

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

**Petition of PPL Electric Utilities Corporation for Approval of a
Default Service Program and Procurement Plan for the Period of
June 1, 2017 through May 31, 2021**

Docket Nos. P-2016-2526627

**Prehearing Memorandum of the
Coalition for Affordable Utility Services
and Energy Efficiency in Pennsylvania**

The Coalition for Affordable Utility Services and Energy Efficiency in Pennsylvania (“CAUSE-PA”), through its counsel at the Pennsylvania Utility Law Project, hereby submits this Prehearing Memorandum pursuant to the February 6, 2016, Prehearing Order of Administrative Law Judge Susan D. Colwell.

I. History of the Proceeding

On January 29, 2016, PPL Electric Utilities Corporation (“PPL” or “the Company”) filed a Petition for Approval of their Default Service Programs for the period commencing June 1, 2017 through May 31, 2021. By public notice published in the Pennsylvania Bulletin on February 13, 2016, the Commission established a deadline of February 29, 2016 for formal protests, petitions to intervene, and answers.

However, on February 2, 2016, Administrative Law Judge Susan D. Colwell issued a Prehearing Order establishing an intervention deadline of March 4, 2016. On March 2, 2016, CAUSE-PA filed its Petition to Intervene. Various other parties also filed petitions to intervene prior to the established deadline. Judge Colwell’s Prehearing Order set a Prehearing Conference for March 9, 2016, with a deadline of March 7, 2016 for the filing of a prehearing memorandum. This prehearing memorandum is filed in accordance with Judge Colwell’s Order.

II. Service on CAUSE-PA

Service on CAUSE-PA may be made on its attorneys at the Pennsylvania Utility Law Project, who consent to accept by electronic delivery all documents on the deadlines for their filing as follows:

Patrick M. Cicero, Esq.
Elizabeth R. Marx, Esq.
Joline Price, Esq.
PENNSYLVANIA UTILITY LAW PROJECT
118 Locust Street
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III. Settlement

CAUSE-PA is willing to work with any and all of the other parties in this proceeding to attempt to come to a full or partial settlement of the litigated issues.

IV. Litigation Schedule

CAUSE-PA has reviewed the litigation schedule as set forth in Judge Colwell's February 2, 2016 Prehearing Order and accepts that schedule without proposed modification. However, CAUSE-PA will work with other parties in good faith if an adjustment to the schedule is necessary.

V. Witnesses

CAUSE-PA intends to present the following witness to testify in this matter, but reserves the right to call additional or substitute witnesses as may be warranted upon proper notice to Your Honor and the parties:

Harry S. Geller, Esquire
118 Locust Street
Harrisburg, PA 17101
717-576-2282
hgellerpulp@palegalaid.net

Mr. Geller will address the issues identified below, as well as other issues that may arise in the course of this proceeding.

VI. Issues to be addressed

CAUSE-PA is an unincorporated association of low-income individuals that advocates on behalf of its members to enable consumers of limited economic means to connect to and maintain affordable water, electric, heating and telecommunication services. CAUSE-PA membership is open to moderate- and low-income individuals residing in the Commonwealth of Pennsylvania who are committed to the goal of helping low-income families maintain affordable access to utility services and achieve economic independence and family well-being.

Counsel for CAUSE-PA has reviewed PPL's filing and testimony. While CAUSE-PA is still formulating its positions on all of the issues presented in PPL's filing, it is concerned about the effect that the proposed default service programs will have on the long-term affordability of service for economically vulnerable households within PPL's service territory, and has tentatively identified the following issues presented by the filing which affect its members. CAUSE-PA anticipates that additional issues may arise as a more comprehensive review of the

Company's filing is undertaken, discovery is conducted, and other parties present evidence and testimony. However, CAUSE-PA has preliminary identified the following issues to be addressed:

CAP customer participation in the competitive market

Since 2010, PPL's CAP customers have been permitted to shop and select electric generation supply service from licensed electric generation suppliers (EGS) without restriction. Petition ¶ 16. In previously litigated proceedings, and in a Commission ordered collaborative that took place during the fall of 2015, PPL disclosed that a significant percentage of its CAP customers paid more than the price to compare for EGS' supplied service, the effect of which was an increase in the cost of the CAP program by more than \$3.5 million over a 12-month period. PPL Statement No. 3 at 9. Under PPL's currently CAP design, if a CAP customer selects an EGS with a price that is higher than PPL's price to compare, the CAP customer is more likely to exhaust his or her maximum CAP credits sooner than he or she otherwise would have and, thus, faces the prospect of paying unaffordable bills until the customer recertifies for CAP. At recertification, a CAP customer paying more than the PTC over the previous 12 month period will have their CAP payment adjusted upward to reflect these costs. PPL was directed by the Commission to address this issue in the context of this proceeding.¹

Despite data presented by PPL suggesting that CAP customers and other ratepayers are experiencing significant harm as a result of PPL's CAP shopping structure, the legal authority to change its CAP shopping structure, and the Commission's directive to do so, PPL has proposed to maintain the status quo. Petition ¶¶ 116-122. PPL appears to make the limited suggestion that all CAP customers, shopping and non-shopping, should be referred to the standard offer

¹ See *PPL Electric Utilities Corporation Universal Service and Energy Conservation Plan for 2014-2016 Submitted in Compliance with 52 Pa. Code § 54.74*, Docket No. M-2013-2367021 (Sept. 11, 2014).

program. The standard offer program as currently constructed is not likely to adequately protect CAP customers, and as such CAUSE-PA is concerned that further promoting the SOP to all CAP customers may do more harm than good. The inadequacies of PPL's proposals as they relate to CAP customer shopping are issues that that will be addressed in CAUSE-PA's testimony and discovery.

Other issues

In addition to the concerns expressed above, CAUSE-PA will explore the potential detrimental impact to the Company's low-income customers from the following aspects of PPL's DSP IV filing:

1. The Company's proposal to continue offering a time of use (TOU) rate for residential customers, which relies on the competitive retail market and EGSs to provide TOU service to customers. Petition ¶¶ 14, 102-105.

2. The Company's proposal for its DSP IV plan to extend for four years through 2021, rather than the two year period referenced in the Commission's DSP Policy statement at 52 Pa Code § 69.1804. Petition ¶¶ 19, 35-36.

3. The Company's recommendation that it have provisions in its supplier master agreement that would enable the Company to transfer its obligations to procure or supply default service supply to a third party, "in the event PPL Electric ceases to serve as the Default Service Supplier." Petition ¶¶ 36; 99-101.

4. The Company's proposal to maintain the Standard Offer Program with "limited modifications" and the continued use of its affiliate PPL Solutions to administer the program. Petition ¶¶ 95-98.

CAUSE-PA asserts that each of these matters must be thoroughly reviewed through discovery and a hearing in order to ensure that the Company's low-income customers are not harmed and the programs are in the public interest.

CAUSE-PA reserves the right to present evidence on any of the other issues contained in PPL's filing but not specifically identified above, as well as those issues raised by other parties. Any and all evidence presented by CAUSE-PA will be directed so as to ensure that low-income customers are adequately protected in the continued provision of default service.

VII. Conclusion

CAUSE-PA respectfully requests that its Prehearing Memorandum be entered into the record of this proceeding.

Respectfully submitted,
PENNSYLVANIA UTILITY LAW PROJECT
Counsel for CAUSE-PA



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March 2, 2016

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CERTIFICATE OF SERVICE

I hereby certify that on March 2, 2016, I have served copies of the **Prehearing Memorandum of CAUSE-PA**, via email upon the following persons. I also certify that on March 3, 2016 I have served the same document by first-class mail upon all of the following persons, in accordance with the requirements of 52 Pa. Code § 1.54 (relating to service by a party).

The Honorable Susan D. Colwell
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March 2, 2016