



100 Pine Street • PO Box 1166 • Harrisburg, PA 17108-1166  
Tel: 717.232.8000 • Fax: 717.237.5300

Adeolu A. Bakare  
Direct Dial: 717.237.5290  
Direct Fax: 717.260.1712  
abakare@mwn.com

January 4, 2016

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

**VIA ELECTRONIC FILING**

**RE: Petition of PPL Electric Utilities Corporation for Approval of its Act 129 Phase III Energy Efficiency and Conservation Plan; Docket No. M-2015-2515642**

Dear Secretary Chiavetta:

Please find enclosed for filing with the Pennsylvania Public Utility Commission the Petition to Intervene and Answer of the PP&L Industrial Customer Alliance ("PPLICA") in the above-referenced proceeding.

As evidenced by the attached Certificate of Service, all parties to the proceeding are being duly served with a copy of this document. Thank you.

Very truly yours,

McNEES WALLACE & NURICK LLC

By

A handwritten signature in black ink, appearing to read 'Adeolu A. Bakare', is written over a horizontal line.

Adeolu A. Bakare

Counsel to the PP&L Industrial Customer Alliance

/leh

Enclosures

c: Administrative Law Judge Susan D. Colwell (via E-mail and First Class Mail)  
Certificate of Service

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## CERTIFICATE OF SERVICE

I hereby certify that I am this day serving a true copy of the foregoing document upon the participants listed below in accordance with the requirements of 52 Pa. Code Section 1.54 (relating to service by a participant).

### VIA E-MAIL AND FIRST-CLASS MAIL

Devin T. Ryan, Esq.  
Post & Schell, P.C.  
17 North Second Street, 12<sup>th</sup> Floor  
Harrisburg, PA 17101-1601  
[dryan@postschell.com](mailto:dryan@postschell.com)

David B. MacGregor, Esq.  
Post & Schell, P.C.  
Four Penn Center  
1600 John F. Kennedy Boulevard  
Philadelphia, PA 19103-2808  
[dmacgregor@postschell.com](mailto:dmacgregor@postschell.com)

Paul E. Russell, Esq.  
Kimberly A. Klock, Esq.  
PPL Electric Utilities Corporation  
2 North Ninth Street  
Allentown, PA 18101  
[perussell@pplweb.com](mailto:perussell@pplweb.com)  
[kklock@pplweb.com](mailto:kklock@pplweb.com)

Dianne E. Dusman, Esq.  
Amy Hirakis, Esq.  
Office of Consumer Advocate  
555 Walnut Street, 5<sup>th</sup> Floor  
Harrisburg, PA 17101  
[ddusman@paoca.org](mailto:ddusman@paoca.org)  
[ahirakis@paoca.org](mailto:ahirakis@paoca.org)

Elizabeth Rose Triscari, Esq.  
Office of Small Business Advocate  
300 North Second Street, Suite 202  
Harrisburg, PA 17101  
[etriscari@pa.gov](mailto:etriscari@pa.gov)

Johnnie Simms, Esq.  
Bureau of Investigation and Enforcement  
Pennsylvania Public Utility Commission  
Commonwealth Keystone Building  
400 North Street, 2nd Floor West  
Harrisburg, PA 17120  
[josimms@pa.gov](mailto:josimms@pa.gov)

Carl R. Shultz, Esq.  
Eckert Seamans Cherin & Mellott, LLC  
213 Market Street, 8<sup>th</sup> Floor  
Harrisburg, PA 17101  
[cshultz@eckertseamans.com](mailto:cshultz@eckertseamans.com)  
*Counsel for Comverge, Inc.*

Julia A. Conover, Esq.  
Christopher M. Arfaa, Esq.  
Hawke McKeon & Sniscak, LLP  
100 North Tenth Street  
P.O. Box 1778  
Harrisburg, PA 17105  
[jaconover@hmslegal.com](mailto:jaconover@hmslegal.com)  
[cmarfaa@hmslegal.com](mailto:cmarfaa@hmslegal.com)  
*Counsel to UGI Distribution Companies*

Patrick M. Cicero, Esq.  
Harry S. Geller, Esq.  
Elizabeth R. Marx, Esq.  
Pennsylvania Utility Law Project  
118 Locust Street  
Harrisburg, PA 17101  
[pulp@palegalaid.net](mailto:pulp@palegalaid.net)  
[jpricepulp@palegalaid.net](mailto:jpricepulp@palegalaid.net)  
[emarxpulp@palegalaid.net](mailto:emarxpulp@palegalaid.net)  
*Counsel for CAUSE-PA*

Joseph L. Vullo, Esq.  
1460 Wyoming Avenue  
Forty Fort, PA 18704  
[jlvullo@aol.com](mailto:jlvullo@aol.com)  
*Counsel to Commission on Economic  
Opportunity*

Derrick P. Williamson, Esq.  
Barry A. Naum, Esq.  
Spilman, Thomas & Battle, PLLC  
1100 Bent Creek Boulevard, Suite 101  
Mechanicsburg, PA 17050  
[dwilliamson@spilmanlaw.com](mailto:dwilliamson@spilmanlaw.com)  
[bnaum@spilmanlaw.com](mailto:bnaum@spilmanlaw.com)  
*Counsel for Wal-Mart*

Judith D. Cassel, Esq.  
Hawke McKeon and Sniscak, LLP  
100 N. Tenth Street  
Harrisburg, PA 17101  
[jdcassel@hmslegal.com](mailto:jdcassel@hmslegal.com)  
*Counsel to Sustainable Energy Fund of  
Central Eastern PA*

Mark C. Morrow, Esq.  
Chief Regulatory Counsel  
UGI Corporation  
P.O. Box 12677  
2525 North 12th Street, Suite 360  
Reading, PA 19612-2677  
[morrowm@ugicorp.com](mailto:morrowm@ugicorp.com)



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Adeolu A. Bakare

Counsel to the PP&L Industrial Customer Alliance

Dated this 4<sup>th</sup> day of January, 2016, at Harrisburg, Pennsylvania

**BEFORE THE  
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

Petition of PPL Electric Utilities Corporation :  
For Approval of its Act 129 Phase III Energy : Docket No. M-2015-2515642  
Efficiency and Conservation Plan :

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**PETITION TO INTERVENE AND ANSWER  
OF THE PP&L INDUSTRIAL CUSTOMER ALLIANCE**

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TO THE HONORABLE, THE PENNSYLVANIA PUBLIC UTILITY COMMISSION:

Pursuant to Sections 5.71 through 5.74 and Section 5.61(a) of the Pennsylvania Public Utility Commission's ("PUC" or "Commission") Regulations, 52 Pa. Code §§ 5.71-5.74 and 52 Pa. Code § 5.61(a), the PP&L Industrial Customer Alliance hereby files this Petition to Intervene and Answer in response to the above-captioned filing of PPL Electric Utilities Corporation ("PPL" or "Company").

On November 30, 2015, PPL petitioned the Commission for approval of the Company's Phase III Energy Efficiency & Conservation ("EE&C") Plan ("Phase III Plan"). PPL's Petition for Approval of its Phase III Plan ("Petition") outlines PPL's proposal to address the requirements of Act 129, the PUC's Phase III Implementation Order entered on June 19, 2015, at Docket No. M-2014-2424864 ("Implementation Order") and the PUC's Clarification Order entered on August 20, 2015, at Docket No. M-2014-2424864 ("Clarification Order"), through programs designed to achieve an overall 3.8% consumption reduction, and a 92 MW peak demand reduction. *See* Petition, pp. 4-5.

The proposed Phase III Plan portfolio includes nine Energy Efficiency ("EE") programs and one Demand Response ("DR") program, including the Efficient Equipment Program,

Custom Program and DR Program applicable to Large Commercial and Industrial ("C&I") customers. *See id.* at 10-11.

As with the Phase II EE&C Plan, PPL proposes to recover all costs through a fully reconcilable, non-bypassable charge under Section 1307 of the Public Utility Code. *See id.* at 7-8. The total proposed charges for the Large C&I customer class, exclusive of any allocation of GNE sector costs, are \$43,536,848, or approximately 14% of total costs for PPL's Phase III Plan. *See* Petition, Exhibit 1, p. 165. PPL projects that approximately 40% of GNE costs will be allocated to the Large C&I customer class, bringing total Large C&I expense projections to approximately \$59,943,000, or 19% of PPL's total Phase III costs.

For the proposed non-bypassable charge, or Phase III Act 129 Compliance Rider ("ACR III"), PPL intends to establish separate recovery charges for each customer class in proportion to the cost of the programs targeting that class. *See* Petition, p. 18. For multi-class programs, PPL proposes to allocate costs using an allocation factor (*i.e.*, a percentage equal to the actual EE&C costs directly assigned to each customer class divided by the actual EE&C costs assigned to all customer classes). *See id.* As in Phase II, PPL's ACR III will allocate 40% of the Governmental, Non-Profit and Educational ("GNE") costs to Large C&I customers and 60% to Small C&I customers. *See id.* at 18-19. Additionally, PPL proposes to include in its Phase III rates effective June 1, 2016, costs to finalize any projects installed and commercially operable on or before May 31, 2016. *See id.* at 20.

As a result, PPL's Phase III Plan costs and program measures may impact the rates and services of PPL's largest customers. It is therefore imperative that PPL implement its Phase III EE&C Plan in a just and reasonable manner, consistent with Act 129, the Implementation Order, the Clarification Order, and all applicable statutes and regulations.

In support of its Petition to Intervene and Answer, PPLICA asserts the following:

## I. PETITION TO INTERVENE

1. PPLICA is an *ad hoc* association of energy-intensive commercial and industrial customers receiving electric service in PPL's service territory, primarily under Rate Schedules LP-4, LP-5 and IS-P, as well as available riders.<sup>1</sup> PPLICA members collectively consume approximately 1.35 billion kWh of electricity each year in manufacturing and other operational processes, and these electric costs are a significant element of their respective costs of operation. Any modification to PPL's electric rates may impact PPLICA members' cost of operations.

2. The names and address of PPLICA's attorneys are:

Pamela C. Polacek (I.D. No. 78276)  
Adeolu A. Bakare (I.D. No. 208541)  
Alessandra Hylander (I.D. No. 320967)  
McNEES WALLACE & NURICK LLC  
100 Pine Street  
P.O. Box 1166  
Harrisburg, PA 17108-1166  
Phone: (717) 232-8000  
Fax: (717) 237-5300  
ppolacek@mwn.com  
abakare@mwn.com

3. For purposes of this proceeding, PPLICA includes the members listed in Appendix A hereto. As necessary, PPLICA will update Appendix A during the course of this proceeding to reflect any changes in its membership.

4. PPLICA members are concerned with issues regarding the terms and conditions of their electricity service, and, as a result, have been actively involved in numerous PPL proceedings, including fully participating in the adjudication of PPL's Phase I and Phase II EE&C Plans and regularly attending PPL's EE&C Plan stakeholder meetings. The Commission's

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<sup>1</sup> Some PPLICA members also have accounts on Rate Schedules GS-1 and GS-3.

final disposition of PPL's Phase III Plan may also directly affect the rates that the Company imposes on PPLICA members for service.

5. PPLICA members thus have an interest in this proceeding that is not represented by any other party of record; consequently, PPLICA satisfies the standards for intervention under Section 5.72 of the Commission's Regulations, 52 Pa. Code § 5.72.

## **II. ANSWER**

6. Certain aspects of PPL's Phase III Plan require monitoring and further investigation. The cost of PPL's Phase III Plan and potential rate impact upon PPL's Large C&I customers concerns PPLICA members. Additionally, the Large C&I program measures and Transition Plan, may substantially affect PPLICA members. Finally, various structural matters, including uncertainty regarding PJM Interconnection, L.L.C. ("PJM") DR programs and implementation of potential legislative changes to Act 129, concern PPLICA members.

7. Over the five-year Phase III Plan period, PPL expects its total Phase III Plan expenditures to be approximately \$312.5 million. *See* Petition, p. 17. PPLICA intends to further analyze PPL's proposed total Phase III Plan costs and participate in any adjudication to ensure that the proposed Phase III Plan does not impose undue rate increases upon Industrial customers.

8. Further, PPLICA members may be substantially affected by proposed EE&C Programs directed towards Large C&I customers. As some of the Company's largest customers, PPLICA members are in a unique position to comment to the Commission on the impact that the Phase III Plan may have on PPL's Large C&I rates and services, particularly as this relates to new programs such as the proposed DR Program. Each of PPL's EE&C Programs applicable to Industrial customers should be examined for cost-effectiveness.

9. Additionally, PPL's Transition Plan for the ACR III must be reviewed to determine potential impacts to PPLICA members, and to determine that reconciled Phase II and future Phase III costs are appropriately assigned and recovered.

10. Furthermore, key aspects of Phase III warrant further investigation. First, PPLICA stresses that if the U.S. Supreme Court issues a ruling that results in elimination of all PJM DR Programs, then the Commission must hold an expeditious and comprehensive stakeholder process to ensure that the Commonwealth can effectively and efficiently replace PJM's programs. In addition, if Senate Bill 805 ("S.B. 805") passes in the Pennsylvania General Assembly, then PPL must be able to adjust its Phase III Plan to permit Large C&I customers to opt-out of the Company's Plan. Furthermore, the Company must structure its Phase III Plan to recognize and comply with PJM market rules. Specifically, as Phase III of Act 129 now requires all Electric Distribution Companies ("EDCs") to rebid all Conservation Service Provider ("CSP") contracts, the Company must comply with the PJM Tariff's requirement that EDCs have only one PJM Curtailment Services Provider to manage economic load response events.<sup>2</sup> Finally, the Company must ensure that its ratemaking process is transparent, prompt and uniform in order to guarantee that costs are allocated fairly among customers with little uncertainty as to what the customer charges will be.

11. In addition to the issues identified above, PPLICA reserves the right to raise and address additional issues of concern during the course of this proceeding based on further review of the Petition, issues identified via discovery, and issues raised by other parties.

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<sup>2</sup> The PJM Curtailment Service Provider designation is distinct from the Act 129 "CSP" designation. Many PJM Curtailment Service Providers are not Act 129 CSPs.



### III. CONCLUSION

**WHEREFORE**, the PP&L Industrial Customer Alliance respectfully requests that the Pennsylvania Public Utility Commission grant this Petition to Intervene and Answer, provide PPLICA with full-party status in this proceeding, and grant such other relief as it deems necessary.

Respectfully submitted,

McNEES WALLACE & NURICK LLC

By 

Pamela C. Polacek (I.D. No. 78276)  
Adeolu A. Bakare (I.D. No. 208541)  
McNEES WALLACE & NURICK LLC  
100 Pine Street  
P.O. Box 1166  
Harrisburg, PA 17108-1166  
Phone: (717) 232-8000  
Fax: (717) 237-5300  
ppolacek@mwn.com  
abakare@mwn.com

Counsel to the PP&L Industrial Customer  
Alliance

Dated: January 4, 2016

**APPENDIX A**

**PP&L INDUSTRIAL CUSTOMER ALLIANCE**

Air Products and Chemicals, Inc.  
Armstrong World Industries, Inc.  
General Dynamics-OTS Scranton  
Harristown Enterprises, Inc.  
Hercules Cement Company  
SAPA Extrusions, Inc.  
The Hershey Company  
TIMET North America  
Wegmans Food Markets, Inc.

