

COMMONWEALTH OF PENNSYLVANIA



OFFICE OF CONSUMER ADVOCATE

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September 12, 2013

Rosemary Chiavetta
Secretary
Pennsylvania Public Utility Commission
Commonwealth Keystone Building
400 North Street
Harrisburg, PA 17120

RE: Petition of PPL Electric Utilities
Corporation for Approval of Default Service
Program and Procurement Plan for the
Period June 1, 2013 through May 31, 2015
(Time-of-Use)
Docket No. P-2012-2302074

Dear Secretary Chiavetta:

Enclosed please find the Answer of the Office of Consumer Advocate to PPL Pilot Time-of-Use Rate Proposal in the above-referenced proceeding.

Copies have been served as indicated on the enclosed Certificate of Service.

Respectfully Submitted,

A handwritten signature in black ink, appearing to read "Aron J. Beatty".

Aron J. Beatty
Assistant Consumer Advocate
PA Attorney I.D. # 86625

Enclosures

cc: Certificate of Service
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BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION

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

ANSWER OF THE
OFFICE OF CONSUMER ADVOCATE
TO PPL PILOT TIME-OF-USE RATE PROPOSAL

I. INTRODUCTION

On August 23, 2013, PPL Electric Utilities Corporation (PPL or Company) filed a Petition with the Pennsylvania Public Utility Commission (PUC or Commission) requesting approval of the Company’s New Pilot Time-of Use Program. On September 9, 2013, PPL filed a model tariff for use in the proposed Time-of-Use Program. With regard to the September 9th filing, the Company requested that the Commission “consider the appended form of tariff as part of and an additional attachment to the August 23, 2013 Petition.” The Office of Consumer Advocate (OCA) files this Answer to the Company’s Petition, as supplemented, and requests that the Commission set the matter for hearings to ensure that the rates proposed by the Company are reasonable and comply with the Public Utility Code.

II. ANSWER

The Company filed the instant Petition as part of its Default Service Program and Procurement Plan (DSP II Program) for Default Service commencing on June 1, 2013 and ending on May 31, 2015. In its Order approving PPL's DSP II Program, the Commission directed that the Company address issues related to the Company's Time of Use (TOU) proposal through a collaborative. The OCA was an active participant in the TOU Collaborative. The OCA appreciates the efforts of all parties to the collaborative and submits that the Company's proposal contains several important contributions of the parties. The Company's proposal marks a major shift in the manner in which it offers Time-of-Use service. The OCA submits, however, that on-the-record proceeding is necessary to ensure that the Company's Default Service TOU option is reasonable.

The OCA has preliminarily reviewed the Company's August 23, 2013 Petition and September 9, 2013 supplement and identified several significant issues presented by the filing. The OCA anticipates that additional issues may arise as a more comprehensive review of the Company's filing is undertaken and discovery is conducted. The preliminary issues identified by the OCA include:

A. Program Design

In its Petition, the Company proposes to alter the manner in which TOU service is provided to its customers. In its prior TOU offerings, the Company established on-peak and off-peak pricing, and established the hours that such pricing would be in effect. In the instant Petition, the Company proposes to allow interested Electric Generation Suppliers (EGS) to offer various TOU rate options. Each EGS would establish on-peak and off-peak hours, while

establishing the rates for those periods. PPL Petition at 8. The Company's proposal marks a major change in program type that warrants a full review.

Importantly, the Company has asked the Commission to issue a finding that its plan meets the legal requirements of the Public Utility Code. PPL Petition at 8. The Company notes in its Petition that the Commission has held that TOU service is a default service. PPL Petition at 4 (citing, Pa. PUC v. PPL Electric Utilities Corporation, Docket No. R-2011-2264771 (August 30, 2012)). With that understanding, the Company makes the following request in its Petition:

While the Commission explained in the January 24 Order that PPL Electric could rely on EGSs to provide TOU service and that such an approach is not prohibited by Act 129, PPL Electric requests that the Commission specifically determine that the Pilot TOU Program described herein complies with and satisfies all of its legal and regulatory requirements applicable to the offering of a TOU rate. See, e.g., 66 Pa. C.S. §2807(f)(5).

PPL Petition at 8.

The OCA submits that the Company's "Pilot TOU Program described herein," as further supplemented by the model tariff filed September 9, 2013, requires a full examination before the Commission can make such a finding. The Commission must set this matter to hearing so that Company's proposed TOU plan can be evaluated for compliance with the law.

B. Customer Participation

The Company has proposed that all residential customers, including low-income customers, are eligible to participate in the voluntary TOU program. PPL Petition at 12. PPL further states that all customers that choose to participate in the TOU Program "will be treated as shopping customers and all of the rules applicable to shopping customers will apply." The OCA submits that the Company's proposed TOU offering is being made as a default service offering.

The treatment of TOU customers as both shopping customers and default service customers may create issues that need to be addressed through a more thorough examination of the filing.

In addition, the Company expresses concerns with the participation of its customer assistance program (CAP) customers in the proposed TOU program. PPL Petition at 14. The Company notes that because CAP customers already receive reduced monthly bills based on their ability to pay, CAP customers selecting an EGS for TOU service may increase their costs. PPL Petition at 14. The Company further notes that these increases in costs may increase the costs of non-CAP residential customers who pay the cost of the program. PPL Petition at 15.

In response to these concerns, PPL proposes that both the Company and participating EGSs provide notice to CAP customers that a TOU rate option may not be the lowest rate alternative for the CAP customer. PPL Petition at 15. The OCA submits that the Company and EGS notice would appear to be at odds with the overall message of the TOU program that customers can save money by modifying their energy consumption behavior. The OCA remains concerned that CAP customers should not participate in a program of this nature due to the cost risks on both CAP and non-CAP customers. If CAP customers are permitted to participate, however, it is critical that customers be provided information in an understandable and usable manner.

C. Contingency Plan

The Company's TOU proposal contains a substantial contingency plan should EGSs not participate in the program. PPL Petition at 16-19. For residential customers, the Company proposes to offer on peak rates from noon to 7 p.m. (excluding weekends and PJM holidays) through all seasons. PPL Petition at 17. On-peak rates would be established at a 15%

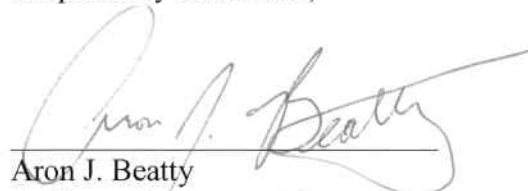
premium over the PPL Electric Fixed Price Generation Supply Charge-1 rate that is in effect. PPL Petition at 17. Off-peak rates would be the GSC-1 rate minus 4%. PPL Petition at 17.

The Company states that “the adders and discounts included with this contingency plan are designed so that the aggregate total rate is essentially revenue neutral for those customers that do not change their usage habits.” PPL Petition at 18. While the Company states that the Contingency Plan rates will approximate revenue neutrality, it has not provided support for these rates. The OCA submits that the premiums charged, and the prices discounted, under the Contingency Plan must be properly established and justified through an evidentiary hearing.

III. CONCLUSION

WHEREFORE, the Office of Consumer Advocate respectfully requests that the issues raised in this Answer and other issues identified through the course of this proceeding be thoroughly addressed to ensure that the Time-Of-Use default service rates that will be charged by PPL are just and reasonable and that the Time-Of-Use default service program approved by the Commission is in the public interest and fully consistent with Pennsylvania law.

Respectfully Submitted,



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September 12, 2013
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CERTIFICATE OF SERVICE

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 :

I hereby certify that I have this day served a true copy of the foregoing document, the Office of Consumer Advocate's Answer to PPL Pilot Time-of-Use Rate Proposal, upon parties of record in this proceeding in accordance with the requirements of 52 Pa. Code Section 1.54 (relating to service by a participant), in the manner and upon the persons listed below:

Dated this 12th day of September 2013.

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