

COMMONWEALTH OF PENNSYLVANIA



OFFICE OF CONSUMER ADVOCATE

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October 17, 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 Office of Consumer Advocate's Prehearing Memorandum 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 'A. Beatty', written over a horizontal line.

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

Enclosures

cc: Honorable Joel Cheskis, ALJ  
Honorable Susan D. Colwell, ALJ  
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 :  
For the Period of June 1, 2013 through : P-2012-2302074  
May 31, 2015 (TIME OF USE) :

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PREHEARING MEMORANDUM  
OF THE  
OFFICE OF CONSUMER ADVOCATE

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Pursuant to Section 333 of the Public Utility Code, 66 Pa.C.S. Section 333, and in response to the October 4, 2013 Prehearing Notice issued in the above-captioned matter, the Office of Consumer Advocate (OCA) provides the following information:

**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 (TOU) Program. On September 9, 2013, PPL filed a model tariff for use in the proposed TOU Program. With regard to the September 9<sup>th</sup> 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) filed an Answer to the Company's Petition, as supplemented, on September 12, 2013. In its Answer, the OCA requested 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.

PPL's Petition was assigned to the Office of Administrative Law Judge and was further assigned to Administrative Law Judges (ALJs) Susan D. Colwell and Joel Cheskis for investigation and the scheduling of hearings. On October 4, 2013, ALJs Colwell and Cheskis issued a Prehearing Order in this matter, setting a Prehearing Conference on October 21, 2013. The OCA submits this Prehearing Memorandum in anticipation of the scheduled October 21<sup>st</sup> Prehearing Conference in compliance with the ALJs Prehearing Order.

## **II. ISSUES AND SUB-ISSUES**

Based upon a preliminary analysis of the Company's Petition, the OCA has compiled a list of issues that it anticipates will be included in its investigation of the TOU plan. It is anticipated that other issues will arise and may be pursued as discovery proceeds.

The OCA has identified several issues that may require further review as follows:

- Program Design: The OCA will evaluate the program design to determine if it best meets the goals established in the Public Utility Code for TOU service and will make necessary recommendations to achieve the goals of the applicable statute.
- Consumer Education: Under the Company's Petition, multiple Electric Generation Suppliers (EGSs) can make TOU offers from which customers can choose the offers that may provide different prices and different peak and on peak hours that may vary by season. Educating consumers about this type of plan has the potential to be very difficult. The OCA will evaluate the Company's consumer education efforts to ensure a reasonable and successful TOU service.
- Rate Volatility: Under the Company's plan, winning EGSs are permitted to offer a TOU program that changes rates and terms every three months and requires the customer to affirmatively leave the program to avoid the new terms and conditions. The OCA will review the plan and investigate if there are measures that can be taken to reduce rate volatility.
- End of Term Conditions: It is not clear to the OCA what will happen to TOU customers at the end of the program in May 2015. The OCA submits that customers who sign up for TOU default service must be treated reasonably at the end of their term.

- Customer Assistance Program (CAP) Customer Participation: The Company expresses concerns with the participation of its CAP customers in the proposed TOU program. 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. The OCA remains concerned with the impact that participation in the proposed TOU program will have on CAP customers. To the extent CAP customers are permitted to participate, it is critical that customers be provided information in an understandable and usable manner.
- Contingency Plan: The Company's TOU proposal contains a substantial contingency plan should EGSs not participate in the program. 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 OCA submits that the premiums charged, and the prices discounted, under the Contingency Plan must be properly established and justified prior to implementation.

### III. WITNESSES

The OCA intends to present the direct, rebuttal, and surrebuttal testimony, as may be necessary, of Richard Hahn and Barbara Alexander. Mr. Hahn and Ms. Alexander will present testimony in written form and will also attach various exhibits, documents, and explanatory information which will assist in the presentation of the OCA's case. In order to expedite the resolution of this proceeding, the OCA requests that copies of all interrogatories, testimony, and answers to interrogatories be mailed directly to the OCA's witnesses at the below addresses, as well as mailing a copy to counsel for the OCA:

Richard Hahn  
La Capra Associates, Inc.  
One Washington Mall, 9<sup>th</sup> floor  
Boston, MA 02108  
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Barbara Alexander  
Consumer Affairs Consultant  
83 Wedgewood Drive  
Winthrop, ME 04364  
E-mail: [barbalex@ctel.net](mailto:barbalex@ctel.net)

The OCA specifically reserves the right to call additional witnesses, as necessary. As soon as the OCA has determined whether an additional witness or witnesses will be necessary for any portion of its case, the OCA will notify ALJs Colwell and Cheskis, and all parties of record.

#### **IV. DISCOVERY**

The OCA submits that the discovery modifications contained in ALJ Colwell's June 7, 2012 Scheduling Order, in this same docket, should continue in effect.

#### **V. PROPOSED SCHEDULE**

The OCA will work with the parties to develop a mutually acceptable schedule.

#### **VI. SERVICE ON OCA**

The OCA will be represented in this case by Aron J. Beatty. Two copies of all documents should be served on the OCA as follows:

Aron J. Beatty  
Assistant Consumer Advocate  
Office of Consumer Advocate  
555 Walnut Street  
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Email: [abeatty@paoca.org](mailto:abeatty@paoca.org)

#### **VII. SETTLEMENT**

The OCA is willing to participate in settlement discussions.

## VIII. PUBLIC INPUT HEARINGS

At present, the OCA has not received a request for a public input hearing. The OCA does not anticipate consumer demand for a hearing, but will make prompt notification and request a public input hearing should circumstances warrant.

Respectfully Submitted,



Aron J. Beatty  
Assistant Consumer Advocate  
PA Attorney I.D. # 86625  
E-Mail: ABeatty@paoca.org

Counsel for:  
Tanya J. McCloskey  
Acting Consumer Advocate

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October 17, 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 Prehearing Memorandum, 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 17th day of October 2013.

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