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May 9, 2014

Rosemary Chiavetta, Secretary
Pennsylvania Public Utility Commission
Commonwealth Keystone Building
400 North Street, 2nd Floor
Harrisburg, PA 17120

VIA ELECTRONIC FILING

RE: Petition of PPL Electric Utilities Corporation for Approval of a Default Service Program and Procurement Plan for the Period June 1, 2015 Through May 31, 2017; Docket No. P-2014-2417907

Dear Secretary Chiavetta:

Enclosed for filing with the Pennsylvania Public Utility Commission is the Petition to Intervene and Answer of the PP&L Industrial Customer Alliance ("PPLICA") concerning the above-referenced proceeding.

As shown by the attached Certificate of Service, all parties to this proceeding are being duly served. Thank you.

Very truly yours,

McNEES WALLACE & NURICK LLC

By

A handwritten signature in black ink, appearing to read 'Adeolu A. Bakare', written over a horizontal line.

Adeolu A. Bakare

Counsel to PP&L Industrial Customer Alliance

Enclosures

c: Chief Administrative Law Judge Charles E. Rainey, Jr. (via e-mail and First-Class Mail)
Certificate of Service

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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 Section 1.54 (relating to service by a participant).

VIA E-MAIL AND FIRST-CLASS MAIL

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Adeolu A. Bakare

Counsel to the PP&L Industrial Customer Alliance

Dated this 9th day of May, 2014, at Harrisburg, Pennsylvania

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

Petition of PPL Electric Utilities :
Corporation for Approval of a Default :
Service Program and Procurement : Docket No. P-2014-2417907
Plan for the Period June 1, 2015 :
Through May 31, 2017 :

**PETITION TO INTERVENE AND ANSWER
OF THE PP&L INDUSTRIAL CUSTOMER ALLIANCE**

Pursuant to Sections 5.71 through 5.74 of the Pennsylvania Public Utility Commission's ("PUC" or "Commission") Regulations, 52 Pa. Code §§ 5.71-5.74, the PP&L Industrial Customer Alliance ("PPLICA") hereby files this Petition to Intervene ("Petition") in the above-captioned proceeding. In addition, pursuant to Section 5.61(a) of the Commission's Regulations, 52 Pa. Code § 5.61(a), PPLICA hereby files this Answer in response to the above-captioned Petition of PPL Electric Utilities Corporation ("PPL" or "Company").

In its Petition, PPL sets forth a proposed plan to procure needed generation and to establish the terms and conditions under which the Company will supply Provider of Last Resort ("POLR") service for the period June 1, 2015, through May 31, 2017. The proposed Default Service Program ("DSP") would apply to all retail customers in PPL's service territory. PPL proposes separate treatment for: (1) Residential Customers served under Rate Schedules RS and RTS; (2) Small Commercial and Industrial ("C&I") Customers taking service under Rate Schedules GS-1, GS-3, GH-2, IS-1, BL, SA, SM, SHS, SE, TS, SI-1, and standby service for the foregoing schedules; and (3) Large C&I Customers served under Rate Schedules GS-3, LP-4, LP-5, LPEP, and standby service for the foregoing schedules.

According to PPL's proposal, PPL plans to offer Large C&I customers POLR service on a real-time hourly basis through the PJM Interconnection, LLC ("PJM") Spot Market. See Petition, p. 5. PPLICA currently has concerns regarding the Company's Petition, and specifically requests full evidentiary hearings with an opportunity for all interested parties to provide testimony prior to any Commission determination on the Company's Petition.

In support of its Petition to Intervene and Answer, PPLICA asserts as follows:

I. PETITION TO INTERVENE

1. PPLICA is an ad hoc association of energy-intensive industrial customers receiving electric service in PPL's service territory. PPLICA has been actively involved in many proceedings related to the introduction of electric generation supply choice in PPL's service territory. This includes being a participant in PPL's Restructuring Proceeding pursuant to the Electricity Generation Customer Choice and Competition Act ("Competition Act") and a signatory to the Settlement that resolved the appeals and challenges to the Commission's Final Order in the Restructuring Proceeding at Docket No. R-009739954. PPLICA also regularly participates in PPL's rate case proceedings, including the 2012 distribution base rate proceeding at Docket No. R-2012-2290597. In addition, PPLICA actively participated in the proceeding involving the establishment of PPL's currently effective DSP at Docket No. P-2012-2302074.

2. PPLICA members purchase service from PPL primarily under Rate Schedules LP-4 and LP-5, as well as available riders. PPLICA members collectively consume approximately 1.74 billion kWh of electricity annually in manufacturing and other operational processes, and electricity costs comprise a significant portion of their production costs. For purposes of this proceeding, PPLICA includes the companies listed in Attachment A hereto.

PPLICA will update Attachment "A" during the course of this proceeding as needed to reflect changes in its membership.

3. PPLICA members are concerned with issues regarding the terms and conditions of default service. The Commission's final disposition of PPL's Petition will directly affect the rates that PPL imposes on Large C&I customers for POLR service. As PPL's largest retail customers, PPLICA members have an interest in this proceeding that is not represented by any other party of record; consequently, PPLICA satisfies the standards for intervention under Section 5.72 of the Commission's Regulations, 52 Pa. Code § 5.72.

4. The names and address of PPLICA's attorneys are:

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PPLICA requests that the names and address of its attorneys be added to the Commission's and all parties' service lists. All correspondence in this proceeding from the Commission should be directed to the attention of Adeolu A. Bakare at the address listed above.

II. ANSWER

5. A preliminary review of the Company's filing indicates a need for a Commission investigation and evidentiary hearings. This Answer identifies specific issues of concern for PPLICA. PPLICA reserves the right, however, to raise and address additional issues of concern during the course of the proceeding based on further review of the Petition, parties' Direct Testimony and discovery.

A. PPL Must Demonstrate That the Company's DSP Provides Large C&I Customers With Least Cost Procurement.

6. According to PPL's DSP proposal, PPL will offer Large C&I Customers Real-time hourly-priced generation service provided through an annual competitive bid process. See Petition, p. 25. This procurement plan continues the approach utilized under PPL's current DSP.

7. PPLICA intends to investigate whether PPL has demonstrated that its proposed procurement plan meets the Company's obligation to provide customers with least cost procurement over time. 66 Pa. C.S. § 2807(e)(3.4)(ii). Two jurisdictional EDCs, PECO Energy Company and Duquesne Light Company, have recently filed DSPs proposing to procure Large C&I default service supply directly through the PJM Interconnection, L.L.C. market. The Commission should closely examine the evidence proffered by PPL to determine whether bidding Large C&I default service load out to competitive suppliers, and incurring the administrative fees associated with the competitive bidding process, provides least cost procurement.

8. In addition, whether PPL procures Large C&I default service load through competitive bids or the direct purchases in the PJM market, PPL should consider whether day-ahead hourly products should be used in lieu of real-time hourly pricing. PPL's reliance on real-time products may expose Large C&I default service customers to potentially excessive price volatility.

B. For Rate Schedule LP-4 Customers, PPL Should Modify its Transmission Service Charge to Measure Customers' Transmission Demand Based on Network Service Peak Load Instead of Monthly Billing Demand.

9. PPL's filing does not propose adjustments to the Company's Transmission Service Charge ("TSC"). See PPL Statement No. 3, p. 10. Consistent with the Commission's ongoing

commitment to developing market-based default service rates, PPLICA recommends that PPL modify its TSC to calculate transmission demand for Large C&I-Primary customers using a customers' PJM Network Service Peak Load ("NSPL"), consistent with PJM billing practices and the Company's current transmission demand calculation for Large C&I-Transmission customers.

10. PPL's current TSC rate design was developed through a Settlement approved by a Commission Order entered July 25, 2007, at Docket No. R-00049255 ("Remand Settlement Order"). At the time, the settling parties, including PPLICA and PPL, agreed that demand-related TSC charges should be based on a monthly billing demand charge for Large C&I-Primary customers and the NSPL for Large C&I-Transmission customers. Remand Settlement Order, pp. 4-5. Since entering the Remand Settlement Order, the Commission has continued to develop competitive retail markets, including designing default service rates to support competitive retail electric markets. See Investigation of Pennsylvania's Retail Electricity Market, Docket No. I-2011-2237952 (Order entered February 14, 2013), p. 3.

11. Consistent with the continued evolution of default service rates towards more market-based structures, PPLICA submits that PPL should begin calculating transmission demand for Large C&I-Primary customers based on each customers' NSPL, consistent the Company's existing policy for Large C&I-Transmission customers. This adjustment would ensure that PPL offers a market-based TSC for all Large C&I customers, and that customers can make an "apples to apples" comparison between default service and EGS offers.

C. Although PPL Does Not Propose to Collect Non-Market Based Transmission Services Costs, PPLICA Will Monitor this Proceeding and Address Any Recommendations for Alternative Recovery of Non-Market Based Transmission Services Costs.

12. PPL's Petition specifically confirms that non-market based transmission costs, including Network Integration Transmission Services costs, Transmission Enhancement costs,

Expansion Cost Recovery Costs, Non-Firm Point-to-Point Transmission Service Credits, Regional Transmission Expansion Plan, and Generation Deactivation costs, will not be recovered through the Company's default service rates. Petition, p. 5. However, PPLICA notes that intervenors in other DSP proceedings currently before the Commission have advocated in favor of recovering non-market based transmission costs through non-bypassable riders or other similarly broad cost recovery mechanisms. PPLICA intends to monitor potential requests to modify PPL's filed proposal for non-market based transmission costs and address any alternative cost recovery structures that may be proposed in this proceeding.

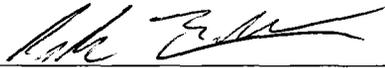
D. PPL Should Confirm That the Proposal to Move Customers with Peak Billing Demands between 100 kW and 500 kW from the Small C&I Class to the Large C&I Class Will Fully Transition Affected Customers to Large C&I Supply Rates.

13. At this time, PPLICA does not oppose PPL's proposal to lower the peak billing demand split between Small C&I and Large C&I customers from 500 kW to 100 kW, but requests clarification of the resulting procurement methodology. PPL confirms that all customers moving to the Large C&I class as a result of the change will be moved from fixed-price to spot market default service pricing. PPL Statement No. 2, p. 16. However, PPLICA further requests that PPL clarify that procurements for the transitioned customers will occur entirely under PPL's Large C&I Generation Supply Charge ("GSC-2"), inclusive of the calculation of energy charges for spot-market electricity based on actual hourly metered energy usage instead of any projected load profiles. See PPL Statement No. 3, p. 7.

WHEREFORE, for the reasons stated above, the PP&L Industrial Customer Alliance respectfully requests that the Commission grant this Petition to Intervene, providing the PP&L Industrial Customer Alliance with full-party status in this proceeding.

Respectfully submitted,

McNEES WALLACE & NURICK LLC

By 
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Counsel to the PP&L Industrial Customer Alliance

Dated: May 9, 2014

ATTACHMENT A

PP&L INDUSTRIAL CUSTOMER ALLIANCE

Air Products and Chemicals, Inc.
Armstrong World Industries, Inc.
General Dynamics-OTS Scranton
Hercules Cement Company
Linde, LLC
SAPA Extrusions, Inc.
The Hershey Company
TIMET North America
Wegmans Food Markets, Inc.

