than \$10 per month for electric heating customers, then the CAP customer must pay **all** of the difference as a part of his or her CAP bill. Thus, unlike the scenario in which a CAP customer must share at a ratio of 60:40 any reaped savings with non-CAP customers, in the case of increased rates, CAP customers are required to **bear the entire increase** in costs if and when those costs exceed the monthly thresholds.

It is in no one's interest for CAP households to be paying more for energy than they absolutely must pay. CAP is a program that is designed, in accord with the Choice Act, to achieve affordability for households who have a demonstrated inability to afford utility services at full-tariff rates. To subject these household to economic loss as a result of participation in PPL's TOU program undermines the objectives of the Choice Act, and is very likely to lead to increased unpaid bills and loss of service. Although PPL has proposed a disclaimer be given to its CAP customers before they choose to participate in the TOU Program, this is insufficient. CAUSE-PA submits that PPL has an obligation as default service provider to sufficiently explain to its CAP customers exactly how their bill will be affected by choosing a TOU rate which is still a default service product. This is true no matter whether the TOU rate is provided by PPL or an EGS.

Unfortunately, there is no meaningful way for PPL to adequately explain this to CAP participants who seek to participate in the TOU program, and CAUSE-PA submits that CAP customers should be excluded from this program until such time as PPL can adequately advise CAP customers of the potential burdens and benefits of the TOU program for CAP customers. PPL has pending before the Commission its proposed Universal Service and Energy Conversation Plan for 2014-2016. In this filing, PPL has proposed numerous changes to its CAP program including changing the manner in which CAP customer's shopping decisions impact CAP customer's bills and CAP credits. While there remain unanswered questions concerning the ultimate form or methods of implementation of PPL's new CAP shopping proposal, the proposed model offers some potential in making it easier for a CAP customer to understand the effect that higher or lower generation costs will have on his or her CAP bill. Thus, it would seem premature to allow CAP customers to participate at this juncture under an inherently complicated CAP shopping model when a more readily understandable model has been proposed. Accordingly, if

the Commission is not inclined to exclude CAP customers from PPL's TOU program it should defer their participation until such time as that Commission approves PPL's USECP filing.

WHEREFORE, CAUSE-PA respectfully requests that the Commission refer this matter to the Office of Administrative Law Judge for hearings. In the event that the Commission determines that hearings are not needed, CAUSE-PA requests that it order PPL to exclude CAP participants from either an EGS provided TOU program or its contingency TOU Program. In the alternative, CAUSE-PA requests that the Commission defer CAP customer participation in the TOU program until PPL's 2014-2016 Universal Service and Energy Conversation Plan is approved.

Respectfully submitted,

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