



COMMONWEALTH OF PENNSYLVANIA

April 27, 2015

E-FILED

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

**Re: Petition of PPL Electric Utilities Corporation for a Waiver of the Distribution System Improvement Charge Cap of 5% of Billed Revenues
Docket No. P-2015-2474714**

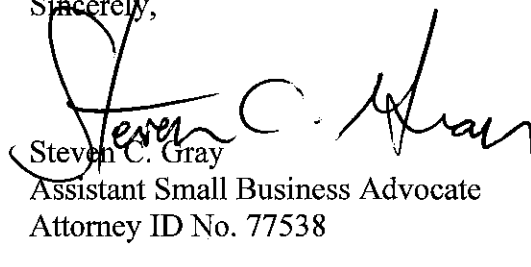
Dear Secretary Chiavetta:

I am delivering for filing today the Notice of Appearance, Notice of Intervention, Public Statement, Answer, and Verification, on behalf of the Office of Small Business Advocate, in the above-captioned proceeding.

Two copies have been served today on all known parties in this proceeding. A Certificate of Service to that effect is enclosed.

If you have any questions, please do not hesitate to contact me.

Sincerely,


Steven C. Gray
Assistant Small Business Advocate
Attorney ID No. 77538

Enclosures

cc: Hon. Charles E. Rainey, Jr.
Parties of Record
Robert D. Knecht

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

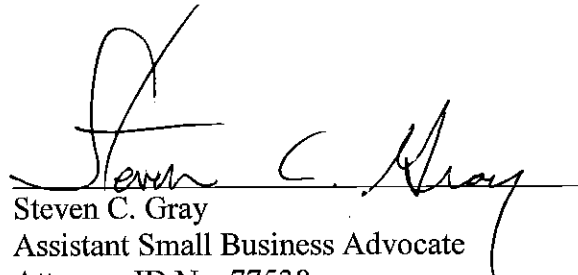
PENNSYLVANIA PUBLIC UTILITY COMMISSION	:	
	:	
	:	
v.	:	DOCKET NO. P-2015-2474714
	:	
PPL Electric Utilities Corporation for a Waiver Of the Distribution System Improvement Charge Cap of 5% of Billed Revenues	:	

NOTICE OF APPEARANCE

The Office of Small Business Advocate, pursuant to 52 Pa. Code § 1.24, hereby enters the appearance of Steven C. Gray, Esquire, in the above-captioned proceeding.

Documents in this proceeding should now be served on the following:

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(717) 783-2831 (fax)
sgray@pa.gov


Steven C. Gray
Assistant Small Business Advocate
Attorney ID No. 77538

Office of Small Business Advocate
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(717) 783-2525
(717) 783-2831 (fax)

Dated: April 27, 2015

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

PENNSYLVANIA PUBLIC UTILITY COMMISSION	:
	:
	:
v.	: DOCKET NO. P-2015-2474714
	:
PPL Electric Utilities Corporation for a Waiver Of the Distribution System Improvement Charge Cap of 5% of Billed Revenues	:

**NOTICE OF INTERVENTION
OF THE OFFICE OF SMALL BUSINESS ADVOCATE**

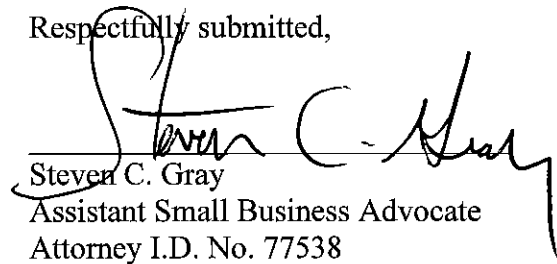
The Office of Small Business Advocate (“OSBA”) files this Notice of Intervention with respect to the Petition of PPL Electric Utilities Corporation (“PPL” or the “Company”) for a Waiver of the Distribution System Improvement Charge Cap of 5% of Billed Revenues that was filed with the Pennsylvania Public Utility Commission (“Commission”) on March 31, 2015. In support of this Notice of Intervention, the OSBA avers as follows:

1. The OSBA is an agency of the Commonwealth of Pennsylvania authorized by the Small Business Advocate Act (Act 181 of 1988, 73 P.S. §§ 399.41 - 399.50) to represent the interest of small business consumers as a party in proceedings before the Commission.

2. Representing the OSBA in this proceeding is:

Steven C. Gray, Esquire
Office of Small Business Advocate
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(717) 783-2525
(717) 783-2831 (fax)
sgray@pa.gov

Respectfully submitted,



Steven C. Gray
Assistant Small Business Advocate
Attorney I.D. No. 77538

For:
John R. Evans
Small Business Advocate

Office of Small Business Advocate
300 North Second Street, Suite 202
Harrisburg, PA 17101
(717) 783-2525

Date: April 27, 2015

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

PENNSYLVANIA PUBLIC UTILITY COMMISSION	:	
	:	
	:	
v.	:	DOCKET NO. P-2015-2474714
	:	
PPL Electric Utilities Corporation for a Waiver Of the Distribution System Improvement Charge Cap of 5% of Billed Revenues	:	

**PUBLIC STATEMENT OF
THE OFFICE OF SMALL BUSINESS ADVOCATE**

The Small Business Advocate is authorized and directed to represent the interest of small business consumers of utility services in Pennsylvania under the provisions of the Small Business Advocate Act, Act 181 of 1988, 73 P.S. §§ 399.41 - 399.50 (the "Act"). The Act further provides that the Small Business Advocate is to issue publicly a written statement stating concisely the specific interest of small business consumers to be protected by his initiation of or intervention in any proceeding involving those interests before the Public Utility Commission ("Commission"), or any other agency or court. This public statement relates to the filing today by the Small Business Advocate of an Answer and Notice of Intervention in the above-captioned Commission proceeding.

On March 31, 2015, PPL Electric Utilities Corporation ("PPL" or the "Company") filed with the Commission a petition for a waiver of the Distribution System Improvement Charge ("DSIC") cap of 5% of billed distribution revenues.

The Small Business Advocate is intervening in this proceeding in order to protect the interests of the Company's small business customers. A thorough inquiry by the Commission into all of the elements of the Petition is necessary to ascertain whether PPL's proposal to increase the Company's DSIC cap from 5.0% to 7.5% is just and reasonable.

In view of the foregoing, the Small Business Advocate is requesting that the Petition either be denied in its entirety, or be subject to investigation and evidentiary hearings before the Commission. If the Petition goes to hearings, the Small Business Advocate will ask the Commission to deny or modify the Company's proposal if it is not proven by PPL to be in accordance with the Public Utility Code and with the Commission's regulations.

Dated: April 27, 2015

**ANSWER OF THE
OFFICE OF SMALL BUSINESS ADVOCATE**

Pursuant to the notice published in the *Pennsylvania Bulletin* on April 11, 2015, and 52 Pa. Code § 5.61 (relating to answers to petitions), the Office of Small Business Advocate (“OSBA”) submits this Answer to the Petition of PPL Electric Utilities Corporation (“PPL” or the “Company”) for a Waiver of the Distribution System Improvement Charge (“DSIC”) Cap of 5% of Billed Revenues (“*Petition*”) that was filed with the Pennsylvania Public Utility Commission (“Commission”) on March 31, 2015.

Responses to the *Petition*’s Numbered Paragraphs

Introduction

1. Admitted.
2. Admitted.
3. Admitted.
4. The averments of Paragraph 4 contain conclusions of law to which no response is required. By way of further response, 66 Pa. C.S. §§ 102 and 2803 speak for themselves. The remaining averments of Paragraph 4 are denied, and strict proof thereof is demanded.
5. The averments of Paragraph 5 are denied, and strict proof thereof is demanded.
6. The averments of Paragraph 6 contain conclusions of law to which no response is required. By way of further response, Act 11 of 2012 (“Act 11”) and 66 Pa. C.S. § 1351 speak for themselves.
7. The averments of Paragraph 7 contain conclusions of law to which no response is required. By way of further response, Act 11 and 66 Pa. C.S. § 1358 speak for themselves.

8. The averments of Paragraph 8 contain conclusions of law to which no response is required. By way of further response, the January 10, 2013, Commission Order cited by the Company in Paragraph 8 speaks for itself. The remaining averments of Paragraph 8 are denied, and strict proof thereof is demanded.

9. The averments of Paragraph 9 contain conclusions of law to which no response is required. By way of further response, 66 Pa. C.S. § 1353 and the Commission Order cited by the Company in Paragraph 9 speak for themselves. The remaining averments of Paragraph 9 are denied, and strict proof thereof is demanded.

10. The averments of Paragraph 10 contain conclusions of law to which no response is required. By way of further response, the Commission Order cited by the Company in Paragraph 10 speaks for itself. The OSBA admits that the Company included a multipage document titled "Appendix A" with its *Petition*. To the extent a response is required, the averments regarding "Appendix A" are denied, and strict proof thereof is demanded.

11. The averments of Paragraph 11 are denied, and strict proof thereof is demanded. By way of further response, 66 Pa. C.S. § 1358 speaks for itself.

12. The averments of Paragraph 12 contain conclusions of law to which no response is required. The remaining averments of Paragraph 12 are denied, and strict proof thereof is demanded.

13. The averments of Paragraph 13 contain conclusions of law to which no response is required. By way of further response, 66 Pa. C.S. § 1358 speaks for itself.

14. The averments of Paragraph 14 contain requests for relief to which no response is required. The OSBA admits that the Company included a single page document titled

“Appendix B” with the *Petition*. To the extent a response is required, the averments regarding “Appendix B” are denied and strict proof thereof is demanded.

15. The averments of Paragraph 15 are requests for relief to which no response is required. By way of further response, 66 Pa. C.S. § 1501 speaks for itself. By way of additional response, PPL has submitted base rate filings in 2004, 2007, 2010, 2012, and 2015. With the exception of the most recent case, these filings were submitted in a period in which no DSIC was in effect. Since a DSIC should generally serve to reduce the frequency of base rates proceedings, it is disingenuous at best for PPL to suggest that the Company would need to make base rate filings on an even more frequent basis without an increase in the maximum DSIC percentage.

An Increase in the DSIC is Proper and in the Public Interest

16. The averments of Paragraph 16 are denied, and strict proof thereof is demanded.

17. The averments of Paragraph 17 are denied, and strict proof thereof is demanded.

18. The averments of Paragraph 18 are denied, and strict proof thereof is demanded.

By way of further response, 66 Pa. C.S. § 1356 speaks for itself.

19. The averments of Paragraph 19 are denied, and strict proof thereof is demanded.

20. The averments of Paragraph 20 are denied, and strict proof thereof is demanded.

21. The averments of Paragraph 21 are requests for relief or conclusions of law to which no response is required. By way of further response, 66 Pa. C.S. § 1501 speaks for itself.

22. The averments of Paragraph 22 are denied, and strict proof thereof is demanded.

23. The averments of Paragraph 23 contain conclusions of law to which no response is required. The remaining averments of Paragraph 23 are denied, and strict proof thereof is demanded.

24. The averments of Paragraph 24 contain conclusions of law to which no response is required. The remaining averments of Paragraph 24 are denied, and strict proof thereof is demanded.

25. The averments of Paragraph 25 are requests for relief or conclusions of law to which no response is required. By way of further response, OSBA notes that PPL's suggestion appears to conflict with its obligation as a certificated electric distribution utility. PPL suggests that it will not make some \$280 million in capital investments if its petition is not approved. The OSBA submits that PPL has an obligation to make the investments necessary to provide safe and reliable electric distribution service, consistent with plans approved by the Commission. Whether the cost of such investments is recovered through a DSIC mechanism or through base rates should have no bearing on whether such investments are or should be made.

26. The averments of Paragraph 26 are requests for relief to which no response is required. By way of further response, the OSBA reiterates its position that a prudent electric distribution company investment plan should not be dependent on the cost recovery mechanism approved by the Commission, but should in fact be dependent on optimally meeting the Company's obligations. PPL's threat to file a modified investment plan if its petition is not approved implies that its existing plan is imprudent or, at least, sub-optimal. The Commission should take note of this admission in evaluating the Company's rate base claim in its current base rates proceeding.

27. The averments of Paragraph 27 are requests for relief to which no response is required. To the extent a response is required, the averments are denied and strict proof thereof is demanded. By way of further response, the OSBA notes that PPL has submitted base rate filings in 2004, 2007, 2010, 2012, and 2015. In the 2015 filing, the Company is requesting a

\$167.5 million annual rate increase. In addition, the Company has recently submitted a Smart Meter Technology Procurement and Implementation Plan at Docket No. M-2014-2430781, which involves \$427 million in capital spending and a total revenue requirement of \$810 million, all of which the Company proposes to recover outside of base rates in the Company's Smart Meter Rider.¹ Moreover, beyond the DSIC and the Smart Meter Rider, the Company tariff contains a plethora of reconcilable charges, through which the Company can pass cost increases outside of base rates at no risk to itself, including, but not necessarily limited to, the GSC-1 and GSC-2 (default service), the TSC (default service), the Act 129 Compliance Rider Phases 1 and 2, the Storm Damage Expense Rider, the Universal Service Rider (residential only), and the Competitive Enhancement Rider. The OSBA respectfully submits that Company assertions regarding the purported minimal impact of the proposed DSIC modification must be evaluated in the context of the Company's demonstrated ability to increase rates in a myriad of different ways.

28. The averments of Paragraph 28 are requests for relief or conclusions of law to which no response is required. To the extent a response is required, the averments regarding "Appendix A and "Appendix B" are denied, and strict proof thereof is demanded.

29. The averments of Paragraph 29 are requests for relief to which no response is required. To the extent a response is required, the averments are denied and strict proof thereof is demanded.

Customer Notice

30. PPL served a copy of the *Petition* on the OSBA. The OSBA lacks sufficient first-hand knowledge upon which to determine the truth of the Company's assertion that other parties

¹ See Docket No. M-2014-2430781, OSBA Statement No. 1, at 4.

were served with a copy of “the filing.” Therefore, that averment is denied, and strict proof thereof is demanded.

31. The averments of Paragraph 31 are denied, and strict proof thereof is demanded.

32. The averments of Paragraph 32 are requests for relief to which no response is required.

33. The averments of Paragraph 33 are requests for relief to which no response is required.

Consolidation of Related Proceedings

34. The averments of Paragraph 34 are conclusions of law, to which no response is required.

35. The OSBA admits that PPL has filed for a distribution rate increase in 2015.

36. The averments of Paragraph 36 are requests for relief or conclusions of law to which no response is required.

37. The averments of Paragraph 37 are requests for relief to which no response is required. By way of further response, the OSBA does not oppose the consolidation as proposed by PPL in Paragraph 37.

Conclusion

38. The averments of Paragraph 38 are requests for relief to which no response is required.

39. The averments of Paragraph 39 are denied, except for those averments that are requests for relief to which no response is required.

40. The averments of Paragraph 40 are denied, except for those averments that are requests for relief to which no response is required.

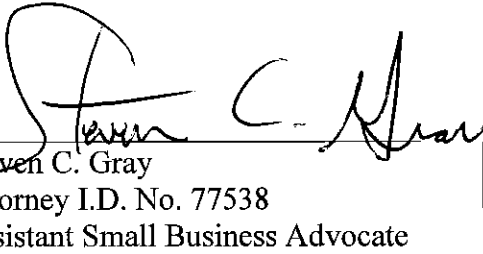
41. The averments of Paragraph 41 are denied, except for those averments that are requests for relief to which no response is required.

Conclusion

In view of the foregoing, the Office of Small Business Advocate respectfully requests that the Pennsylvania Public Utility Commission:

- A. Deny the *Petition* in its entirety. In the alternative,
- B. Direct the Office of Administrative Law Judge to hold hearings on the *Petition* and prepare an initial decision; and
- C. Grant such other relief as may be necessary or appropriate.

Respectfully submitted,



Steven C. Gray
Attorney I.D. No. 77538
Assistant Small Business Advocate

For:
John R. Evans
Small Business Advocate

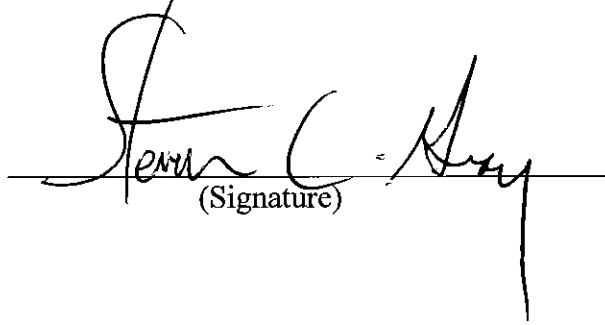
Office of Small Business Advocate
300 North Second Street, Suite 202
Harrisburg, PA 17101
(717) 783-2525
(717) 783-2831

Dated: April 27, 2015

VERIFICATION

I, Steven C. Gray, Esquire, hereby state that the facts set forth herein above are true and correct to the best of my knowledge, information and belief and that I expect to be able to prove the same at a hearing held in this matter. I understand that the statements herein are made subject to the penalties of 18 Pa. C.S. §4904 (relating to unsworn falsification to authorities).

Date: April 27, 2015


(Signature)

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

PENNSYLVANIA PUBLIC UTILITY COMMISSION :
: **DOCKET NO. P-2015-2474714**
v. :
PPL Electric Utilities Corporation for a Waiver :
Of the Distribution System Improvement :
Charge Cap of 5% of Billed Revenues :

CERTIFICATE OF SERVICE

I certify that I am serving two copies of the foregoing documents, on behalf of the Office of Small Business Advocate, by e-mail and/or first-class mail (unless otherwise noted) upon the persons addressed below:

Hon. Charles E. Rainey, Jr.
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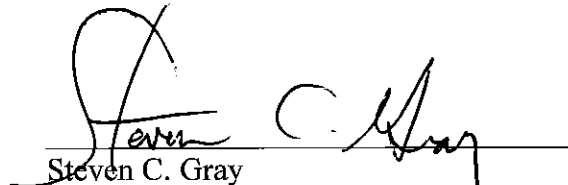
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Date: April 27, 2015



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