

COMMONWEALTH OF PENNSYLVANIA



OFFICE OF CONSUMER ADVOCATE

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May 21, 2014

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
Docket No. P-2012-2302074

Dear Secretary Chiavetta:

Enclosed please find the Office of Consumer Advocate's Answer 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: Honorable Susan D. Colwell, ALJ
Certificate of Service

156348

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

I. INTRODUCTION

On May 1, 2014, PPL Electric Utilities Corporation (PPL or Company) filed a Petition with the Pennsylvania Public Utility Commission (Commission) requesting approval to exercise a Commission approved option to extend the contract terms under its currently effective Default Service Program and Procurement Plan (DSP II Program) for the residential and small commercial and industrial (C&I) customer classes by an additional six months. The OCA fully supports the Company's Petition. The option to extend its final procurement contracts by an additional six months has already been approved by the Commission and PPL should be given authority to exercise this Commission approved option. See DSP II Order at 39-44.

Under the Company's DSP II Program, which is effective for the period of June 1, 2013 through May 31, 2015, all of PPL's supply contracts for residential and small C&I customers were scheduled to end on May 31, 2015, to accommodate a decision regarding the default service provider (DSP) role after May 31, 2015. In the Commission's Order approving

PPL's DSP II Program, the Commission approved an option that allows PPL to extend the term of its final DSP II procurements by six months in the event that PPL continues in the DSP role. *Petition of PPL Electric Utilities Corporation for Approval of a Default Service Program and Procurement Plan*, Docket No. P-2012-2302074, Order at 43-44 (Jan. 24, 2013) (DSP II Order). PPL will be continuing in the DSP role after May 31, 2015, and its next Default Service Procurement Plan for the June 1, 2015 to May 31, 2017 period has been filed. In the instant Petition, PPL seeks expedited approval to exercise this option and extend the term of its fixed price, load-following contracts procured during the October 2014 procurement to allow for continued layering and laddering of its contracts.

II. ANSWER

According to the Company, the Commission's approval for PPL to extend the contract terms for the residential and small C&I customers by an additional six months will enable PPL to avoid procuring all of its supplies at one time to be effective on June 1, 2015. Petition at ¶ 18. PPL will be able to continue layering and laddering Default Service supply contracts, which reduces the potential for price spikes and volatility between Default Service procurement periods. Petition at ¶ 19. PPL also submits that extending the procurement contract entered into in October 2014 by an additional six months will allow for a smooth transition between the DSP II Program and DSP III Program. Petition at ¶ 19.

The OCA has reviewed the Company's Petition and supports the Company's request to utilize the option provided in the DSP II Order that allows PPL to extend its October 2014 procurement contract by six months. In October 2014, procurements are scheduled for six and three-month products so that all fixed-price contracts will end on May 31, 2015. Petition ¶

13. The OCA expressed concern throughout the DSP II proceeding to the Company's proposal to terminate all procurement contracts on May 31, 2015.

As the OCA pointed out in the DSP II proceeding, a continuation of the layering and laddering of the contracts will benefit customers. As such, the OCA fully supports PPL's instant Petition for approval to extend its procurement contract provisions by an additional six months. The OCA submits that by extending its October 2014 procurement contracts by an additional six months, PPL is in a position to provide its residential and small C&I customers rate stability as well as a smoother transition between the DSP II program and DSP III program.

The OCA also supports the Company's request that the Commission act upon this Petition in an expedited manner. PPL's final DSP II procurement is scheduled to take place on or around October 21, 2014, and PPL begins its formal procurement process approximately five to six weeks in advance of the procurement date. Petition at ¶¶ 22, 23. As such, in order for PPL to take advantage of the option to extend its procurement contracts by an additional six months, PPL will need Commission approval no later than August 2014.

WHEREFORE, the Office of Consumer Advocate respectfully submits that PPL's Petition for approval to exercise its option to extend the final procurements under the currently effective default service procurement plan by six months is reasonable and in the public interest, and thus should be approved.

Respectfully Submitted,



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Dated: May 21, 2014

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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, 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 21st day of May 2014.

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