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File #: 140069

January 13, 2014

*VIA ELECTRONIC FILING*

Rosemary Chiavetta, Secretary
Pennsylvania Public Utility Commission
Commonwealth Keystone Building
400 North Street, 2nd Floor North
P.O. Box 3265
Harrisburg, PA 17105-3265

**Re: Petition of PPL Electric Utilities Corporation for Approval of its Energy Efficiency and Conservation Plan - Docket No. M-2012-2334388**

Dear Secretary Chiavetta:

Enclosed for filing are the Reply Comments of PPL Electric Utilities Corporation for the above-referenced proceeding. Copies will be provided as indicated on the Certificate of Service.

Respectfully submitted,

Andrew S. Tubbs

AST/jl
Enclosures

cc: Honorable Dennis J. Buckley
Certificate of Service

## CERTIFICATE OF SERVICE

I hereby certify that a true and correct copy of the foregoing has been served upon the following persons, in the manner indicated, in accordance with the requirements of 52 Pa. Code § 1.54 (relating to service by a participant).

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Date: January 13, 2014

Andrew S. Tubbs

**BEFORE THE**
**PENNSYLVANIA PUBLIC UTILITY COMMISSION**

| | |
|---|---|
| **Petition of PPL Electric Utilities Corporation for Approval of its Energy Efficiency and Conservation Plan** | **Docket No. M-2012-2334388** |

## REPLY COMMENTS OF PPL ELECTRIC UTILITIES CORPORATION

**TO THE PENNSYLVANIA PUBLIC UTILITY COMMISSION:**

PPL Electric Utilities Corporation ("PPL Electric" or the "Company"), by and through its attorneys, hereby submits these Reply Comments to the comments filed by the PP&L Industrial Customer Alliance ("PPLICA") and the Sustainable Energy Fund of Central Eastern Pennsylvania ("SEF") in the above captioned proceeding. In support thereof, PPL Electric states as follows:

### I. BACKGROUND

On November 22, 2013, PPL Electric, filed the above-captioned Petition requesting Pennsylvania Public Utility Commission ("Commission") approval for both minor and non-minor changes to its Phase II Energy Efficiency & Conservation Plan ("EE&C Plan"), which was approved by the Commission on July 11, 2013. *Petition of PPL Electric Utilities Corporation for Approval of its Phase II Act 129 Energy Efficiency and Conservation Plan*, Docket No. M-2012-2334388 (Order Entered July 11, 2013) ("*Phase II EE&C Plan Order*").[1] Although the Commission established a bifurcated process for approving minor and non-minor proposed changes to the EE&C Plans, PPL Electric filed a single petition requesting approval to

[1] The full procedural background of Docket No. M-2012-2334388 is contained in the Petition as incorporated by reference into these Reply Comments. *See* Petition at Section II.

modify its Phase II EE&C Plan and did not request expedited review of the minor changes.[2] Pursuant to the schedule stated in the *Minor Plan Change Order,* parties had 30 days to file comments on the proposed modifications and 20 days to file reply comments. In accordance with this procedural schedule, PPL Electric files these Reply Comments in response to the comments filed on December 23, 2013.

By its Petition, PPL Electric requested Commission approval of 40 modifications to its Commission-approved Phase II EE&C Plan. The proposed modifications consist of both "minor" and "non-minor" changes as defined in the Commission's expedited review process. One of the significant changes being proposed is to phase out compact fluorescent lights ("CFLs") in all of the Company's Phase II EE&C Plan programs by Program Year 6, and instead to provide incentives for light-emitting diodes ("LEDs"). This proposal has not been opposed by any party. In addition, PPL Electric is proposing to discontinue and add measures, to shift measures from one program to another, to change forecasted participation levels for some measures and programs, and to increase the projected Phase I carryover (over compliance).

As detailed in the Petition, the aggregate impact of the proposed changes, if approved, will not affect the Company's overall Phase II EE&C Plan budget.[3] However, the modifications will increase long-term benefits largely to the Residential, Low-income and government, non-profit and institution ("GNI") customer sectors. In addition, the proposed modifications will result in a net increase in the cost to the Residential, Low-income and the GNI customer sectors to recognize the need for an upfront investment to attain such savings. Conversely, the proposed restructuring of the Company's program investments will decrease the costs to the small commercial and industrial ("Small C&I") and the large commercial and industrial ("Large C&I")

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[2] *See, Energy Efficiency and Conservation Program*, Docket No. M-2008-2069887 (June 10, 2011) *("Minor Plan Change Order")*.

[3] Section III.B of the Petition summarizes the aggregate impact of the proposed changes.

customer sectors. As noted in the Petition, PPL Electric discussed these proposed modifications to the Phase II EE&C Plan at its October 16, 2013 stakeholder meeting, and the changes were widely supported. Petition, p. 7.

## II. REPLY COMMENTS OF PPL ELECTRIC

On December 9, 2013, the Coalition for Affordable Utility Services and Energy Efficiency in Pennsylvania filed a letter stating that they were "generally supportive of the changes as they affect PPL Electric Low-Income residential customers." In addition, Commission on Economic Opportunity ("CEO") on December 18, 2013 filed a letter supporting PPL Electric's November 22, 2013 Petition. On December 20, 2013, the Office of Consumer Advocate ("OCA") filed a letter stating that they would not be filing comments. On December 23, 2013, SEF and PPLICA filed comments.

As explained by PPL Electric in its Petition, given the compressed time frame in which to achieve its Act 129 requirements, time is of the essence. Therefore, the Company requested that the Commission resolve any potential issues on the basis of comments and reply comments.[4] Specifically, to the extent no party opposed a proposed change or the comments failed to raise any disputed issues of material fact with regard to the proposed modifications, such changes should be approved by the Commission and not referred to an Administrative Law Judge for hearings and a recommended decision. This approach is fully consistent with the Commission's actions in a similar EDC EE&C Plan proceeding.[5]

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[4] *See Petition of West Penn Power Company for Amendment of the Orders Approving Energy Efficiency and Conservation Plans and Petition for Approval of its Amended Energy Efficiency and Conservation Plans*, Docket No. M-2009-2093218 (Interim Order and Opinion Entered October 28, 2011) (The Commission stated that any delay in ruling on the proposed EE&C Plan changes would further limit the time the company had to implement the revisions. The Commission approved some elements of petition and referred the remaining elements to the Office of Administrative Law Judge for the issuance of a Recommended Decision on an expedited basis).

[5] *Id.*

The majority of PPL Electric's proposed modifications are unopposed[6]; others are opposed by PPLICA and SEF, but there are no material facts in dispute; therefore, the Commission should approve all such changes.[7]

## A. GENERAL CONCERNS

### 1. Program Acquisition Costs

In its summary of its comments, PPLICA suggests that PPL Electric's Phase II EE&C Plan direct program acquisition costs for all sectors are too high because the costs exceed the PJM average wholesale cost of power. PPLICA Comments, p. 2. PPLICA's assertion is inaccurate, and the suggested comparison is incorrect, *i.e.,* PPLICA is comparing apples and oranges. EE&C Program Acquisition Cost and the PJM average wholesale cost of power are not determined on the same basis and are not comparable. EE&C Plan Program Acquisition Cost is the electric distribution company's ("EDC's") program implementation costs divided by annual MWh saved (*i.e.*, one year's savings). However, PPLICA compares that program acquisition cost to the PJM wholesale energy price, which is on the basis of dollars ($) per total lifetime MWh saved.

The Act 129 program acquisition cost divides one-time program implementation costs[8] by one year's energy savings, but customers will realize those energy savings every year the energy efficiency measure exists (10 to 15 years for typical residential and non-residential measures). Therefore, the appropriate comparison to the PJM wholesale energy price is the Act 129 levelized cost, which is the EDC's program implementation cost divided by lifetime energy

[6] The unopposed changes include: Proposed Modifications Nos. 1-6, 9-10, 14, 16-18, 22-23, 25-27, 29, and 31 -40. We note that SEF specifically stated its support for modifications 1-6, 9-10, 12, 14, 16-27, 29, 31-33 and 35-39. In addition, PPLICA stated its support to proposed modification No. 34.

[7] In the event that the Commission does refer any of the proposed Phase II EE&C Plan changes to the Office of Administrative Law Judge for hearings, the Company requests that all of the proposed changes not transferred to the Office of Administrative Law Judge be approved by the Commission.

[8] The EDC incurs these one-time costs, such as incentives and CSP fees, in the program year that the measure goes in-service. The EDC does not have recurring costs associated with that measure.

savings.[9] Lifetime savings (not annual savings) is the relevant term because a customer who does not install an efficiency measure will continue to pay energy costs for the "foregone annual energy efficiency MWh" at the $40.18/MWh PJM price cited by PPLICA (plus retail mark-up, transmission, capacity, and EGS profit margin) each year for the life of the facility.

The levelized costs for PPL Electric's revised Phase II EE&C Plan is $24.27/MWh[10] for the entire portfolio and $15.66/MWh[11] for the Large C&I customer sector. These levelized unit costs are much less than the $40.18/MWh PJM wholesale energy price cited by PPLICA. PPLICA's example also fails to account for PJM prices that will likely increase over time[12], whereas the Act 129 program acquisition cost will not (since it is a one-time cost).

In addition, PPL Electric notes that the program acquisition cost metric is relevant only when compared to other portfolios with similar savings compliance targets, budget caps, customer sectors (especially low-income and GNI), and mix of measures.[13] PPL Electric believes its proposed program acquisition cost is reasonable. This is especially true given the proposed mix of measures that emphasizes newer technologies that have greater lifetime savings and better performance (like LEDs), but require higher incentives (program costs) to offset the higher initial cost to the consumer. Therefore, the Commission should reject PPLICA's conclusion that PPL Electric's program acquisition cost is too high.

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[9] Levelized costs are usually stated on a present value basis, but not for this simplified example.
[10] $186,121,000 program implementation cost per Table 5A divided by 7,667,489 MWh lifetime savings per Table 7 in the EE&C Plan.
[11] $25,063,000 program implementation costs per Table 5A divided by 1,600,027 MWh lifetime savings per Table 7 in the EE&C Plan.
[12] The PJM price forecasts used in the TRC avoided cost determination show steady increases from 2014 through 2029. See Section 8, Table Z in PPL Electric's May 13, 2013 Act 129 EE&C Plan compliance filing.
[13] For example, a portfolio with low-income programs will have a higher program acquisition cost than one without low-income programs. Similarly, a portfolio with LEDs will have a higher program acquisition cost than one with CFLs.

Again, this issue was raised by PPLICA in the summary of its comments. Therefore, PPL Electric does not view this to be an objection to its Petition. However, PPL Electric wanted to clarify this issue for the Commission and the parities to this proceeding.

### 2. Proposed Modifications #11, 15, 19, 21, and 24 – GNI Savings and Budgets

PPLICA states that PPL Electric's proposed increases to the Direct Discount Incentives for Schools (Proposed Modification No. 11), the addition of free LED Exit signs to the School Benchmarking Program (Proposed Modification No. 15), adding ground source heat pumps as an eligible measure for GNI customers (Proposed Modification No. 19), adding Building Operator Certification training for trade allies and commercial and industrial customers (Proposed Modification No. 21) and funding a School Energy Champion in the Continuous Energy Improvement Program for GNI customers are excessive and, if approved, would unreasonably burden Large C&I Customers. PPLICA Comments, p. 8. Therefore, PPLICA recommends that the Commission direct PPL Electric to reduce the total savings and budget for the GNI sector and to eliminate any GNI program with a TRC ratio below 1.0. The Commission should reject PPLICA's recommendations for the reasons set forth below.

As detailed in the Company's Petition, the proposed increases to the GNI incentive levels for these measures are intended to encourage GNI customers, particularly schools, to participate in PPL Electric's Phase II EE&C Plan. Specifically, the increased incentives and proposed training will better position these customers to implement energy-efficient measures at a lower out-of-pocket, front-end cost. In addition, the Company has proposed these changes based upon feedback received from its trade allies during the first year of its Phase II EE&C Plan and to offer a successful Phase I measure (ground source heat pumps) that was not included in the Company's Phase II EE&C Plan due to budget constraints. Further, as explained below, PPLICA's concerns relative to the impact of Phase II EE&C Plan charges to Large C&I customers are overstated.

First, GNI programs are open to all educational, non-profit, and government facilities in all rate classes on a first-come, first-served basis. Act 129 program participation is voluntary and any Large C&I customer who meets GNI eligibility requirements should be free to participate in any GNI program. However, as acknowledged by PPLICA, most Large C&I customers are not eligible to participate in PPL Electric's Phase II GNI programs. Despite this fact, limiting GNI participation to specific rate classes would be discriminatory and would hinder PPL Electric from meeting its GNI compliance target. 66 Pa.C.S. § 2806.1(b)(i)(B). Further, the Commission's regulations do not require nor encourage EDCs to manage GNI budgets (savings and costs) on a rate class basis. The only requirement is for the EDC to allocate actual program costs to the rate class of the actual GNI participant.

Second, PPLICA's concern that Large C&I customers will bear an unreasonable portion of GNI costs is incorrect. Large C&I customers will only pay the actual program costs incurred for the Large C&I rate class participants in GNI programs. If a GNI participant is in the Small C&I rate class, those costs will be borne solely by Small C&I customers. This is consistent with the requirements of Act 129 and results in a reasonable allocation of costs. 66 Pa.C.S. § 2806.1(a)(11). If a Large C&I customer meets GNI eligibility requirements and voluntarily chooses to participate in a GNI program, the program costs associated with that customer's participation are properly borne by the Large C&I customer sector in accordance with Act 129. The sector-specific costs in the Phase II EE&C Plan and the Company's Commission-approved Act 129 Compliance Rider ("ACR"), including the portion of Large C&I costs in GNI programs, are estimates because the actual costs will not be known until Phase II is complete. All differences between the costs recovered from each customer sector through the ACR and actual programs costs will be reconciled at the conclusion of Phase II.

Third, unlike in Phase I, the majority of the proposed increase in GNI costs in the Petition is focused on providing energy efficiency measures/programs to schools in the Company's service territory. PPL Electric's proposed modifications focus on schools because they offer secondary benefits that help create broad support and acceptance of energy efficiency measures by:

- engaging students, parents, teachers, and administrators as advocates for energy efficiency; and
- helping to control and reduce energy use in schools, which in turn helps to control increases in taxes.

Importantly, only 5% of the schools in PPL Electric's service territory are Large C&I customers (96 customers), and those 96 customers comprise only 8% of the total Large C&I customer base.

Fourth, school energy-efficiency projects allow the Company to directly access schools in its service territory and assist those schools and their districts to achieve energy savings. In addition, the Phase II EE&C Plan programs directed at schools in the Company's service territory will expand the visibility of its Phase II EE&C Plan and extend the benefits of energy efficiency throughout the communities it serves.

Fifth, PPLICA's concern that GNI savings is too high is not valid. PPLICA's reference to "increasing GNI savings from 11% to 14%" is for the proportion of Phase II portfolio savings that is attributable to the GNI sector. Although PPL Electric proposed increasing this proportion from 11% to 14.3% of the total Phase II portfolio savings (Petition, p. 33), the proposed changes to the operation of the GNI programs will decrease total Phase II GNI savings[14] from 92,835 MWh/yr to 88,184 MWh/yr. Contrary to PPLICA's assertion, the proportion of portfolio savings

[14] Excluding Phase I GNI carryover

is not the basis for GNI compliance. GNI compliance is based on achieving 10% of the total savings compliance target for the GNI sector. For Phase II, PPL Electric's GNI compliance target is 82,107 MWh/yr. As previously described, GNI savings provide more-direct cost savings directly to all consumers than the other sectors (through lower taxes, etc.). The Act 129 statute recognized the importance of GNI savings by establishing a significant, separate compliance target for GNI. Therefore, PPL Electric believes its proposed GNI savings, including any over-compliance, is warranted and in the best interest of all consumers. PPLICA's recommendation that the Commission not approve PPL Electric's proposed increase in GNI funding would result in transferring the costs for these programs to other customer sectors/programs because the Commission's *Phase II Implementation Order* directs EDCs to spend their full budget, i.e., a reduction in the GNI budget cannot go "unspent"; it must be used to obtain savings elsewhere. *Phase II Implementation Order*, p. 26. However, PPLICA has failed to provide any specific information as to how these costs would be transferred (e.g., funding for other sectors, programs, measures, etc.) and what the impact would be on savings and cost-effectiveness. Instead, PPLICA recommends that additional costs be spent on programs directed at Residential and Small C&I customers or, in the alternative, toward general Large C&I programs. PPLICA Comments, p. 7. Again, as EDCs have been directed to continue to spend their EE&C Plan budgets, PPL Electric believes its proposed distribution of costs to customer sectors as shown in Table 5 of its November 22, 2013 proposed EE&C Plan is reasonable and equitable. As detailed in the Company's Petition, its proposed modifications to its Phase II EE&C Plan will result in residential customers bearing 47% of the total EE&C budget and non-residential (including GNI) will bear 53%. These percentages are equitable and comparable to the proportion of total PPL Electric revenue from those sectors (45% residential and 55% non-residential).

Finally, PPLICA's request to eliminate any GNI program measure with a TRC ratio below 1.0 is unwarranted. The Commission has repeatedly held that individual programs and measures are not required to have a TRC value of 1.0 or higher; only the entire portfolio must be greater than 1.0. *2012 PA Total Resource Cost (TRC) Test*, p. 11, Docket No. M-2012-2300653 (August 30, 2012). Including certain measures that have a TRC below 1.0 ensures that EDCs provide a well-balanced and comprehensive mix of measures, to meet the Commission's requirement to include "comprehensive" measures for customers, as well as to meet the Commission's requirement for low-income savings, which include certain measures and programs with a relatively low TRC in the Phase II EE&C Plan. Moreover, it is important to note that the Commission does not require EDCs to compute TRC benefit-cost ratios for each sector. TRCs are determined only at the program and portfolio levels. The TRC benefit-cost ratio of PPL Electric's proposed EE&C Plan is 1.75 which exceeds the 1.0 requirement. Therefore, PPLICA's request that the Commission direct PPL Electric to eliminate and GNI program measure with a TRC ratio below 1.0 should be rejected.

For all the reasons discussed above, the Commission should reject PPLICA's recommendations to reduce GNI program funding and savings.

## B. COMMENTS ON SPECIFIC PROPOSED MODIFICATIONS

### 1. Proposed Modification No. 7 - Discontinue Incentive for Strip Curtains

In its Petition, PPL Electric proposed to discontinue the incentive for strip curtains due to low customer participation. Petition, p. 15. In its comments, SEF requested that PPL Electric continue the incentive for strip curtains that the Company proposed to eliminate. SEF

Comments, p. 3. Specifically, SEF states that restaurants use more energy per square foot than other commercial buildings and further notes that strip curtains are an easy way to install a measure that can cut outside air infiltration for walk-in refrigerators. *Id.*

Although PPL Electric recognizes that strip curtains may reduce air infiltration and provide savings, this measure has simply not generated customer participation. During PPL Electric's Phase I EE&C Plan, only one customer received a rebate for a strip curtains. Despite the lack of Phase I participation, the Company decided to see if there would be an increase in customer participation for the measure in Phase II. However, while the measure provides benefits, PPL Electric has determined, due to the lack of customer interest, that the funding and resources associated with this measure would be more effectively applied toward more successful programs/measures. Further, it is not required, practical, or possible for an EDC to offer incentives for every measure in the TRM. PPL Electric believes its proposed EE&C Plan includes a mix of measures that better meet customer needs and will ensure savings compliance with Act 129. However, if trade allies or customers provide feedback that incentives for strip curtains are desired and warranted for Phase II, PPL Electric will consider adding strip curtains to its Phase II EE&C Plan at that time.

For these reasons, PPL Electric requests that the Commission reject SEF's recommendation and approve PPL Electric's request to discontinue the incentive for strip curtains.

### 2. Proposed Modification No. 8 – TRM Measures in the Custom Program

The Company, with Proposed Modification No. 8, proposes to discontinue incentives for "standard" measures (*i.e.*, those measures in the TRM) in the Custom Incentive Program. Petition, p. 16. As explained in the Company's Petition, "standard" measures such as new construction lighting, LEDs, motors, and certain variable frequency drives that did not have prescriptive rebates were eligible for custom incentives if the project passed the cost-effectiveness screening and other Custom Program eligibility requirements. In those cases, the savings for the "standard" measure were determined in accordance with the TRM protocol, but the incentive would be based on the Custom Incentive Program. The Company is proposing to remove "standard" measures from its Custom Program and to offer "standard" measures only through prescriptive programs with set rebate amounts. Through this modification, PPL Electric intends to use the Custom Program to fund truly custom measures[15]. In comments, PPLICA states a concern that by discontinuing the incentive for "standard" measures, cost effective projects may be eliminated. PPLICA, pp. 10-11. PPLICA's concern is without merit.

Again, the Company has proposed to discontinue incentives for "standard" measures *(i.e.,* those measures included in the TRM) in the Custom Incentive Program, because it is the Company's position that only measures that are truly "custom" should be covered in the Custom Program. However, this change will not preclude Large C&I customers from being able to receive funding for "standard" measures. Indeed, funding for "standard" measures will be available through PPL Electric's Prescriptive Programs. In addition, PPL Electric will evaluate measure(s) that may be introduced in the TRM in future plan years and, if appropriate, add them to one of its other programs, such as the Prescriptive Equipment Program. Petition, p. 16.

As explained above, it is not required, practical, or possible for an EDC to offer incentives for every measure in the TRM. Therefore, PPL Electric provides a mix of prescriptive measures that are designed to meet the needs of customers while being able to generate required savings, within budget, for the Company. Those measures were carefully chosen from the list of

[15] Custom measures are considered too complex or unique to be included in the list of standard measures provided in the TRM. Also included are measures that may involve metered data, but require additional assumptions to arrive at a 'typical' level of savings as opposed to an exact measurement.

"standard" measures in the TRM that PPL Electric's experience indicates are most likely to meet the needs of customers and to achieve the Company's Phase II compliance requirements within budget.

Standard measures are the basis for the Company's Prescriptive Programs. PPL Electric agrees that the mix of measures selected by the Company should be reviewed periodically to evaluate benefits in light of changes to the TRM, technological improvements, changes to customer/market practices, and changing incremental costs of more energy efficient options. In preparing its Phase II EE&C Plan, PPL Electric chose measures that have the best chance of meeting customer's needs and achieving the compliance requirements. Individual measures that had limited customer participation in Phase I or were specific to a very narrow niche of customers were not included in the Phase II Plan.

In addition, PPL Electric believes it is important for the Custom Incentive Program to focus solely on truly custom measures. During Phase I, PPL Electric targeted 140,459 MWh/yr. of savings from the Custom Incentive Program and achieved 188,924 MWh/yr. from the program (135% of Plan). Some of those savings were for standard measures included in the TRM that were not included in PPL Electric's list of rebated prescriptive programs. Therefore, some of the savings achieved were not from projects truly "custom" in nature. A post-Phase I review of the results of the Custom Incentive Program revealed that had measures been limited to solely to "custom" projects, the Company would have achieved the targeted level of savings for the Custom Incentive Program in Phase I. Focusing the Phase II custom incentive budget solely on custom incentive project will ensure custom projects are not disadvantaged because funds have been diverted for prescriptive (standard) measures. Moreover, using Custom

Incentive Program funds for standard measures would prevent and/or limit cost-effective custom projects.

For these reasons, PPL Electric requests that the Commission reject PPLICA's recommendation and approve PPL Electric's request to discontinue "standard" measures from the Custom Incentive Program.

### 3. Proposed Modification No. 11 - Increase the Direct Discount Incentives for Schools

In its revised plan, PPL Electric proposed to increase the incentive for schools in the Direct Discount Program from $0.17 to $0.33 per kWh/yr. Petition, p. 17. SEF and PPLICA both object to PPL Electric's proposal. SEF objected to the amount of the rebate provided to schools because it is higher than the rebate provided to other customers. SEF Comments, p. 4. PPLICA's concern is that Large C&I customers would bear a large burden for GNI programs.

PPLICA's concern is unwarranted, particularly when approximately 95% of the schools in PPL Electric's territory are in Small C&I rate classes. Moreover, as previously addressed by the Commission in approving the Company's Phase II EE&C Plan, the Company's plan includes an adequate process to address PPLICA's concerns. *Phase II EE&C Plan Order*, p. 76. Specifically, PPL Electric will monitor program costs and savings, make mid-course adjustments to its cost recovery mechanism where necessary, and will be subject to reconciliation at the end of its Phase II EE&C Plan, when total revenues collected from each customer sector will be reconciled against the total actual expenditures in each customer sector. *Phase II EE&C Plan Order*, pp. 75-76. Thus, contrary to PPLICA's arguments, PPL Electric's EE&C Plan costs will be collected from the customer sector that benefited from the offered programs. There is no cost shifting. Therefore, to the extent that Large C&I customers do not participate in the GNI programs, they will not pay for the costs of the GNI programs.

In its Petition, PPL Electric explained that "[b]y increasing the incentive, schools will be encouraged and better positioned to implement energy-efficient measures at a lower out-of-pocket, front-end cost. PPL Electric made a determination that a larger rebate is justified to encourage participation from schools. Many school districts are experiencing growth, have constrained funding, and [have]a long funding cycle." Petition, p. 17. Based upon the operation of this program through the first year of its Phase II EE&C Plan, PPL Electric has learned from its trade allies that working with school districts' funding practices is a deterrent in promoting the best energy-efficiency measures.

In addition, based upon the Company's experience, schools have different obstacles associated with program participation than those of other Small C&I customers. The Direct Install incentive is predicated on the energy savings realized by the measure and the hours that measure is used. By their nature, schools do not have the same high hours of use that perhaps a diner or retail store would have. With lower hours of use in schools, the standard Direct Install rebate would not be sufficient to incent the schools to participate and implement the more energy efficient measures. By increasing the incentive per annual kWh saved, energy efficiency projects in schools become more financially attractive. To address the issues identified by the Company's Trade Allies, PPL Electric determined that offering an increased incentive will help ensure participation.

PPL Electric has proposed an incentive of $0.33 per annual kWh saved to provide an adequate incentive to encourage school participation in the Direct Install component. This incentive of $0.33 was derived from this sector's higher implementation cost for energy efficient lighting projects. As noted above, the Direct Install incentive is predicated on the energy savings realized by the measure and the hours that measure is used. Since schools do not have high hours of use; the standard Direct Install rebate is insufficient to incent the schools to implement the more energy efficient measures. That is why PPL Electric proposed increasing the incentive per annual kWh saved. This proposed change will make energy efficiency projects in schools become more financially attractive by providing a higher direct discount incentive.

PPL Electric requests that the Commission reject SEF and PPLICA's recommendation and approve PPL Electric's request to increase the direct discount incentive for schools.

### 4. Proposed Modification No. 12 - Increase the Incentive and the Incentive Cap for Custom Projects

In its Petition, PPL Electric proposed to increase the custom incentive from $0.08 per annual kWh saved to $0.10. Petition, p. 18. In addition, the Company has proposed to increase the incentive cap for custom projects from $250,000 to $500,000 while maintaining the existing current corporate (parent) cap at $1 million. *Id.* SEF and PPLICA have both indicated support for PPL Electric's proposal to increase the per-kWh incentive for custom projects. However, PPLICA recommends that a fixed savings cap is not equitable and recommended a tiered cap tied to customers' Peak Load Contribution ("PLC"). Specifically, PPLICA asserts that a tiered cap would create "a fair linkage between the amount that a particular customer pays into the EE&C Plan funding, and the amount of funding that the customer can obtain from the Plan." PPLICA Comments, p. 11.

PPL Electric proposed this change based on input from customers and trade allies that the current incentive is too low to encourage custom projects. The proposed change would match the $0.10 incentive offered by the Company in its Phase I EE&C Plan. In addition, the proposed increased incentive will provide a total incentive that is more in line with the total project cost (customer's cost) for larger energy efficiency projects.

While the PLC is the basis for the amount paid by the customer into the ACR, it is not an appropriate basis for determining the incentive amount. Incentives for efficient measures (projects) should be based on the energy savings and the incremental cost of the efficient measure. A Large C&I customer with a relatively lower PLC could have a project such as a Combined Heat and Power ("CHP") that would have significant savings and a high incremental cost. Constraining the level of rebate or incentive available based on PLC contribution could create a situation where the maximum incentive available would not be sufficient to "make the difference" in the customer deciding to move forward with an otherwise energy efficient project.

For these reasons, PPL Electric requests that the Commission approve PPL Electric's request to increase the incentive and incentive cap for custom projects, and reject PPLICA's request for a tiered cap based on PLC.

### 5. Proposed Modification No. 13 – Increase the Incentives for Heating and Cooling Measures for Rate RTS Residential Service – Thermal Storage ("RTS") Customers

PPL Electric has proposed to increase the incentives for RTS customers who install eligible air source heat pumps and/or ductless heat pumps. Petition, p. 18.

Although SEF supports the increased incentive for RTS customers, SEF asserts that the incentives should not be limited to efficient electric measures, and that PPL Electric should modify its Phase II EE&C Plan to include natural gas, biomass and solar resources. SEF states that these additional options can cost-effectively displace the same or greater electric load. SEF Comments, p. 3. SEF's proposed revision is unnecessary and has been previously rejected by the Commission.

As set forth in PPL Electric's Petition, the Company has requested an increase in the incentive for heating and cooling measures for RTS customers. Through an increased incentive, PPL Electric seeks to encourage its RTS customers to replace antiquated thermal storage systems with more-efficient electric measures. Consistent with the Company's Commission-approved Phase II EE&C Plan, RTS customers that choose to replace their dated storage systems with efficient non-electric systems already have the option of selecting efficient fossil fuel heating systems. Indeed, in approving the Company's Phase II EE&C Plan, the Commission approved a fuel switching pilot program that provides for up to 100 rebates for customers electing to switch from electric to another fossil fuel pilot program. *Phase II EE&C Plan Order*, p. 66. Fuel switching and its potential benefits were litigated issues during the proceeding to develop PPL Electric's Phase II EE&C Plan, and the result of that litigation was PPL Electric's existing fuel switching pilot program. After the first year of operation, PPL Electric has received two rebate requests under its fuel switching pilot program. It is premature and inappropriate for the SEF to seek to expand fuel switching options at this time. Moreover, the Commission has consistently stated that it will not require fuel switching as a component of EE&C Plans. *Phase II EE&C Plan Order*, pp. 61-63.

In addition, PPL Electric offered RTS customers an incentive to convert to photovoltaic systems in its Phase I EE&C Plan. However, these incentives were unsuccessful and resulted in only one photovoltaic system being installed to replace RTS systems.

PPL Electric requests that the Commission approve the increase to the incentive for heating and cooling measures for RTS customers choosing to replace their antiquated systems with efficient electric systems, as proposed in the November 22, 2013 petition. In regard to SEF's request to provide incentives for customers that choose other fuel sources, PPL Electric requests that the Commission again reject SEF's request. RTS customers that choose to replace their dated storage systems with efficient non-electric systems already have the option of selecting qualifying fossil fuel heating systems, the first 100 of which are eligible for rebates as part of the fossil fuel pilot program. Based on experience in Phase I with both passive solar and photovoltaic systems, the rebate being offered as the RTS incentive would be insufficient to offset those costs and make the system cost beneficial for customers. Likewise, the installation costs for a biomass project would not benefit meaningfully from the RTS premium rebates.

For all these reasons, PPL Electric requests that the Commission approve the proposed incentive for RTS customers and reject SEF's recommendation to include alternate fuel sources in the program component.

### 6. Proposed Modification No. 15 – Add Free LED Exit Signs to School Benchmarking Program

In its Petition, the Company proposed to offer free LED exit signs to schools participating in the School Benchmarking Program. Petition, p. 19. As explained in the Petition, this offer is being made to encourage schools to participate in the program by bringing the benefits of the program to their attention, and providing the schools with additional energy savings. *Id.*

For differing reasons, SEF and PPLICA both object to this modification. SEF objects to limiting the program to schools that participate in the School Benchmarking Program and requests that the offer be extended to all commercial ratepayers who may be participating in any kind of benchmarking program. SEF Comments, p. 4. PPLICA opposes adding free exit sign lighting in schools because, in PPLICA's view, increasing GNI program savings and costs, would in turn increase the cost to Large C&I customers who participate in GNI programs. PPLICA, p. 4. For the reasons discussed below and those previously addressed above in Section II.2, relative to PPLICA's requests, the Commission should reject the SEF and PPLICA requests.

The School Benchmarking Program provides schools with a report on how much energy they are using and ways that they can reduce energy consumption. While there are no specific savings inherent in the program, participants use the Energy Star benchmarking tool to identify energy savings opportunities in the school building. If schools implement those opportunities, the savings will accrue to other PPL Electric programs that offered the measures. By providing concrete energy saving steps, the program can serve as a strong motivation for the school to take further action. The proposed change to offer a free LED exit sign to participating schools will provide an additional incentive for schools to participate in what can potentially yield significant energy savings in the school building. SEF's proposal to expand this incentive to any commercial customer that participates in benchmarking misses the point of the proposed change; that is, to increase participation by schools in the School Benchmarking Program. PPL Electric opposes SEF's proposal to expand this offer to all commercial customers.

#### 7. Proposed Modification No. 20 – Add Compressed Air Training for Trade Allies and C&I Customers

Through its Petition, PPL Electric proposes to add Department of Energy ("DOE") compressed air systems training for maintenance personnel (trade allies and customers) as part of the Prescriptive Equipment Program. Petition, pp. 20-21. Although this training will not yield direct savings, it will help trade allies and customers improve their operation and maintenance practices resulting in greater energy efficiency of their compressed air systems. In its comments, PPLICA contends that compressed air training would raise an issue of free ridership and cross subsidization. PPLICA Comments, pp. 8-9. As explained below, PPLICA's concern is unwarranted and its request should be rejected.

Air compressor systems are pervasive in industrial, manufacturing and commercial operations, and, unfortunately, are rarely identified as opportunities to save energy. Leak detection and correction, higher efficiency air compressors, and improved management and utilization of the air compressor systems all have potential for considerable energy savings, but the first step is to gain recognition of the savings that are possible. The DOE training proposed by PPL Electric is intended to raise the awareness of the potential for energy savings that exist with air compressor systems. The training provides trade allies and customers with ways to improve their air compression maintenance practices which will in turn directly lead to savings.

PPL Electric's experience is that initiatives like the proposed air compressor training produce savings that are ultimately claimed through the prescriptive or custom programs and are a direct result of the training that was provided. This type of training is analogous to the marketing and education for other programs/measures. In October 2013, PPL Electric offered a pilot air compressor training program with KEMA (one of PPL Electric's CSPs). Thirty-two companies and trade allies attended the training. Forty percent of the participating companies were large C&I customers, thereby demonstrating the interest in this type of training as well as recognition of its value to their business.

To address PPLICA's concern about cross-subsidization, PPL Electric will allocate the costs of the air compressor training to the Small or Large C&I Sector based on the makeup of training attendees. In instances where a trade ally is in attendance, and the trade ally "works" with both Large and Small C&I customers, PPL Electric will prorate those costs. Specifically, registrants for training will be asked, when registering, to identify the company they represent. If a registrant is a trade ally, it too will be asked to identify the company it represents. Based on these responses, PPL Electric will determine the customer class and pro-rate training expenses accordingly and trade allies working with both small and large C&I customers will pro-rated to both sectors. Further, PPL Electric disagrees with PPLICA's concern regarding free ridership.

The cost to the training being provided through the program is intended to eliminate a barrier to customer participation in the programs.

PPL Electric requests that the Commission reject PPLICA's objection and approve PPL Electric's proposal to offer DOE compressed air systems training as part of its Prescriptive Equipment Program Air Compressor training.

### 8. Proposed Modification No. 21 – Add Building Operator Certification ("BOC") Training for Trade Allies and C&I Customers

The Company proposed to offer Building Operator Certification Training for Trade Allies and C&I customers and acknowledges that, as with Air Compressor training (modification #20), there are no direct, immediate savings from this training. Petition, p. 21. In its comments, PPLICA states a concern that building operator certification training would raise issues of free ridership and cross subsidization concerns, and, therefore, the Company should invest only in measures that provide direct savings. PPLICA Comments, pp. 8-9. As explained below, PPLICA's concern is unwarranted and its request should be rejected.

As addressed above relative to the DOE compressed air systems training, the Company believes this type of training is important and will produce savings that will show up in other programs and other measures, particularly over time. PPL Electric believes the training will increase awareness of how buildings can save energy and will help trade allies and customers to identify and implement measures that produce long-lasting savings in buildings. This type of training is analogous to the marketing and education for other programs/measures. PPL Electric is taking the next needed steps in building an energy-efficient infrastructure by offering this training. BOC training is an important way to educated customers in learning about building energy efficiency and help them become more energy efficient.

To address PPLICA's concern about cross-subsidization of costs, again, as with Air Compressor training, PPL Electric will allocate the costs of the training to the Small or Large C&I Sector based on the makeup of training attendees. In instances where a trade ally is in attendance, and the trade ally "works" with both Large and Small C&I customers, PPL Electric will prorate those costs. Specifically, registrants for training will be asked, when registering, to identify the company they represent. If a registrant is a trade ally, it too, will be asked to identify the company it represents. Based on these responses, PPL Electric will determine the customer class and pro-rate training expenses accordingly and trade allies working with both small and large C&I customers will pro-rated to both sectors. Further, PPL Electric disagrees with PPLICA's concern regarding free ridership. The cost to the training being provided through the program is intended to eliminate a barrier to customer participation in the programs.

PPL Electric requests that the Commission reject PPLICA's objection and approve PPL Electric's request to add BOC training.

### 9. Proposed Modification No. 24 – Add Funding for a School Energy Champion in the Continuous Energy Improvement Program

As noted above in Section II.2., PPLICA has raised concerns relative to the proposed increases for the GNI sector and the potential these increases may have on Large C&I customers. PPL Electric has addressed PPLICA's concerns above and incorporates those comments here by reference. However, it is necessary to directly respond to the issues raised by PPLICA relative to the PPL Electric's proposal to fund the School Energy Champion in the Continuous Energy Improvement ("CEI") Program. Petition, p. 22.

At the outset, the Company notes that the School Energy Champions program is an existing program of the Company's Phase II EE&C Plan. The Commission has specifically approved the inclusion of this program in PPL Electric's Phase II EE&C Plan. *PPL Electric*

*Phase II Order*, p. 19. In its Petition, the Company proposed to partially offset the salary of the School Energy Champions in the CEI Program by removing the funding barrier that may discourage most school districts to participate in a new program like CEI. As explained in the Petition, PPL Electric estimates 300 person hours of work per school year by each Energy Champion will be required in order to drive results. This is a large time commitment from schools to participate in this program, and the partial funding is meant to defray part of the expense for the schools and eliminate a barrier to their participation. The Company proposed to set up funding for the Energy Champions as a pilot, and the Company does not expect to offset the school district Energy Champion salary costs further beyond the pilot incentive. The "proof of concept" from the pilot incentive should confirm the savings and financial benefits school districts will realize by participating in future CEI Program offerings and will justify, from a financial perspective, their participation in the program. The Phase II CEI pilot program will only include a maximum of 10 out of the 175 public school districts in the Company's service territory. SEF supported this modification.

To address PPLICA's concern about cross-subsidization of costs, PPL Electric will allocate dollars to the Small or Large C&I sector based on the rate class of the schools participating in the CEI program. As previously noted, 95% of the schools in PPL Electric's service territory are Small C&I customers, thus ameliorating the concerns raised by PPLICA. This proposed change would include the cost of funding for the School Energy Champions. PPL Electric requests the Commission to reject PPLICA's objection and approve PPL Electric's request to add funding for School Energy Champions to the CEI Program.

### 10. Proposed Modification No. 28 – Change Pre-Approval Requirements for C&I Measures in the Prescriptive Equipment Program and the Customer Program

In its Petition, PPL Electric proposed to change the pre-approval requirements for C&I measures in the Prescriptive Equipment and Custom Programs. Petition, p. 24. Currently, the Company's Phase II EE&C Plan requires customers to obtain pre-approval of custom projects before their project goes in-service. PPL Electric's proposed revision would require pre-approval of custom projects before the customer orders its efficient equipment. In addition, PPL Electric proposed to require pre-approval of C&I prescriptive measures before the customer orders their efficient equipment.

In its comments, SEF suggests that significant concerns were raised by contractors at PPL Electric's stakeholder regarding the potential impact of this proposal. SEF Comments, p. 5. In its comments, PPLICA states that changing the pre-approval requirement for C&I causes unintended consequences. PPLICA Comments, pp. 12-13. In addition, PPLICA notes that there may be a lengthy process in project development, equipment may be purchased for one project and then used by the same company, for business reasons, at another location, and in other instances, projects may be done on an expedited process due to funds becoming available (and need to be used) in a particular budget year. For the reasons detailed below, the arguments raised by SEF and PPLICA are without merit and should be rejected.

<u>SEF Comments</u>

As to the SEF's concerns, the Company first would like to respond to SEF's characterization of the discussion at the Company's October 16, 2013 stakeholder meeting. Contrary to SEF's characterization, the Company found the discussion relative to this proposal to be balanced among stakeholders. Stakeholders asked if the pre-approval process had been fully designed, and the Company explained that it was not complete and encouraged stakeholder input. Further, at the stakeholder meeting, an attendee that supported the proposal noted that pre-approval of projects is required in New Jersey and that the reaction from trade allies there has been favorable. In addition, the stakeholder noted that when a trade ally brings a project to a customer, being able to say that they would be able to get pre-approval for a project helps the customer to obtain the necessary internal funding approvals for the project, and for the trade ally to "close the deal."

As noted by the SEF, some stakeholders, like PPLICA, raised concerns that the pre-approval process would be overly burdensome for customers, that customers may have already purchased equipment that they wish to repurpose for a new project, about the documentation that would be required to confirm the equipment was purchased after pre-approval, and about the documentation and calculations required to be submitted with the pre-approval application.

PPL Electric took all of the stakeholder input into consideration and is using that input to build a pre-approval process that meets both the needs of customers and PPL Electric. In general, the new pre-approval process requires the same information as the previous pre-approval process, but requires that information earlier. The pre-approval step will require the customer to attest that the equipment has not yet been purchased. Then, when the customer submits their final paperwork for the rebate, they must provide documentation showing the equipment was purchased after the pre-approval. In addition, with supporting documentation from the customer, previously purchased equipment may be repurposed. Documentation required for pre-approval prior to equipment being ordered will be similar to what is currently requested and consistent with normal practice for a project proposal and/or to secure internal approvals for a project.

PPLICA Comments

As set forth in the Petition, PPL Electric made this proposal in order to provide the Company with more advanced notice of possible projects and to assist it to manage the programs. Specifically, PPL Electric's current approval process does not allow PPL Electric to determine whether the Company's EE&C Plan incentive was integral to the customer's decision to move forward with the project or if the customer had already agreed to move forward with the project without any commitment from PPL Electric. Therefore, this change should also reduce free-ridership which was fairly high for the Custom Program and for the non-lighting measures in the C&I portion of the Efficient Equipment Program in Phase I.[16] Although PPL Electric has requested Commission approval to require customers to obtain pre-approval of its Custom Incentive project prior to ordering the equipment required to implement the project, as discussed below, PPL Electric neither intends nor expects that this requirement will result in unnecessary delay or expense associated with Custom Incentive projects.

Custom Incentive projects are the most complex energy efficiency measures offered in PPL Electric's Phase II EE&C Plan, are much more capital intensive (incentives can be up to $500,000), and have the longest lead time. Indeed, Custom Incentive projects involve detailed project plans and proposals from consultants and/or vendors, and need the customer's internal approval for the capital investment. PPL Electric's Custom Incentive Program currently requires that the customer request and receive PPL Electric approval of a proposed Custom Incentive project before the equipment is installed. This current approval process does not allow PPL Electric to determine whether the Company's EE&C Plan incentive was integral to the

[16] Free-ridership was 48% for the Custom Program and 77% for the non-lighting measures in the C&I Efficient Equipment Program. PPL EU's PY4 Final Annual Report, November 15, 2013, Table 1-10.

customer's decision to move forward with the project or if the customer had already agreed to move forward with the project without any commitment from PPL Electric.

By requiring customers to obtain pre-approval before the equipment for the Custom Incentive project is ordered, PPL Electric will be able to ensure that the EE&C Plan incentive influenced the customer's decision to select the more energy efficient equipment for the project. In addition, PPL Electric's proposed pre-approval process will result in the following benefits:

- Providing an upfront commitment from PPL Electric for a specified Custom Incentive project for use by the customer to offset some of the projected capital costs of the project will provide a customer with an early indicator of the financial viability of the customer's proposed project;

- Supporting the customer's analysis that the proposed Custom Incentive project will yield energy efficiencies for the customer, as PPL Electric requires Custom Incentive projects to have a TRC of 1.1 to qualify for an incentive;

- Reducing out-of-pocket costs by assigning the incentive amount to be paid directly to the contractor; and

- Providing clearer communication and process flow of how the program works and ensuring that the customer and PPL Electric are on the same page regarding the requirements for verification.

If approved, PPL Electric proposes to implement the pre-approval requirement for Custom Incentives on June 1, 2014, the beginning of Phase II-Plan Year 6. Based upon prior EE&C Plan modification proceedings, it is reasonable to expect that the Company's Petition to Modify its Phase II EE&C Plan will be resolved during the first quarter of 2014. If the pre-approval process for Custom Incentives is approved, PPL Electric will engage in an outreach effort to inform its customers of the process change to begin in June 2014. Specifically, PPL Electric intends to communicate with customers through:

- A letter from Key Account Managers to the Large C&I customer contacts;

- Questline (a periodical sent to all Large Power customers);

- Trade allies and vendors;

- News releases about plan changes; and
- Seminars, conferences, and trade shows.

Again, if the pre-approval process for Custom Incentive projects is approved by the Commission in early 2014, the existing process of receiving approval prior to installing the equipment will remain in effect up to and including May 31, 2014. This will ensure that those customers that have already initiated an internal process to install a custom program will not be disadvantaged by the change that will take place on June 1, 2014.

If a customer notifies PPL Electric of a potential custom project before ordering the equipment and before June 1, 2014, the customer's project will be reviewed and the customer will be in compliance with the new requirements.

After May 31, 2014, the pre-approval application for a Custom Incentive project will require customers to attest that the equipment required for the proposed project has not yet been ordered. However, as discussed below, exceptions may be granted for equipment that is being repurposed. Confirmation of when the equipment was ordered can be a purchase order, a signed contract that includes purchase of the equipment, or internal budget approvals to order the equipment, all of which must be submitted post-project and must be dated after the pre-approval application. Failure to provide the required documentation, or providing documentation that does not support the pre-approval application, will result in the Custom Incentive being forfeited.

As noted earlier, custom projects are the most complex, and some situations will require a case-by-case analysis. However, in all cases, it will be the responsibility of the customer to provide written justification and documentation.

PPL Electric neither intends nor expects that this requirement will result in unnecessary delay or expense associated with Custom Incentive projects. PPL Electric requests the Commission to reject SEF's and PPLICA's recommendations regarding PPL Electric's pre-approval modification, and approve the Company's proposal to require customers to obtain pre-approval for Custom Incentive Projects prior to ordering equipment required to implement the project.

### 11. Proposed Modification No. 30 – Decrease the Estimated Number of Participants in the Student and Parent Energy Efficiency Program

In its Petition, the Company proposed to replace CFLs with LEDs in each of the student and parent energy-efficiency kits. Petition, p. 25. Since LEDs are more costly than CFLs while producing roughly the same annual savings as CFLs, PPL Electric proposed to decrease participation in this program from 79,000 to 65,000 participants to stay close to the program's original budget. SEF opposes the Company's proposal to reduce the number of participants in the Student and Parent Energy Efficiency Program and requests that the program be expanded in scope not reduced. SEF Comments, p. 6.

PPL Electric proposed this program in recognition of the importance of educating the next generation about energy efficiency. The proposed revision reasonably balances the introduction of the highly efficient LEDs in the student kits within budget constraints. PPL Electric would have to increase the budget from $6 million to $7.18 million to offer this program to 79,000 participants as proposed by SEF. However, if the actual program costs are less than estimated in the EE&C Plan, PPL Electric will increase participation in this program up to the currently proposed program funding budget.

At this time, PPL Electric opposes SEF's proposal to expand this program. Through its Petition, PPL Electric has proposed to phase out CFLs to significantly promote the use of LEDs in its service territory. The Company's proposal to expand the promotion of LEDs, which has not been opposed by any party, will put PPL Electric and Pennsylvania on the leading edge nationally with consumer education and discounts for LEDs. By this proposal, it is clear that

PPL Electric is committed to the success of LEDs. However, the SEF's request to expand the Student and Parent Energy Efficiency Program is not appropriate at this time. PPL Electric's Phase II EE&C Plan represents a portfolio of programs and measures, which are designed to achieve the Company's Act 129 compliance targets and to achieve these targets subject to a statutorily set budget. In requesting that the Company expand this program, the SEF has failed to offer any recommendations or alternatives for the source of this additional funding, such as which other program(s) should have their funding and savings reduced to accommodate the additional cost of the Student-Parent Program.

PPL Electric requests that the Commission reject the SEF's proposal to expand participation in the Student and Parent Energy Efficiency Program. This will permit PPL Electric to implement its current proposals relative to LEDs and to assess the success of these programs. If the actual program costs of the Student and Parent Energy Efficiency Program are less than estimated in the EE&C Plan, PPL Electric will increase participation in this program up to the currently proposed program funding budget.

## III. CONCLUSION

As fully discussed above, PPL Electric Utilities Corporation requests that the Commission reject the comments filed by SEF and PPLICA. Furthermore, PPL Electric requests that the Pennsylvania Public Utility Commission approve the proposed modifications to the EE&C Plan, as set forth in the Company's Petition.

Respectfully submitted,


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