

COMMONWEALTH OF PENNSYLVANIA



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September 29, 2014

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

RE: Pennsylvania Public Utility Commission

v.

West Penn Power Company	Docket No. R-2014-2428742
Pennsylvania Electric Company	Docket No. R-2014-2428743
Pennsylvania Power Company	Docket No. R-2014-2428744
Metropolitan Edison Company	Docket No. R-2014-2428745

Dear Secretary Chiavetta:

Enclosed please find the Office of Consumer Advocate's Motion to Dismiss Objections and to Compel Metropolitan Edison Company, Pennsylvania Electric Company, Pennsylvania Power Company, and West Penn Power Company to Answer Interrogatories, in the above-referenced proceeding.

Copies have been served upon all parties of record as shown on the attached Certificate of Service.

Respectfully Submitted,

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

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

Enclosures

cc: Office of Administrative Law Judge
Certificate of Service

192325

BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION

Pennsylvania Public Utility Commission	:	
	:	
v.	:	Docket Nos. R-2014-2428745
	:	R-2014-2428743
Metropolitan Edison Company,	:	R-2014-2428742
Pennsylvania Electric Company,	:	R-2014-2428744
West Penn Power Company, and	:	
Pennsylvania Power Company	:	

MOTION OF THE OFFICE OF CONSUMER ADVOCATE
TO DISMISS OBJECTIONS AND TO COMPEL METROPOLITAN EDISON COMPANY,
PENNSYLVANIA ELECTRIC COMPANY, PENNSYLVANIA POWER COMPANY, AND
WEST PENN POWER COMPANY
TO ANSWER INTERROGATORIES

Pursuant to 52 Pa. Code Section 5.342, the Pennsylvania Office of Consumer Advocate (OCA) hereby respectfully requests that Administrative Law Judge Dennis J. Buckley (ALJ Buckley) dismiss the objections of the Metropolitan Edison Company, Pennsylvania Electric Company, Pennsylvania Power Company, and West Penn Power Company (the Companies) to all of OCA Set II, and Order the Companies to timely reply to OCA Interrogatories Set II, Numbers 1 through 14, 18, 20, 22, 26, 27, 30 through 36, and 39 through 42, in the above-referenced proceedings. A full set of OCA Set II Interrogatories, as served, are attached as Appendix A. The Companies' written Objections are attached as Appendix B. In support of its Motion, the OCA sets forth the following:

I. INTRODUCTION

On August 4, 2014, the FirstEnergy Companies made the following filings relevant to this Motion:

- The Metropolitan Edison Company (Met-Ed) filed Tariff Electric – Pa. P.U.C. No. 52, at Docket No. R-2014-2428745. Met-Ed is seeking a total revenue increase of \$151.9 million, or an overall increase of 11.5%.
- The Pennsylvania Electric Company (Penelec) filed Tariff Electric – Pa. P.U.C. No. 81, at Docket No. R-2014-2428743. Penelec is seeking a total revenue increase of \$119.8 million, or an overall increase of 8.6%.
- The West Penn Power Company (West Penn) filed Tariff Electric – Pa. P.U.C. No. 38, at Docket No. R-2014-2428742. West Penn is seeking a total revenue increase of \$115.5 million, or an overall increase of 8.4%.
- The Pennsylvania Power Company (Penn Power) filed Tariff Electric – Pa. P.U.C. No. 36, at Docket No. R-2014-2428744. Penn Power is seeking a total revenue increase of \$28.5 million, or an overall increase of 8.7%

In total, the FirstEnergy Companies' requested increase in annual revenues exceeds \$415 million. In addition to its request for additional revenues, the Companies' filings contained numerous changes to its filed Tariffs. Included within the Companies' claims are their proposed expenses for universal service programs, proposed surcharges for the recovery of universal service expense and a proposed increase in the residential customers charge.

On September 5, 2014, the OCA filed Formal Complaints against the FirstEnergy Companies' filings. The OCA has initiated an extensive review process to ensure that any increases in rates, and any proposed changes in tariff design and policies contained in the filings, are just and reasonable and otherwise consistent with Pennsylvania law. In pursuit of these ends, the OCA served OCA Set II on the Companies on Monday, September 8, 2014. On Wednesday, September 17, the Companies informed the OCA that it would object to Set II in its entirety. On

Thursday, September 18, in compliance with the Commission's Regulations, the Companies filed written Objections to Set II (attached as Appendix B).

In the period between September 17 and the filing of this instant Motion, the OCA and the Companies have been unable to resolve these Objections. Upon review of the Companies written Objections to Set II and in consideration of informal discussions, the OCA has withdrawn a portion of its Set II Interrogatories. Specifically, the OCA is not requesting in this Motion the answering of OCA Set II, numbers 15 through 17, 19, 21, 23 through 25, 28, 29, 37, 38, and 43 through 52. The OCA submits, however, that the remaining interrogatories contained in Set II are directly relevant to its investigation of the Companies' rate filings. For the reasons detailed below, the OCA requests that Your Honor grant this Motion to Compel Responses to OCA Set II, Numbers 1 through 14, 18, 20, 22, 26-27, 30 through 36, and 39 through 42.

II. ARGUMENT

A. Introduction.

OCA Set II, Numbers 1 through 14, 18, 20, 22, 26, 27, 30 through 36, and 39 through 42, are designed to assist OCA witness Roger Colton's investigation into the Companies' claimed expense for universal service programs, the operation of the proposed universal service surcharge mechanism and the impact of the Companies' rates and rate design proposals, particularly the significant increase in the residential customer charge. The purpose of these questions is to gain a more complete understanding of the Companies' rate filings as they will impact residential customers, and in particular low-income customers. In this case, the Companies have proposed increases to the fixed residential customer charge for all four companies, filed for the approval of Universal Service Riders, and claimed expenses for

universal service programs. The OCA is reviewing whether the components of those filing are appropriate and justified and whether the resulting rates are just and reasonable. Set II Interrogatories are necessary to obtain the data and information for this review. It is important to note at the outset that the OCA is not inquiring into program design elements but is inquiring into information necessary to evaluate the cost claims and rate designs proposed by the Companies.

B. The Information Requested Is Related To The Companies Filing And Discoverable Under The Commission's Rules of Administrative Practice and Procedure.

In their Objections to OCA Set II, the Companies stated that, "The Commission has held that base rate proceedings are not the proper forum in which to raise issues related to Universal Service and that it expects those issues to be addressed in the triennial review process." Companies' Objections at 2. The Companies rely on the Commission's Order in PPL Electric Utilities Corporation's 2012 distribution base rate proceeding as the support for this assertion. Companies' Objections at 2, n. 2. In the PPL proceeding, ALJ Susan D. Colwell denied CEO's request for increased Low Income Usage Reduction Program (LIURP) funding. Pa. PUC v. PPL, Docket No. R-2012-2290597 (Recommended Decision of Administrative Law Judge Susan D. Colwell, October 9, 2012) (PPL RD), 2012 Pa. PUC LEXIS 1757, 78. The Commission agreed with ALJ Colwell that the funding level of one aspect of PPL's Universal Service Plan, LIURP, should be set in PPL's Triennial USP proceeding that addresses all aspects of the PPL's Universal Service Plan. Pa. PUC v. PPL, Docket No. R-2012-2290597 (Final Order Entered Dec. 28, 2012) at 51 (PPL Order).

The Companies' statement, however, that the Commission has held that base rate proceedings are not the proper forum in which to raise issues related to Universal Service is an

overly broad reading of the PPL case. The full Commission disposition of the LIURP funding level raised by CEO is as follows:

We agree with the ALJ, PPL and I&E on this issue. Recent Commission practice is to address all aspects of USPs through the triennial filing process ***and to collect all revenues through a rider to base rates***. We believe this process has provided, and will continue to provide, the customers who rely upon USPs with appropriate funding levels on a timely basis. Accordingly, we deny the Exceptions of CEO on this issue.

PPL Order at 51 (Emphasis added).

In PPL, the Commission only addressed increased funding of LIURP in rejecting CEO's request, noting that the collection of revenues was a rate issue. As stated by ALJ Colwell in the PPL base rate proceeding, "[i]n a base rate case, any part of the Company's tariff may be brought into question." PPL RD at 75. PPL's rates, including the Universal Service Rider, were appropriately reviewed in that PPL proceeding. PPL RD at 45, 121-124. In fact, ALJ Colwell identified changes to the Universal Service Rider in that base rate proceeding as one of the "major changes proposed by PPL Electric in this proceeding." PPL RD at 121. In PPL, the ALJ also addressed the OCA's concerns with the proposed residential customer charge as it related to low income customers, stating, "OCA objects further that the Company's proposal will disproportionately impact low-income, low-usage customers". PPL RD at 116. Here, the OCA is seeking discovery responses tied directly to issues relevant to a base rate proceeding consistent with the PPL decision.

Here, the Companies have filed cost-recovery riders and customer charge/residential rates *in this proceeding*. See, Companies St. 3 at 32-38; Companies' Exhibit

KMS-5.¹ The Companies have offered substantial testimony on the operation of the Universal Service Riders. See, Companies' St. 3 at 32-38. When considering the collection of universal service expense through such a rider, it is important to determine the appropriate costs for such recovery and to also determine any cost offsets or cost savings that should be included in such Rider. Additionally, West Penn has presented testimony seeking, as an alternative to the Universal Service Rider, the recovery of over \$29.5 million in base rates for Universal Service Plan costs. Companies St. 3 at 38. The Companies' filings fully address rate issues that relate to low-income customer usage, present new tariff provisions, and request tens of millions of dollars in rates for approval *in this proceeding*. Set II seeks the data and information necessary to review the basis for these claims.

The Companies' objections to Set II are further premised on an assumption as to the "intent" of the OCA in issuing its Set II Interrogatories. The Companies state that, "Set II evidences the OCA's intent to pursue subjects and issues that are not properly within the scope of this proceeding." Companies' Objections at 2. The OCA submits, however, that this is not a proper basis for an objection. The inquiry is whether the OCA is seeking relevant information or information designed to lead to admissible evidence. As detailed in this Motion, the OCA's requests meet this standard. Moreover, the Companies' Objections misunderstand the intent of all of the questions contained in Set II.

In recognition of the concerns stated in the Companies' Objections and through informal discussions, the OCA has pared down its requests as contained in Set II and requests that the Companies be required to respond to OCA Set II, Numbers 1 through 14, 18, 20, 22, 26-27, 30 through 36, and 39 through 42. Each of these questions addresses issues directly tied to

¹ It is worth noting that the Companies have proposed substantial increases in residential customer charges, ranging from 43% to 64%, in this proceeding. The OCA intends to address the potentially disproportionate impact that increases of these sizes on low-income customers.

the provisions of the Companies' Universal Service Riders (Rider C) and/or the impact of the Companies' rate design proposals on residential customers, particularly their customer charge proposal. The Commission's Regulations allow the OCA to seek the information requested in OCA Set II, Numbers 1 through 14, 18, 20, 22, 26-27, 30 through 36, and 39 through 42. The OCA provides the following examples of the relevance of these Interrogatories:

- Set II, Question 1 requests the number of CAP bills that the Companies have issued over the last twelve months as well as the total dollars of billing that has associated with CAP customers. This Interrogatory is directly relevant to the calculation of expenses contained in Rider C or in base rates;
- Set II, Questions 2 through 5 request information concerning the "Gross Write-offs Rate" for both low-income and all residential customers. This information is critical in ensuring that all residential rates offsets and savings are determined correctly and accounted for, and that the uncollectible expense contained in rates is just and reasonable;
- Set II, Questions 9 and 10 request the level of CAP accounts uncollectibles and the write-off ratios for residential and confirmed low-income customers. This data directly relates to the calculation of the universal service expense, uncollectible expense, and any offsets or savings that may need to be reflected in the surcharge mechanism as the number of CAP customers changes;
- Set II, Questions 36, 39, and 40 request information relating directly to customer service, an area that the Companies have addressed throughout their filing and have cited as support for their overall revenue request (see Companies' St. 1 at 13-26, where the Companies cite to recognition of their "outstanding customer service" as support for their revenue request and a "top-of-range" return on equity.)

Section 5.321(c) of the Commission's Rules of Administrative Practice and Procedure, 52 Pa. Code §5.321(c), specifically provides that "a party may obtain discovery regarding any matter, not privileged, which is relevant to the subject matter involved in the pending action." Discovery is permitted regardless of whether the information sought "relates to

the claim or defense of the party seeking discovery or to the claim or defense of another party or participant.” Id. Information may be discoverable, even if it would be inadmissible at a hearing. “It is not grounds for objection that the information sought will be inadmissible at hearing if the information sought appears reasonably calculated to lead to the discovery of admissible evidence.” Id.

The Commission has held that “The touchstone as to a discoverable matter under the Commission's Regulations is that it be relevant to the subject matter involved in the pending action, or reasonably calculated to lead to the discovery of admissible evidence, and not privileged.” Rahn et al. v. Pennsylvania-American Water Co., Docket No. C-20054919 (June 6, 2006 Order Granting Motion To Compel); see also, J3 Energy Group, Inc. v. West Penn Power Company and UGI Development Company, Indispensable Party, 2014 Pa. PUC LEXIS 406 (Pa. PUC 2014), Docket No. C-2011-2219920 Order Denying Motion to Compel at *7 (August 21, 2014) (finding that “The material sought to be discovered need not be admissible. Rather, it must be reasonably expected to lead to the discovery of admissible evidence.”) Consistently, the Commission has allowed participants wide latitude in discovery matters. Application of Nabil Nasr and Wael Hafez, 2012 Pa. PUC LEXIS 1849 (Pa. PUC 2012), A-2012-2295813, Initial Decision Dismissing Application at *12 (November 28, 2012); Pa. P.U.C. v. The Peoples Natural Gas Company, 62 Pa. P.U.C. 56 (August 26, 1986); and Pa. P.U.C. v. Equitable Gas Company, 61 Pa. P.U.C. 468 (May 16, 1986).

C. Conclusion.

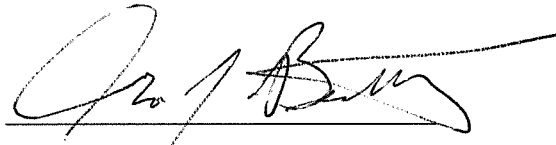
The Commission has stated that the relevancy test should be liberally applied when considering data requests. Pa. P.U.C. v. Equitable Gas Co., 61 Pa. P.U.C. at 477. The scope of discovery includes information that relates to any arguments that the OCA or other

parties may present in support of their positions in this proceeding. The information sought here is discoverable within the Regulations and Commission practice, and is required to be provided to the OCA pursuant to applicable discovery rules.

III. CONCLUSION

The OCA's Set II, Interrogatories 1 through 14, 18, 20, 22, 26-27, 30 through 36, and 39 through 42 are directly relevant to the proposed rate design and tariff modifications contained in the Companies' filings and within the scope of this proceeding. The information sought is reasonably calculated to lead to admissible evidence. For the reasons discussed above, the OCA respectfully requests that ALJ Buckley grant this Motion and Compel the Companies to provide complete and timely responses to the OCA discovery at issue here.

Respectfully Submitted,



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Dated: September 29, 2014
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APPENDIX A

OCA Set II, Served September 8, 2014.

Pa. Public Utility Commission v. Metropolitan Edison Company
Docket No. R-2014-2428745
Interrogatories of the Office of Consumer Advocate
Set II

1. By month for the most recent twelve months available, by CAP income tier (treating minimum payments as a separate “tier” if possible), please provide:
 - a. The number of CAP bills issued during the month;
 - b. The total dollars of billing to CAP customers if the bill had been rendered at standard residential rates;
 - c. The total dollars of billing to CAP customers at CAP rates;
 - d. The total CAP credits for current bills (sometimes referred to as the “CAP shortfall”), defined as the difference between the bill at CAP rates and the bill at standard residential rates. If this number is different from a number equal to the difference between the response to “c” and “d”, please provide a detailed explanation of why that difference exists and provide a table reconciling total CAP billings at standard rates to the sum of CAP credits and CAP billings at CAP rates.

2. Please indicate whether “Gross Write-offs Rate for Confirmed Low-income Customers” for the Company is correct as presented at:
 - a. The 2010 Bureau of Consumer Services Report (“BCS”) on Universal Service Programs and Collection Performance;
 - b. The 2011 BCS Report on Universal Service Programs and Collection Performance;
 - c. The 2012 BCS Report on Universal Service Programs and Collection Performance;
 - d. Please provide the number submitted by the Company for the 2013 BCS Report on Universal Service Programs and Collection Performance.

3. For each figure identified in response to the question immediately above as being incorrect, provide a detailed explanation of the basis for asserting that figure is incorrect. Please provide the correct figure.

4. Please indicate whether the “Gross Write-offs Rate for Residential Customers” for the Company is correct as presented at:
 - a. The 2010 BCS Report on Universal Service Programs and Collection Performance;
 - b. The 2011 BCS Report on Universal Service Programs and Collection Performance;
 - c. The 2012 BCS Report on Universal Service Programs and Collection Performance;
 - d. Please provide the number submitted by the Company for the 2013 BCS Report on Universal Service Programs and Collection Performance.

Pa. Public Utility Commission v. Metropolitan Edison Company
Docket No. R-2014-2428745
Interrogatories of the Office of Consumer Advocate
Set II

5. For each figure identified in response to the question immediately above as being incorrect, provide a detailed explanation of the basis for asserting that figure is incorrect. Please provide the correct figure.
6. Confirm or deny. For any given monthly billing, a Company customer is either a CAP participant or is *not* a CAP participant. A customer cannot be both a participant and a non-participant in the same month for purposes of billing. If denied, please provide a detailed explanation of the basis for the denial.
7. Confirm or deny. In any given month, the group of residential customers who receive a CAP bill and the group of residential customers who do not receive a CAP bill are mutually exclusive groups. No group of customers receives both a CAP bill and a non-CAP bill in the same month. If denied, please provide a detailed basis for the denial.
8. If the response to the immediately preceding data request involves a denial, by month for the months October 2012 to the present inclusive, please provide the number of customers who received a CAP bill and a non-CAP bill in the same month.
9. For each month since January 2012 to the present inclusive, please provide:
 - a. The total number of CAP accounts written off as uncollectible;
 - b. The total dollars of CAP bills, not identified as a CAP shortfall or a CAP arrearage forgiveness, that were written off as uncollectible;
 - c. The net recovery of CAP bills (not identified as a CAP shortfall or a CAP arrearage forgiveness) previously written off as uncollectible.
10. Please provide the total net write-offs ratio that corresponds to the Bureau of Consumer Service's reported gross write-offs ratio reported in its annual Report on Universal Service and Collections Performance for:
 - a. 2010 for residential customers;
 - b. 2010 for confirmed low-income customers;
 - c. 2011 for residential customers;
 - d. 2011 for confirmed low-income customers;
 - e. 2012 for residential customers;
 - f. 2012 for confirmed low-income customers;
 - g. 2013 for residential customers;
 - h. 2013 for confirmed low-income customers.
11. Please provide a month-by-month projection of the number of CAP participants (projected) for each month for:
 - a. The Test Year; and
 - b. The three years subsequent to the Test Year.

Pa. Public Utility Commission v. Metropolitan Edison Company
Docket No. R-2014-2428745
Interrogatories of the Office of Consumer Advocate
Set II

12. By year since LIHEAP program year 2011/2012 to the present inclusive (year-to-date), provide by CAP income tier:
 - a. The average number of monthly CAP participants;
 - b. The number of CAP participants receiving LIHEAP payments;
 - c. The dollars of LIHEAP payments (excluding emergency LIHEAP dollars).
13. Please provide a detailed explanation of all differences, if any, in the way in which LIHEAP grants are treated for individual CAP participants based on the type of LIHEAP grant received (e.g., basic grant, emergency grant, supplemental grant, etc.).
14. For the most recent 12 month period available, please provide, disaggregated by CAP income tier, the number of CAP participants disaggregated by the participant's annual CAP shortfall by ranges of \$100 (e.g., \$1 - \$100; \$101 - \$200; \$201 - \$300; etc.). If data is not available by CAP income tier, provide this data for the CAP population as a whole. Please limit the data to 12-month CAP participants. This question asks, for example, for the number of CAP participants with an annual shortfall of between \$1 and \$100; the number of CAP participants with a shortfall of between \$101 and \$200; and the like.
15. For each program year 2011/2012 to present, please provide the number of customers having received LIHEAP in the current program year but not participating in CAP.
16. Assume two low-income customers. Customer A receives a LIHEAP benefit in November and enrolls in CAP in the following February. Customer B enrolls in CAP in November and receives a LIHEAP benefit the following February. Please provide a detailed description of the difference, if any, in how the customer's CAP credits and LIHEAP would be treated for these two customers.
17. Assume two low-income customers. Customer A has service in November, December and January and pays his or her entire bill (balance of \$0). Customer A applies for and receives LIHEAP in February. Customer B has service in November, December and January and does not pay his or her bill. Customer B has an arrearage in February. Customer B applies for and receives LIHEAP in February. Explain in detail the difference, if any, in how the Company would apply the LIHEAP benefit to the customer account. Assume neither customer participates in CAP.
18. When a Company customer receives a LIHEAP benefit and has an arrears on his or her account, provide a detailed explanation of whether the LIHEAP benefit is applied only against future bills, or whether it is applied against the total outstanding balance at the time the benefit is received, or some combination of the two.
19. Assume two low-income customers. Customer A has a \$0 balance in October. Customer A applies for and receives a LIHEAP benefit in October. Customer B has a \$300 balance in October. Customer B applies for and receives a LIHEAP benefit in October. Neither

Pa. Public Utility Commission v. Metropolitan Edison Company

Docket No. R-2014-2428745

Interrogatories of the Office of Consumer Advocate

Set II

customer is a CAP participant. Explain in detail the difference, if any, in how the LIHEAP payment for Customer A and the LIHEAP payment for Customer B is applied to the respective customer's account.

20. Confirm or deny. When a LIHEAP grant is posted to a customer account when that customer is also a CAP participant, the grant is applied to the account in the following order of priority: (1) it is first applied to pay all delinquent CAP charges; (2) it is next applied to pay all current CAP charges; and (3) it is finally applied against future CAP charges. If denied, please provide a detailed explanation of the basis for the denial and indicate the order of priority in which a LIHEAP payment is applied to a customer account when that customer is a CAP participant.
21. Confirm or deny. When a LIHEAP grant is posted to a customer account when that customer is NOT also a CAP participant, the grant is applied to the account in the following order of priority: (1) it is first applied to pay all delinquent charges; (2) it is next applied to pay all current month charges; and (3) it is finally applied against future month charges. If denied, please provide a detailed explanation of the basis for the denial and indicate the order of priority in which a LIHEAP payment is applied to a customer account when that customer is NOT a CAP participant.
22. Please provide the most recent collectability study of residential arrears (i.e., bills not paid by their original due date):
 - a. For residential customers as a whole;
 - b. For confirmed low-income residential customers as a whole;
 - c. By residential customers by arrears aging buckets;
 - d. By confirmed low-income customers by arrears aging buckets.
23. Please provide a copy of all customer segmentation studies for residential customers performed by or on behalf of Duquesne Light since January 1, 2005. Customer segmentation studies should be limited to those performed for customer service and/or collections purposes.
24. By month for the most recent twelve months available, for CAP *non-heating* participants, please provide for each CAP Tier, as well as for the CAP participant non-heating population as a whole:
 - a. The annual asked-to-pay amount after LIHEAP grants are applied to the account in \$100 increments (e.g., \$1 - \$100, \$101 - \$200, etc.) of CAP recipients receiving LIHEAP grants. Separately indicate the number of customers with an asked to pay amount of \$0 or less after LIHEAP grants are applied.
 - b. The annual asked-to-pay amount before LIHEAP grants are applied to the account in \$100 increments;
 - c. The annual asked-to-pay amount without LIHEAP grants being applied to the account for CAP participants not receiving LIHEAP.

Pa. Public Utility Commission v. Metropolitan Edison Company
Docket No. R-2014-2428745
Interrogatories of the Office of Consumer Advocate
Set II

25. By month for the most recent twelve months available, for CAP *heating* participants, please provide for each CAP Tier, as well as for the CAP participant heating population as a whole:
- a. The annual asked-to-pay amount after LIHEAP grants are applied to the account in \$100 increments (e.g., \$1 - \$100, \$101 - \$200, etc.) of CAP recipients receiving LIHEAP grants. Separately indicate the number of customers with an asked to pay amount of \$0 or less after LIHEAP grants are applied;
 - b. The annual asked-to-pay amount before LIHEAP grants are applied to the account in \$100 increments;
 - c. The annual asked-to-pay amount without LIHEAP grants being applied to the account for CAP participants not receiving LIHEAP.
26. Please provide, for each year for the past three years, the annual growth rate in:
- a. The number of residential customers;
 - b. The number of estimated low-income customers;
 - c. The number of confirmed low-income customers;
 - d. The number of CAP participants.
27. Please provide for each year for the three years immediately subsequent to the test year, the expected annual growth rate in:
- a. The number of residential customers;
 - b. The number of estimated low-income customers;
 - c. The number of confirmed low-income customers;
 - d. The number of CAP participants.
28. Please provide a copy of any study, evaluation or other written document of any nature within the custody or control of the Company that considers or discusses the relationship between the growth rate in the number of residential customers and the growth rate in the number of CAP participants.
29. Please provide by year since January 2010:
- a. The number of CAP participants by source of income;
 - b. The number of CAP participants by full-time and/or part-time work status;
 - c. The number of CAP participants who were unemployed;
 - d. The number of CAP participants not in the labor force (e.g., retired).
30. Please provide all empirical studies within the custody or control of the Company showing the relationship between income and electric consumption.
- a. Using data from the company;

Pa. Public Utility Commission v. Metropolitan Edison Company
Docket No. R-2014-2428745
Interrogatories of the Office of Consumer Advocate
Set II

- b. Using data from a company affiliate (whether or not in Pennsylvania) (please specify the distribution company);
 - c. Using data from an electric utility in Pennsylvania; and
 - d. Using data from an electric utility whether or not in Pennsylvania.
31. If any study provided in response to the immediately preceding discovery request used data from either the Company or a Company affiliate whether or not located in Pennsylvania, please provide the complete data base used in preparing the study in Excel format with all formulae intact.
32. Please provide the average monthly residential consumption for the following residential heating customer populations for each month for the most recent 24 months available:
- a. All LIHEAP recipient customers;
 - b. All confirmed low-income customers;
 - c. All CAP participants;
 - d. All non-low-income customers;
 - e. All total residential customers (whether or not confirmed low-income);
- For purposes of this question, “b” is a subset of “e” but is not a sub-set of “d”.
33. Identify each county served by the Company, and please provide:
- a. The number of residential customers;
 - b. The number of confirmed low-income customers;
 - c. The number of estimated low-income customers;
 - d. The number of LIHEAP recipients;
 - e. The number of CAP recipients.
34. Identify each community served by the Company, and please provide:
- a. The number of residential customers;
 - b. The number of confirmed low-income customers;
 - c. The number of estimated low-income customers;
 - d. The number of LIHEAP recipients;
 - e. The number of CAP recipients.
35. Identify each zip code served by the Company. For each zip code served by the Company, provide:
- a. The number of residential customers;
 - b. The number of confirmed low-income customers;
 - c. The number of residential customers in arrears;
 - d. The number of confirmed low-income customers in arrears.
36. For the Company, please provide each customer satisfaction survey that has been prepared for residential customers since January 2010. If no survey has been prepared since January 2010, please provide the most recent survey.

Pa. Public Utility Commission v. Metropolitan Edison Company
Docket No. R-2014-2428745
Interrogatories of the Office of Consumer Advocate
Set II

37. For the Company, please provide each customer segmentation study that has been prepared for residential customers since January 2010. If no study has been prepared since January 2010, please provide the most recent study.
38. For the Company, please provide each customer demographic survey that has been prepared for residential customers since January 2010. If no survey has been prepared since January 2010, please provide the most recent survey.
39. For the Company, please provide each study that has been prepared since January 2010 benchmarking customer satisfaction, revenue collection, revenue protection, or other customer service activities against national, regional or size-based peer electric companies.
40. Please provide a copy of:
- a. The results of any call center satisfaction transactional research survey (e.g., “point-of-contact” survey, “moment of truth” survey) performed within the 24 months through August 2014;
 - b. The survey;
 - c. A description of the survey methodology, including but not limited to the sample size, how the targets are selected, and the like;
 - d. An explanation of how the Company uses the results of this survey to improve service to its customers.
41. Please provide the number of residential accounts with each of the following vintages of arrears on the first day of each month for each month for the most recent 12-month period available. Provide the following vintages if available:
- a. 30-60 days;
 - b. 61-90 days;
 - c. 91-120 days;
 - d. 121+ days.
- If these specific aging buckets are not available, provide what vintages are available. Provide as an Excel file, NOT as a PDF file.
42. Please provide the dollar amount of residential arrears on the first day of each month for each month for the most recent 12-month period available. Provide the following vintages if available:
- a. 30-60 days;
 - b. 61-90 days;
 - c. 91-120 days;
 - d. 121+ days.
- If these specific aging buckets are not available, provide what vintages are available. Please provide as an Excel file, NOT as a PDF file.

Pa. Public Utility Commission v. Metropolitan Edison Company
Docket No. R-2014-2428745
Interrogatories of the Office of Consumer Advocate
Set II

43. Please provide the number of confirmed low-income residential accounts with each of the following vintages of arrears on the first day of each month for each month for the most recent 12-month period available . Provide the following vintages if available:
- a. 30-60 days;
 - b. 61-90 days;
 - c. 91-120 days;
 - d. 121+ days.

If these specific aging buckets are not available, provide what vintages are available. Please provide as an Excel file, NOT as a PDF file.

44. Please provide the dollar amount of confirmed low-income residential arrears on the first day of each month for each month for the most recent 12-month period available. Provide the following vintages if available:
- a. 30-60 days;
 - b. 61-90 days;
 - c. 91-120 days;
 - d. 121+ days.

If these specific aging buckets are not available, provide what vintages are available. Please provide as an Excel file, NOT as a PDF file.

45. Please provide the number of CAP participant accounts with each of the following vintages of in-program arrears (i.e., excluding preprogram arrears) on the first day of each month for each month for the most recent 12-month period available. Provide the following vintages if available:
- a. 30-60 days;
 - b. 61-90 days;
 - c. 91-120 days;
 - d. 121+ days.

If these specific aging buckets are not available, provide what vintages are available. Provide as an Excel file, NOT as a PDF file.

46. Please provide the dollar amount of CAP participant in-program arrears (i.e., excluding preprogram arrears) on the first day of each month for each month for the most recent 12-month period available. Provide the following vintages if available:
- a. 30-60 days;
 - b. 61-90 days;
 - c. 91-120 days;
 - d. 121+ days.

If these specific aging buckets are not available, provide what vintages are available. Please provide as an Excel file, NOT as a PDF file.

Pa. Public Utility Commission v. Metropolitan Edison Company
Docket No. R-2014-2428745
Interrogatories of the Office of Consumer Advocate
Set II

47. Please provide for the most recent twelve month period available (specifying the months), data for Company residential customers that are confirmed low-income customers as per Attachment 1 to this discovery set. Please provide as an Excel file, NOT as a PDF file.
48. Please provide for the most recent twelve month period available (specifying the months), data for all Company residential customers as per Attachment 1 to this discovery set. Please provide as an Excel file, NOT as a PDF file.
49. Please provide for the most recent twelve month period available (specifying the months), data for all Company CAP participants as per Attachment 1 to this discovery set. Please provide as an Excel file, NOT as a PDF file.
50. Please provide for the most recent twelve month period available (specifying the months), data for all Company LIHEAP recipients as per Attachment 1 to this discovery set. Please provide as an Excel file, NOT as a PDF file.
51. The Company states in its most recent Universal Service Plan (page 5) that “the bulk of program funding” for its Dollar Energy Fund “is provided by contributions from First Energy stockholders, Company employees and customers, and the Dollar Energy Fund.” According to the Pennsylvania PUC’s annual universal service report, the Company contributions toward its hardship fund are as follows for 2004 through 2011 (data after 2011 is not available). Please indicate:
 - a. Whether these Company contributions include the contributions from “First Energy stockholders and Company employees” as referenced in the Universal Service Plan;
 - b. The disaggregation by how much of these contributions was provided by “First Energy stockholders” and how much was provided by Company employees.
 - c. Why the Company contributions have fallen to less than half in 2012 what those contributions were in 2004.

	2004	2005	2006	2007	2008	2009	2010	2011	2012
Met Ed	\$143,360	\$150,221	\$148,679	\$150,351	\$148,652	\$87,422	\$116,291	\$86,395	\$61,374

52. The Company states in its most recent Universal Service Plan (page 19) that “. . .the Company is finding that more than 50 percent of WARM participants are using supplemental electric heat in the winter even though the primary source of heat in the home is something other than electric (sic). . .[T]his is a frequent occurrence. . .” Please provide by program year for each year 2012 to present (YTD) inclusive:
 - a. The number of WARM participants found to be using supplemental electric heat in the winter even though the primary source of heat in the home is something other than electricity;

Pa. Public Utility Commission v. Metropolitan Edison Company
Docket No. R-2014-2428745
Interrogatories of the Office of Consumer Advocate
Set II

- b. The percentage of WARM participants found to be using supplemental electric heat in the winter even though the primary source of heat in the home is something other than electricity;
- c. Separately indicate whether consumption attributable to the use of supplemental electric heat in the winter even though the primary source of heat in the home is something other than electricity is deemed to be “unreasonable and/or increased consumption post-LIURP measures installation” as referenced at the Universal Service Plan, page 12;
- d. If the response to the question immediately above is “yes,” provide by program year for each year 2012 to present (YTD) inclusive, the number of CAP participants excluded or dismissed from CAP because of “unreasonable and/or increased consumption post-LIURP measures installation” when such usage is attributable to the use of supplemental electric heat in the winter even though the primary source of heat in the home is something other than electricity.

APPENDIX B

FirstEnergy Companies' Written Objections
To OCA Set II, Served September 18, 2014.

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

**PENNSYLVANIA PUBLIC UTILITY
COMMISSION**

v.

**METROPOLITAN EDISON COMPANY,
PENNSYLVANIA ELECTRIC COMPANY,
PENNSYLVANIA POWER COMPANY AND
WEST PENN POWER COMPANY**

**Docket Nos. R-2014-2428745
R-2014-2428743
R-2014-2428744
R-2014-2428742**

**OBJECTIONS OF
METROPOLITAN EDISON COMPANY,
PENNSYLVANIA ELECTRIC COMPANY,
PENNSYLVANIA POWER COMPANY,
AND WEST PENN POWER COMPANY**

**To The Interrogatories (Set II) Issued To Each Of Those Companies
By The Office of Consumer Advocate**

Pursuant to 66 Pa.C.S. § 333(d) and 52 Pa. Code § 5.342, Metropolitan Edison Company (“Met-Ed”), Pennsylvania Electric Company (“Penelec”), Pennsylvania Power Company (“Penn Power”), and West Penn Power Company (“West Penn”) (each individually a “Company” and, collectively, the “Companies”) hereby object to Interrogatories (Set II) (“Set II”) propounded by the Office of Consumer Advocate (“OCA”). Because each Company received the same 52 interrogatories (many with multiple subparts) comprising OCA Set II, the Objections are being submitted on behalf of all the Companies, and only one copy of Set II is attached as Appendix A.

As evidenced by Appendix A, the interrogatories in OCA Set II request extensive, detailed, multi-year information about the Companies’ Customer Assistance Programs (“CAP”) and Low Income Home Energy Assistance Programs (“LIHEAP”); the customers that participated in, or received benefits under, those programs; and the programs’ structure and

operation. The Companies object to OCA Set II because the interrogatories inquire into subjects and issues that are already being addressed by the Pennsylvania Public Utility Commission (“PUC” or the “Commission”) in proceedings initiated specifically to consider the Companies’ Universal Service and Energy Conservation Plans for the years 2015 through 2018.¹ The Commission has held that base rate proceedings are not the proper forum in which to raise issues related to Universal Service and that it expects those issues to be addressed in the triennial review process.² Set II evidences the OCA’s intent to pursue subjects and issues that are not properly within the scope of this proceeding. Consequently, discovery related to those subjects and issues should not be permitted in this case,³ and the OCA should take up issues relating to CAP and LIHEAP in the Companies’ Triennial Universal Service Plan Proceedings. The current status of those proceedings is addressed in Paragraph Nos. 1-3, below.

¹ *Metropolitan Edison Company Universal Service & Energy Conservation Plan for Years 2015-2018*, Docket No. M-2014-2407729; *Pennsylvania Electric Company Universal Service & Energy Conservation Plan for Years 2015-2018*, Docket No. M-2014-2407730; *Pennsylvania Power Company Universal Service & Energy Conservation Plan for Years 2015-2018*, Docket No. M-2014-2407731; and *West Penn Power Company Universal Service & Energy Conservation Plan for Years 2015-2018*, Docket No. M-2014-2407728 (hereafter referred to as the “Companies’ Triennial Universal Service Plan Proceedings.”)

² *Pa. P.U.C. v. PPL Elec. Utils. Corp.*, Docket No. R-2012-2290597 (Final Order entered Dec. 28, 2012) at p. 51 (“Recent Commission practice is to address all aspects of USPs through the triennial filing process and to collect all revenues through a rider to base rates.”) affirming Administrative Law Judge Susan D. Colwell’s Recommended Decision at 2012 Pa. PUC LEXIS 1757 *78 (“The Commission’s institution of separate proceedings for these [Universal Service] plans is indicative of its preference to address the issues within those proceedings. Therefore, CEO’s recommended increase in funding for these programs is denied. CEO is encouraged to participate in the triennial plan reviews and to make its concerns known there.”) A copy of the relevant portion of the Final Order is attached as Appendix B.

³ *See, e.g., Pa. P.U.C. v. Pennsylvania-American Water Co.*, Docket Nos. R-00932670, et al., 1994 Pa. PUC LEXIS 120 (Order entered July 26, 1994) (matters at issue at another docket were properly excluded from the proceeding, as to which they were only tangentially related).

There are sound practical reasons underlying the Commission's decision to draw a bright line between the triennial review process and base rate proceedings and to require that the structure, operation and benefit levels of Universal Service programs be addressed only in the former. Base rate proceedings, by their nature, involve numerous complex issues surrounding revenue requirement, cost of service and rate design, which must be addressed within the seven-month suspension period prescribed by Section 1308(d) of the Public Utility Code, 66 Pa.C.S. § 1308(d). Adding to the burden of a time-constrained base rate proceeding a host of Universal Service issues, which are qualitatively different from the issues inherent to the rate-setting process, does not make sense under any circumstances. And, it certainly does not make sense to try to squeeze those issues into a base rate case when, as here, other proceedings are already underway specifically designed to provide all parties a full and fair opportunity to vet Universal Service issues. Indeed, the triennial review process assures that Universal Service issues, which are the sole focus of such proceedings, receive the time and attention they deserve.

I. INTRODUCTION

1. On February 28, 2014, the Companies filed their Universal Service and Energy Conservation Plans for review by the Commission. On June 27, 2014, the Commission issued a Secretarial Letter in which it directed, generally, that all electric distribution companies ("EDCs") reconfigure the dates of their plans and, with specific reference to the Companies, that they add the year 2018 to their Universal Service and Energy Conservation Plans. On August 27, 2014, the Companies filed amended plans at the same docket numbers to include the year 2018. The Commission's Bureau of Investigation and Enforcement ("I&E") entered its appearance in each of the Companies' Triennial Universal Service Plan Proceedings.

2. The Companies' Triennial Universal Service Plan Proceedings have generated extensive, on-going data requests from I&E which address, among others, areas such as income guidelines, the methodology for customer enrollment and termination, procedures pertaining to "counseling letters," kWh eligibility thresholds, amounts of annual CAP credits, the breakdown of LIHEAP grants by income tier and account type, and criteria for selecting program contractors. The I&E data requests were issued in two sets on March 27, 2014 (Set I) and on May 7, 2014 (Set II). The Companies submitted four separate responses to each set on April 17 and May 21, 2014, respectively.

3. The OCA has not yet intervened in the Companies' Triennial Universal Service Plan Proceedings but has requested that the Companies serve copies of their responses to other parties' data request on the OCA. The Companies have fully complied with the OCA's request.

4. On August 4, 2014, the Companies filed tariffs setting forth proposing increases and changes in their distribution rates. With their respective tariffs, the Companies filed all the supporting data required by the Commission's regulations at 52 Pa. Code §§ 53.52 – 53.53, including the written direct testimony of ten witnesses. A summary of the reasons for the proposed rate increases is set forth in each Company's Statement of Reasons. The Companies did not propose any changes in their Universal Service programs in their respective base rate filings.

5. Met-Ed, Penelec and Penn Power each recover the costs of their Universal Service programs under Universal Service Cost Riders ("USC Riders"), which the Commission previously approved for those Companies, consistent with its policy that electric distribution

companies should recover all such costs “through a rider to base rates.”⁴ In its base rate filing, West Penn requested approval to implement a USC Rider in order to make its cost recovery for Universal Service programs consistent with that of Met-Ed, Penelec and Penn Power. In fact, West Penn’s proposed USC Rider was modeled after the Commission-approved USC Riders already in effect for Met-Ed and Penelec.⁵

6. West Penn explained further that once a Commission-approved reconcilable adjustment mechanism is in place to recover its Universal Service costs, it planned to seek subsequent Commission approval in an appropriate proceeding to modify its Universal Service programs to match the level of benefits being provided by the other Companies.⁶ To that end, in the Universal Service and Energy Conservation Plan submitted for review in the Companies’ Triennial Universal Service Plan Proceedings, West Penn proposed to revise the structure of its Universal Service programs to align with those of the other Companies. And, once a USC Rider has been approved in this case, West Penn intends to submit further proposed amendments for consideration as part of that proceeding to expand the level of benefits provided under its Universal Service programs to match those of the other Companies.

7. In summary, and to reiterate, nothing has been proposed in any Company’s base rate filing that would revise any aspect of its Universal Service programs, and those programs are

⁴ See *Pa. P.U.C. v. PPL Elec. Utils. Corp.*, *supra*.

⁵ See Met-Ed, Penelec, Penn Power, West Penn Statement No. 3, (hereafter, “Statement No. 3”), p. 33.

⁶ Statement No. 3, p. 34. West Penn also explained that, in the unlikely event the Commission departed from its established policy requiring that Universal Service program costs be recovered through a USC Rider, the Commission would have to include an appropriate level of such costs in West Penn’s base rates. See Statement No. 3, p. 38.

currently under review outside of this case in the Companies' Triennial Universal Service Plan Proceedings.

8. On September 8, 2014, the OCA issued Set II to each of the Companies. As previously explained, each Set II contains 52 questions, many with multiple subparts, requesting detailed information about the Company's Universal Service programs. Some sense of the nature and granularity of these questions is provided by, for example, Interrogatory Nos. 33, 34 and 35, which request the numbers of residential customers, "confirmed low-income customers," "estimated low-income customers," "LIHEAP recipients" and "CAP recipients" in "each county served by the Company" (No. 33), "each community served by the Company" (No. 34) and "each zip code served by the Company" (No. 35). In a similar vein, Interrogatory Nos. 47-50 incorporate Attachment I to Set II, which is a three-page Excel spreadsheet template. These questions ask the Companies to fill in the template with billing and usage (in 50 kW increments from 0 to 2501 kW) data, by month, for the most recent twelve months for each of the following populations: "residential customers that are confirmed low-income customers" (No. 47), "all Company residential customers" (No. 48), "all Company CAP participants" (No. 49), and "all Company LIHEAP recipients" (No. 50). Other interrogatories ask the Companies to answer hypothetical questions about the operation of their Universal Service programs (e.g., Nos. 16, 17, 19). These examples are simply a sampling of the detailed information requested by the interrogatories in Set II, all of which are available for review in Attachment A.

II. OBJECTIONS

9. Section 333(d) of the Public Utility Code states, in pertinent part, as follows:

Interrogatories. – Any party to a proceeding may serve written interrogatories upon any other party for purposes of discovering *relevant, unprivileged information.*

66 Pa.C.S. § 333(d) (emphasis added)

10. The Commission's regulations at 52 Pa. Code § 5.321(c) define the permissible scope of discovery in proceedings before the Commission as follows:

Scope. Subject to this subchapter, a party may obtain discovery regarding any matter, not privileged, *which is relevant to the subject matter involved in the pending action*, whether it relates to the claim or defense of the party seeking discovery or to the claim or defense of another party, including the existence, description, nature, content, custody, condition and location of any books, documents, or other tangible things and the identity and location of persons having knowledge of a discoverable matter. It is not ground for objection that the information sought will be inadmissible at hearing if the information sought appears reasonably calculated to lead to the discovery of admissible evidence. (Emphasis added.)

11. This proceeding involves the Companies' request to increase and change its distribution rates.⁷ As such, the principal focus of this proceeding is upon the components of the Companies' distribution base rate revenue requirements, the class allocation of the Companies' cost of service, and the appropriate rate structures. As previously explained, the Companies have not proposed any changes to their Universal Service programs and, in West Penn's case, expressly provided that changes, if or when they are proposed, would – and should – be

⁷ The Companies have also proposed to adopt uniform General Rules and Regulations in their respective tariffs. However, none of those proposed tariff changes affect the Companies' Universal Service programs or the benefits available or provided under those programs. See Statement No. 3, pp. 6-15.

submitted separately for Commission review, in a proceeding at another docket that is designed specifically to address changes in Universal Service plans.

12. The terms of the Companies' Universal Service programs and the level of benefits provided under those programs are not at issue in this case. As previously noted, the Companies' Universal Service programs are the subject of the Companies' Triennial Universal Service Plan Proceedings,⁸ and the Commission has previously held that all issues pertaining to Universal Service programs should be addressed in such proceedings, not in base rate cases.⁹

13. The scope of permissible discovery in a proceeding before the Commission is limited to subjects that are relevant to matters properly at issue in such proceeding, as provided in 66 Pa.C.S. § 333(d) and the Commission's regulations at 52 Pa. Code § 5.321(c). See Paragraph Nos. 7 and 8, above. It is well established that matters outside the scope of a proceeding cannot be "relevant" to that proceeding and, therefore, are not a valid subject for the introduction of evidence or the issuance of discovery. See, e.g., *Re Gas Cost Rate No. 5*, 57 Pa. P.U.C. 158, 160 (1983) ("The testimony stricken by the ALJ addresses, in part, matters broader than the scope of the instant proceeding."); *Pennsylvania-American Water Co. supra* at 158 ("The ALJ concluded as follows: 'I agree with OTS that the issues raised by OCA are outside the scope of this investigation. . . .'"); *Re Structural Separation of Bell Atlantic-Pennsylvania, Inc. Retail and Wholesale Operations*, Docket No. M-00001353, 2000 Pa. PUC LEXIS 59 at 7-9 (Order entered September 28, 2000) (affirming the Administrative Law Judge's decision to reject evidence as "beyond the scope of the proceeding.").

⁸ See footnote 1, *supra*, and Paragraph Nos. 1-3.

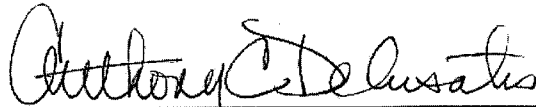
⁹ See footnote 2, *supra*.

14. As explained previously, through its Set II, the OCA seeks to inquire into matters that are the subject of a separate, pending proceedings and, therefore, are not properly within the scope of this proceeding. Accordingly, OCA Set II does not constitute permissible discovery and should be stricken.

III. CONCLUSION

WHEREFORE, for the foregoing reasons, the objections of Metropolitan Edison Company, Pennsylvania Electric Company, Pennsylvania Power Company and West Penn Power Company to OCA Interrogatories (Set II) should be granted, and an Order should be issued directing that the Companies are not required to furnish answers to those Interrogatories.

Respectfully submitted,



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Dated: September 18, 2014

APPENDIX A

INTERROGATORIES (SET II)
OF
THE OFFICE OF CONSUMER ADVOCATE

APPENDIX B

Pa. P.U.C. v. PPL Elec. Utils. Corp.
Docket No. R-2012-2290597

RELEVANT PORTION OF THE FINAL ORDER
ENTERED DECEMBER 28, 2012

**PENNSYLVANIA
PUBLIC UTILITY COMMISSION
Harrisburg, PA 17105-3265**

Public Meeting Held December 5, 2012

Commissioners Present:

Robert F. Powelson, Chairman
John F. Coleman, Jr., Vice Chairman
Wayne E. Gardner, Dissenting in Part & Concurring in Result Only Statements
James H. Cawley, Dissenting in Part Statement
Pamela A. Witmer

Pennsylvania Public Utility Commission	R-2012-2290597
Office of Consumer Advocate	C-2012-2300266
Office of Small Business Advocate	C-2012-2301063
PP&L Industrial Customer Alliance	C-2012-2306728
William Andrews	C-2012-2300402
Tracey Andrews	C-2012-2328596
Eric Joseph Epstein	C-2012-2313283
Dave A. Kenney	C-2012-2299539
Roberta A. Kurrell	C-2012-2304870
Donald Leventry	C-2012-2304903
John G. Lucas	C-2012-2298593
Helen Schwika	C-2012-2299335

v.

PPL Electric Utilities Corporation

now be based upon future expectations. We believe that the normalization period for rate case expense is one of those expenses. We fully support PPL's capital expenditure program and expect that it will proceed into the future as explained by PPL. Further, we can reasonably expect that PPL will file its next base rate case much closer to a twenty-four month interval than to a thirty-two month interval as proposed by I&E and the OCA. Accordingly, we shall grant the exceptions of PPL on this issue.

7. CEO's Proposed Increase in LIURP Funding

i. Positions of the Parties

PPL has proposed no changes in its universal service programs (USPs) nor to the funding for them, as these are subject to separate proceedings. *PPL Electric Utilities Corporation Universal Service and Energy Conservation Plan for 2011-2013*, Docket No. M-2010-2179796 (Order entered May 5, 2011). This was a litigated proceeding, with the participation of interested parties.

PPL's USPs include OnTrack (PPL's customer assistance program), WRAP (PPL's free weatherization program or Low Income Usage Reduction Program), Operation Help (PPL's hardship fund for customers with incomes at or below 200 percent of the federal poverty level, and CARES (PPL's Customer Assistance and Referral Evaluation Services, which connects customers with local community based organizations offering short-term help to customers at or below 200 percent of the federal poverty level). PPL St. 9 at 3-4.

PPL's currently effective USPs were approved by Commission Order entered May 5, 2011, at Docket No. M-2010-2179796, and run through December 2013. In June 2013, PPL will submit to the Commission for review and approval its USP plan for years 2014 through 2016, and will include therein proposals for any necessary or

appropriate changes to the current programs and services available to low-income customers. PPL M.B. at 77.

CEO argued that PPL's last increase of \$250,000 in the 2011-2013 USP case was inadequate to serve the needs of the low-income customer base and suggests that funding increase from \$8.0 million to \$9.5 million for PPL's WRAP Program. CEO disagreed with PPL's position that a base rate case is not the proper place for this argument, citing former rate cases that have evaluated the low-income plan budgets.

CEO pointed out that the funding for WRAP increased only 3% in the USP case, which translates into an additional 106 customers per year at the average cost of \$2,349, an increase not consistent with the increased number of low income customers in PPL Electric's territory, which CEO argues is 44% based on the 2008 census. CEO M.B. at 5; CEO St. 1 at 7. CEO continues that the usefulness of a well-funded LIURP program has long been recognized by the Commission as a tool for lowering heating bills, thus creating a heating bill that the customer is more likely to pay. CEO M.B. at 5-6. In addition, CEO states that the higher prices resulting from this proceeding will be effective January 1, 2013, a full year prior to the end of the effective period from the current USP case. CEO R.B. at 2. It is CEO's opinion that refraining from addressing this issue now will deprive low-income customers of timely relief from a rate increase. CEO R.B. at 3.

PPL countered that the increase in low-income customers in its service territory should not be viewed in isolation. Rather, consideration needs to be given to the cost impact on other residential customers, the ability of the community based organizations (CBOs), which administer the programs, to deliver additional services, and the availability of funding from other sources. PPL advocated for the consideration of all of these issues within the triennial filings for approval of the plans themselves, where all entities involved may participate. PPL St. 9-R at 6; PPL M.B. at 79.

I&E opposed CEO's proposal because it fails to consider the total increase in the funding of universal service benefits in recent years. Since 2004, over three base rate cases, the funding for the OnTrack program increased from \$9.5 million to \$41.2 million, and from 2000 to 2008, weatherization funding grew from \$5.7 million to \$8 million. I&E M.B. at 66-67. I&E stated the following:

Through 2012 PPL ratepayers will be compelled to contribute \$75.35 million annually to the funding of PPL's USP benefits. That mandatory ratepayer funding is projected to increase to \$78 million by 2014. The trajectory of mandatory ratepayer funding of PPL's universal service benefits has skyrocketed upward, increasing 122% from 2008 to 2011 and projected to increase by 145% through 2014. I&E submits that PPL's ratepayers are contributing sufficiently towards relief for their low-income neighbors. PPL's LIURP funding should remain at its current \$8 million.

I&E M.B. at 68.

ii. ALJ's Recommendation

The ALJ found that base rate cases are the traditional forum for budgets of low-income plans, but in recent years, the Commission has required companies to file separate cases to address the USP budgets. R.D. at 44-45. PPL has a Commission-approved plan in place, including a budget. R.D. at 45.

The ALJ continued by observing that the USPs for EDCs, including PPL, are filed every three years and concentrate on the programs included in the customer assistance portfolio. After noting that, in a base rate case, any part of the Company's tariff may be brought into question, the ALJ stated that as an issue raised by another party, the burden of proving that the universal service issues deserve additional funding belongs to the party raising it – here, CEO. *Id.*

The ALJ concluded that the Commission's institution of separate proceedings for these plans is indicative of a preference to address the issues within those proceedings. Therefore, the ALJ recommended that CEO's proposed increase in funding be denied. However, the ALJ encouraged CEO to participate in the triennial plan reviews. *Id.* at 46.

iii. Exceptions

In its Exceptions, CEO submits that the Commission has a statutory duty to ensure that a company's USPs are appropriately funded and available. Further, CEO contends that a proceeding that results in a rate increase to low-income customers would require the Commission to determine the effect of the rate increase on whether those USPs are, or remain, appropriately funded and available. CEO Exc. at 6. CEO alleges that to postpone consideration of universal service funding to a time after a rate increase takes effect, and to a non-adversarial proceeding, is contrary to the Commission's past practice and its statutory duty. *Id.*

PPL responds that the ALJ properly rejected CEO's proposal because the USP costs are no longer recovered through base rates. PPL R.Exc. at 22-23. I&E also supports the ALJ's recommendation on this issue. I&E R.Exc. at 14-15.

iv. Disposition

We agree with the ALJ, PPL and I&E on this issue. Recent Commission practice is to address all aspects of USPs through the triennial filing process and to collect all revenues through a rider to base rates. We believe this process has provided, and will continue to provide, the customers who rely upon USPs with appropriate funding levels on a timely basis. Accordingly, we deny the Exceptions of CEO on this issue.

CERTIFICATE OF SERVICE

RE: Pennsylvania Public Utility Commission

v.

West Penn Power Company	Docket No. R-2014-2428742
Pennsylvania Electric Company	Docket No. R-2014-2428743
Pennsylvania Power Company	Docket No. R-2014-2428744
Metropolitan Edison Company	Docket No. R-2014-2428745

I hereby certify that I have this day served a true copy of the foregoing document, the Office of Consumer Advocate's Motion to Dismiss Objections and to Compel Metropolitan Edison Company, Pennsylvania Electric Company, Pennsylvania Power Company, and West Penn Power Company to Answer Interrogatories, upon parties of record in this proceeding in accordance with the requirements of 52 Pa. Code §1.54 (relating to service by a participant), in the manner and upon the persons listed below:

Dated this 29th day of September 2014.

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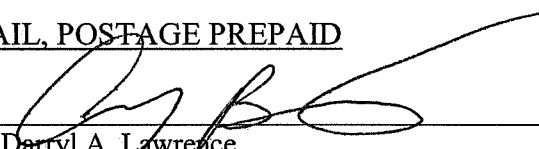
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