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September 3, 2015

VIA E-FILING

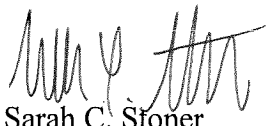
Rosemary Chiavetta, Secretary
Pennsylvania Public Utility Commission
Commonwealth Keystone Building
400 North Street, 2nd Floor, Room-N201
Harrisburg, PA 17120

Re: Pennsylvania Public Utilities Commission v. PPL Electric Utilities Corporation
Docket No. R-2015-2469275

Dear Secretary Chiavetta:

Enclosed please find the Keystone Energy Efficiency Alliance Energy Education Fund's Statement in Support of Settlement of All Issues with regard to the above-referenced matter. Copies to be served in accordance with the attached Certificate of Service.

Sincerely,



Sarah C. Stoner

SCS/dsc

cc: Cert. of Service w/enc.
ALJ Susan D. Colwell w/enc.

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

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| Pennsylvania Public Utility Commission | : | |
| | : | Docket No. R-2015-2469275 |
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| v. | : | |
| | : | |
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| PPL Electric Utilities Corporation | : | |
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**KEEA ENERGY EDUCATION FUND’S STATEMENT IN SUPPORT
OF SETTLEMENT OF ALL ISSUES**

I. INTRODUCTION

The KEEA Energy Education Fund (“KEEF”), the public education arm of the Keystone Energy Efficiency Alliance, submits this Statement In Support of the Joint Petition for Approval of Settlement of All Issues (“Settlement”) by and between itself and PPL Electric Utilities Corporation (“PPL”), the Bureau of Investigation and Enforcement, the Office of Consumer Advocate, the Office of Small Business Advocate, PP&L Industrial Customer Alliance, Commission for Economic Opportunity, Coalition for Affordable Utility Services and Energy Efficiency in Pennsylvania, the Clean Air Council, Sustainable Energy Fund, The Alliance for Solar Choice, Natural Resources Defense Council, Environmental Defense Fund, and Eric Joseph Epstein (collectively, “Joint Petitioners”). The Settlement represents a full settlement to resolve all issues and concerns raised in PPL Electric’s distribution base rate proceeding.

KEEF is a non-profit, tax-exempt 501(c)(3) corporation, with the mission of increasing the energy efficiency of Pennsylvania’s buildings through education and awareness. KEEF monitors and supports energy efficiency policies, regulations, and legislation at local, state, and federal levels; educates the public about energy conservation and efficiency; provides forums for

sharing best practices; provides rapid information-exchange platforms to keep abreast of energy efficiency developments as they happen; and promotes feedback mechanisms on market transformation activities in the field. With over 50 business members as well as non-profit and government partners, KEEF advocates on behalf of clean energy on the local, state, and federal levels.

In this proceeding, KEEF raised concerns about PPL's proposal to increase the customer fixed charge component of the bill for all rate classes and recommended that it be rejected.¹ KEEF also addressed concerns that the continued use of customer fixed charges does not align with other state policies to promote energy efficiency and conservation in the Commonwealth.² The Settlement represents a compromise of many competing positions and reasonably addresses KEEF's concerns by proposing to reduce the amount of the fixed charges that will be implemented and establishing a collaborative process to discuss revenue decoupling on or before March 1, 2016. In support of the Settlement, KEEF offers the following.

II. STATEMENT IN SUPPORT OF THE PARTIAL SETTLEMENT

The Settlement is a reasonable compromise and lawful resolution of PPL's proposed base rate proceeding. KEEF's members implement energy efficiency improvements in buildings across the Commonwealth, including in PPL's service territory. As such, KEEF opposed PPL's proposals that would negatively impact the ability of customers to avail themselves of the energy efficiency improvements that can be offered by KEEF members. PPL proposed to increase its distribution rates by \$167,478,511. To recover a majority of the claimed increase, PPL proposed to raise customer fixed charges for most customer classes. For the residential customer class,

¹ KEEF St. No. 1 at 4.

² *Id.*

PPL proposed to increase the customer fixed charge from \$14.09 by approximately 42%. For the GS-1 rate class, PPL proposed to increase the customer fixed charge from \$16.00 per month to \$24.00 per month. PPL proposed to increase the customer fixed charge for the GS-3 rate class from \$40.00 per month to \$60.00 per month, a 50% increase to the charge. In addition, PPL initially proposed a daily customer charge for all rate classes.

KEEF did not support an increase in the customer fixed charges or daily customer charge for a number of reasons. First, KEEF found that PPL's proposed customer charge increases were not cost justified.³ Second, KEEF raised concerns about how increasing customer fixed charges will disproportionately harm low income customers, be punitive to apartment dwellers and reduce the customer's incentive to engage in energy efficiency.⁴ Finally, KEEF raised concerns about how continuously increasing customer fixed charges, as a rate design policy, fails to align with other state policies enacted to promote energy efficiency and conservation in the Commonwealth and recommended that a collaborative be convened to further explore revenue decoupling.⁵

In the Settlement, PPL agreed to maintain the residential fixed customer charge at \$14.09 per month. (Settlement at ¶27). Compared to PPL's proposal, this amount will allow a residential customer more control over his or her own energy bill. For the GS-1 rate class, the Joint Petitioners agreed to increase the customer fixed charge from \$16.00 to \$22.00. For the GS-3 rate class, the Joint Petitioners agreed to PPL's initially proposed increase to the customer fixed charge from \$40.00 to \$60.00. PPL withdrew its proposal to move to a daily customer charge for all rate classes. (Settlement at ¶26). While the Settlement reduces PPL's initially

³ KEEF St. No. 1 at 8-24.

⁴ KEEF St. No. 1 at 4, 10-11, 24-25.

⁵ KEEF St. No. 1 at 35-39.

proposed customer charge for the GS-1 rate class, it maintains the current residential customer fixed charge and provides PPL the increase it proposed for the GS-3 rate class. The Settlement terms as described above balance the interests of the Joint Petitioners and provide a reasonable outcome in the short term.

PPL also agreed to hold a collaborative on revenue decoupling on or before March 1, 2016. (Settlement at ¶55). This is an important first step to finding a better long-term solution to address the tension between the need for revenue recovery and the goals of energy efficiency and conservation that is not reliant on continual increases to fixed customer charges. As explained in KEEF's testimony, full revenue decoupling is a regulatory mechanism that allows a utility to recover its full authorized revenues, regardless of sales volumes or the reason for fluctuations in sales volumes. KEEF submits that a revenue decoupling mechanism would permit PPL to recover authorized revenues and align energy efficiency goals contained in Act 129 and is a much better approach to continual reliance on customer fixed charges to recover this revenue.⁶ The stakeholder process detailed in the Settlement will engage stakeholders in exploring revenue decoupling as a solution to revenue concerns faced by PPL and is a reasonable compromise.

For these reasons, the Settlement is in the public interest and should be adopted. While customers (other than the residential class) will still face short-term increases in fixed charges, the revenue decoupling stakeholder process is a path forward to developing a better approach to remove the disincentive for PPL to encourage energy efficiency and conservation.

For all these reasons, the Settlement reduces the administrative burden and costs to resolve the numerous issues in this proceeding and should be adopted as a reasonable outcome that is in the public interest.

⁶ KEEF St. No. 1 at 4, 38.

III. CONCLUSION

KEEF respectfully requests that the Settlement be approved without modification.

Respectfully submitted,



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Date: September 3, 2015

Attorneys for KEEA Energy Education Fund

CERTIFICATE OF SERVICE

I hereby certify that this day I served a copy of Keystone Energy Efficiency Alliance Energy Education Fund's Statement in Support of Settlement of All Issues upon the persons listed below in the manner indicated in accordance with the requirements of 52 Pa. Code § 1.54.

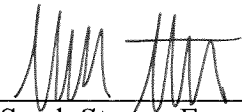
Via Email

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Date: September 3, 2015



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