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September 10, 2018

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 Act 129 Phase III Energy Efficiency and Conservation Plan - Docket No. M-2015-2515642

Dear Secretary Chiavetta:

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

Respectfully submitted,

Devin Ryan

DTR/jl
Enclosures

cc: Certificate of Service

CERTIFICATE OF SERVICE
(Docket No. M-2015-2515642)

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: September 10, 2018

Devin T. Ryan

BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION

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

REPLY COMMENTS OF
PPL ELECTRIC UTILITIES CORPORATION

TO THE PENNSYLVANIA PUBLIC UTILITY COMMISSION:

PPL Electric Utilities Corporation ("PPL Electric" or the "Company") hereby submits these Reply Comments, which respond to the Comments filed by (1) the Office of Consumer Advocate ("OCA"), (2) the Coalition for Affordable Utility Services and Energy Efficiency in Pennsylvania ("CAUSE-PA"), (3) the PP&L Industrial Customer Alliance ("PPLICA"), and (4) the Sustainable Energy Fund of Central Eastern Pennsylvania ("SEF") concerning PPL Electric's Petition for Approval of Changes to Its Act 129 Phase III Energy Efficiency and Conservation Plan ("Petition"). In support thereof, PPL Electric states as follows:

I. <u>INTRODUCTION</u>

By way of background, the Pennsylvania Public Utility Commission ("Commission") approved PPL Electric's initial Phase III Energy Efficiency and Conservation ("EE&C") Plan, with modifications, on March 17, 2016. *See Petition of PPL Electric Utilities Corp. for Approval of its Act 129 Phase III Energy Efficiency and Conservation Plan*, Docket No. M-2015-2515642, pp. 57-61 (Order Entered Mar. 17, 2016) ("*March 2016 Order*"). Pursuant to the *March 2016 Order*, PPL Electric submitted a compliance filing on April 22, 2016. The

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Company subsequently filed an Errata to its compliance filing on May 24, 2016. The Commission approved PPL Electric's compliance filing, as amended, on June 27, 2016. *See* Secretarial Letter, Docket No. M-2015-2515642 (June 27, 2016). Since that time, PPL Electric has sought and received approval of a minor plan change to its Phase III EE&C Plan ("Revision 1"),[1] as well as a series of minor and major changes to its Phase III EE&C Plan ("Revision 2").[2]

On July 20, 2018, PPL Electric filed a Petition for approval of eight changes, both major and minor, to its Phase III EE&C Plan ("Revision 3"). Although most of the modifications proposed by PPL Electric constitute "minor" changes, the Company submitted its proposed modifications in a single petition and requested that the Commission review the modifications under the procedures for changes that do not meet the minor change criteria (*i.e.*, "major changes") set forth in the Commission's *Minor Plan Change Order*.[3] Accordingly, comments, answers, or both would be filed within 30 days of service, and all parties would have 20 days to file replies to any comments or answers.

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[1] *See Petition of PPL Elec. Utils. Corp. for Approval of its Act 129 Phase III Energy Efficiency and Conservation Plan*, Docket No. M-2015-2515642 (Order entered Jan. 26, 2017).

[2] *See Petition of PPL Elec. Utils. Corp. for Approval of its Act 129 Phase III Energy Efficiency and Conservation Plan*, Docket No. M-2015-2515642 (Order entered Nov. 21, 2017). PPL Electric's withdrawal of the one remaining change from Revision 2 that was referred to the Office of Administrative Law Judge remains pending before the Commission.

[3] In addition to establishing a new expedited review process for minor changes, the *Minor Plan Change Order* detailed the review process for non-minor (*i.e.*, major) changes. *See Energy Efficiency and Conservation Program*, Docket No. M-2008-2069887 (Order entered June 10, 2011) ("*Minor Plan Change Order*"). Specifically, the Commission provided that "EDCs seeking approval of changes that do not fit within the Minor EE&C Plan change criteria . . . must file a petition requesting that the Commission rescind and amend its prior order approving the plan." *Minor Plan Change Order*, p. 20. Furthermore, "[t]his petition shall be served on all parties, who will have 30 days to file comments, an answer or both." *Id.* Then the parties "have 20 days to file replies, after which the Commission will determine whether to rule on the changes or refer the matter to an Administrative Law Judge for hearings and a recommended decision." *Id.* These procedures superseded those previously established for EE&C Plan changes and "apply to all petitions for approval of an EE&C Plan change, other than petitions seeking review under the expedited process" for minor changes. *Id.* at p. 21.

On August 20, 2018, the OCA, CAUSE-PA, PPLICA, and SEF filed Comments on the proposed modifications.

II. <u>REPLY COMMENTS</u>

As explained by PPL Electric in its Petition, since time is of the essence and given the compressed time frame in which to achieve its requirements under Act 129 of 2008 ("Act 129"), as well as the lead time the Company needs to implement some of the changes, the Company has respectfully requested that the Commission resolve issues, if possible, on the basis of comments and reply comments to the proposed modifications.[4] Specifically, to the extent no party has opposed a proposed change, or the comments failed to raise any legitimate issues of law or 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.[5]

Although several of PPL Electric's proposed changes are supported or unopposed by the OCA, CAUSE-PA, PPLICA, and SEF, the commenters oppose or recommend modifications to some of the Company's proposed changes. However, it is important to recognize that PPL Electric has the ultimate responsibility to design its programs, measures, incentive levels, measure eligibility requirements, and other elements of its Phase III EE&C Plan to ensure that the Plan is cost-effective and achieves all compliance targets within budget. If the Company

[4] *See, e.g.*, *Petition of PPL Electric Utilities Corp. for Approval of its Act 129 Phase II Energy Efficiency and Conservation Plan*, Docket No. M-2012-2334388 (Order Entered Mar. 6, 2014) (approving changes to PPL Electric's Phase II EE&C Plan based upon comments and reply comments); *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 Oct. 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 the 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] *See id.*

fails to meet its overall savings and peak demand reduction targets, PPL Electric (not the other parties) faces the potential for penalties. Therefore, the Company should have reasonable discretion to adjust its Phase III EE&C plan to ensure that it meets its compliance targets.

For these reasons and as explained in more detail below, the Commission should approve all of the PPL Electric's proposed changes as outlined in these Reply Comments and the Petition.[6]

A. PROPOSED CHANGES

1. Shift $5.6 Million from the GNE Sector Budget in the Demand Response Program to the GNE Sector Budget in the Non-Residential Energy Efficiency Program (*Minor Change*)

PPL Electric proposed to shift $5.6 million from the Government/Nonprofit/Educational ("GNE") sector budget in the Demand Response Program to the GNE sector budget in the Non-Residential Energy Efficiency Program without changing the total dollars budgeted for the GNE sector. (Petition ¶ 20) As the Company explained, this modification is needed because the GNE sector's interest in energy efficiency is much greater than expected for this Phase and is much greater than previous phases. (Petition ¶ 21) In fact, if this GNE budget is not increased, no more GNE projects in the Non-Residential Energy Efficiency Program can be funded. (Petition ¶ 21)

a. SEF Comments

SEF opposes this change because it alleges that "such a shift would leave Small C&I and Small GNE customers on the waiting list with deserving projects other than [Combined Heat and Power projects]." (SEF Comments at 4) SEF contends that "[t]his is a disproportionate shift

[6] If the Commission does refer any of the proposed Phase III 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.

away from Small C&I customers since there is already a legislative carve out to insure savings for the GNE sector." (SEF Comments at 4) Therefore, SEF claims that "this request is unnecessary and deprives Small C&I customers of energy saving incentives." (SEF Comments at 5)

SEF's arguments are without merit. First, the proposed change would have absolutely no effect on Small C&I sector customers because they have a separate budget than the GNE sector. Indeed, no changes to the Small C&I sector's budget have been proposed by the Company. This proposed change would only shift dollars between program budgets for the GNE sector. Therefore, the proposed change would not leave Small C&I customers on the waiting list or deprive them of energy saving incentives, as alleged by SEF.

Second, for any Small C&I rate class customers in the GNE sector, the shift in funding actually helps them. Through Program Year 9 ("PY9"), PPL Electric has provided incentives for approximately 4,500 GNE projects. Approximately 2,800 of those projects were for customers in the Small C&I rate class. Moreover, two of the three Combined Heat and Power ("CHP") projects that received incentives in PY9 were for Small C&I rate class customers. As a result, contrary to SEF's allegation, the shift in funding will not leave "Small GNE customers on the waiting list." PPL Electric further notes that the Commission recently adopted a policy statement encouraging electric distribution companies ("EDCs") to support the development of CHP projects. *See* 52 Pa. Code §§ 69.3201-69.3203; *Final Policy Statement on Combined Heat and Power*, Docket No. M-2016-2530484 (Order entered Apr. 5, 2018). Therefore, SEF's opposition to CHP project incentives for Small C&I rate class customers in the GNE sector is inconsistent with the Commission's policy.

Third, SEF's erroneously claims that the Company's proposal "is a disproportionate shift away from Small C&I customers since there is already a legislative carve out to insure savings for the GNE sector." (SEF Comments at 4) SEF cites 12 Pa. C.S. § 4301, *et al.*, as the basis for its claim of the existing "carve out," which, according to SEF, "allows GNE customers to pursue incentives in their rate class." (SEF Comments at 4-5) However, that statute is the Property Assessed Clean Energy ("PACE") Program, which enables "agricultural, commercial, and industrial properties to obtain low-cost, long-term financing for energy efficiency, water conservation and renewable energy projects." 12 Pa. C.S. § 4301. Not only is the offering of incentives and rebates under Act 129 programs different than the low-cost, long-term financing offered under the PACE Program, but the PACE Program is not geared toward GNE customers. In contrast, there is an actual carve-out for GNE in Act 129. *See* 66 Pa. C.S. § 2806.1(b)(1)(i)(B) ("A minimum of 10% of the required reductions in consumption under subsections (c) and (d) shall be obtained from units of Federal, State and local government, including municipalities, school districts, institutions of higher education and nonprofit entities."); *Energy Efficiency and Conservation Program*, Docket No. M-2014-2424864, p. 76 (Order entered June 19, 2015) ("*Phase III Final Implementation Order*") (setting the GNE carve-out for Phase III to be 3.5% of the consumption reduction requirement).

b. PPLICA Comments

PPLICA opposes this proposed change because it is concerned with the Company's "increasing reliance on GNE EE savings to meet its Act 129 compliance obligations." (PPLICA Comments at 3) As alleged support, PPLICA notes that PPL Electric has already hit its GNE compliance target. (PPLICA Comments at 6) Moreover, PPLICA argues that "PPL's proposal to shift costs between GNE programs has cost consequences for Large C&I customers because of the way PPL allocates GNE sector costs to Large C&I and Small C&I customer classes and the divergent participation in the GNE DR and GNE EE programs." (PPLICA Comments at 4) If the proposed change is denied, PPLICA claims that PPL Electric would have to "refund approximately $3.14 million of the GNE DR budget back to Large C&I customers because the GNE sector did not meaningfully participate in DR." (PPLICA Comments at 5) If the change is approved, PPLICA contends that PPL Electric would spend the money on GNE energy efficiency projects, which would likely be CHP projects undertaken by Large C&I rate class customers. (PPLICA Comments at 5)

Instead of PPL Electric's proposal to shift the dollars between the GNE programs, PPLICA argues that the Company should eliminate the GNE sector altogether, allocate the remaining dollars to Small C&I and Large C&I, and make all Non-Residential Demand Response and Energy Efficiency programs available to Small C&I and Large C&I customers. (PPLICA Comments at 3-8) According to PPLICA, "this recommendation would eliminate the necessity to shift $5.6 million from the GNE DR program to the GNE EE program and shift $2.7 million from the Large C&I EE program to the Large C&I DR program," as the Company could combine those two proposed changes and "shift only the net $2.9 million from the revised Large C&I DR program to the revised Large C&I EE program." (PPLICA Comments at 8)

PPLICA's arguments and recommendations are without merit. First, PPL Electric's proposal is simply to move dollars within the existing and Commission-approved budgets for the GNE and Large C&I sectors to reflect actual experience in Phase III. Large C&I customers have shown much more interest in the Demand Response Program, whereas GNE customers have been much more interested in the Non-Residential Energy Efficiency Program. No changes are being made to the overall budgets for these sectors. Therefore, these changes are simple and justified and will benefit customers.

In contrast, PPLICA proposes drastic changes to the Company's Phase III EE&C Plan. Even though PPL Electric is in the middle of Phase III, PPLICA seeks to have the Company eliminate the entire GNE sector and allocate that sector's budget to the Small C&I and Large C&I sectors. PPLICA fails to recognize that its proposal would require the Company to completely recalculate and edit all of the figures for the Small C&I, Large C&I, and GNE sectors and the overall portfolio, including the Total Resource Cost ("TRC") benefit-cost ratios, budgets, estimated participants, and estimated savings. This would be a time-consuming and costly process, which could result in further changes that PPL Electric needs to make to the Phase III EE&C Plan to ensure that the Company is able to achieve its compliance targets within its overall budget. To the extent that PPLICA would like to propose any radical, structural changes to the Company's EE&C Plan, such as eliminating an entire customer sector, it should propose such changes in the development of PPL Electric's Phase IV EE&C Plan.

Second, PPL Electric maintains that it should continue to target GNE sector customers specifically. PPLICA appears to believe that once PPL Electric achieved its required level of savings to meet the GNE-carve out, the Company should stop focusing on the GNE sector. However, the GNE-carve out under Act 129 is a floor, not a cap. *See* 66 Pa. C.S. § 2806.1(b)(1)(i)(B). Specifically, the statute states that "[a] <u>minimum</u> of 10% of the required reductions in consumption under subsections (c) and (d) shall be obtained from units of Federal, State and local government, including municipalities, school districts, institutions of higher education and nonprofit entities." *Id.* (emphasis added). Subsequently, the Commission set the

GNE carve-out for Phase III at 3.5% of the EDCs' consumption reduction requirements. *See Phase III Final Implementation Order*, Docket No. M-2014-2424864, p. 76.

Moreover, the Commission has recognized the importance of achieving energy savings from GNE customers, which consist of local municipalities, hospitals, schools, universities, and not-for-profit organizations. In the *Phase III Final Implementation Order*, the Commission "acknowledged the limitations of the overall" energy savings potential estimated for the GNE sector, but the Commission "recognize[d] that this sector remains an area that deserves focused attention to achieve cost-effective savings results." *Id.* at p. 72. Therefore, the Commission established the 3.5% carve-out for Phase III, fully recognizing that GNE entities "can participate in all measures offered to their rate class" and that GNE programs "are funded by other members of the rate class that cannot participate in those programs." *Id.* The Commission reasoned that "some of these institutions have unique circumstances that create barriers to participation in programs and that a reduction in energy costs at these institutions should also reduce costs passed on to these entities constituents or participants." *Id.* Thus, PPL Electric views the higher-than-expected GNE participation and savings as a benefit to the Commonwealth and consistent with the Commission's goals, whereas PPLICA incorrectly perceives the GNE sector's success as a problem that needs to be corrected.

Third, PPLICA's proposal would harm the approximately 50 GNE customers who have had projects on the waitlist for the past several months due to the lack of funding for the GNE sector in the Non-Residential Energy Efficiency Program. Indeed, it is unclear from PPLICA's Comments whether the Company would implement these changes to the Phase III EE&C Plan through a compliance filing or a new petition for approval of changes to the Phase III EE&C Plan. If the former, the Company would need sufficient time to recalculate all of those figures and insert them into the Phase III EE&C Plan. If the latter, the EE&C Plan change process takes months until there is any final approval. In either scenario, however, PPLICA's proposal would only serve to further delay the incentives for these well-deserving projects that are being undertaken by government entities, hospitals, schools, universities, and not-for-profit organizations.

Fourth, PPLICA erroneously contends that the Company's proposed change should be denied because it would result in a refund of $3.14 million of the GNE Demand Response Program budget back to Large C&I customers. PPL Electric believes that the goal should be to maximize the energy savings achieved within the existing and Commission-approved budgets for the sectors and the EE&C Plan, rather than make no changes simply to reduce the costs incurred by certain customers. Furthermore, PPLICA fails to recognize that under its proposal to eliminate the GNE sector and allocate the GNE sector's budget to the Large C&I and Small C&I sectors, the $3.14 million of the GNE budget in the Demand Response Program would be merged into the Large C&I budget in the Demand Response Program. Given the high level of participation of Large C&I customers in the Demand Response Program in Phase III, most if not all of the $3.14 million would be used to pay incentives to Large C&I customers anyway.

Fifth, akin to SEF, PPLICA's opposition to CHP project incentives for Large C&I rate class customers in the GNE sector is inconsistent with the recently-adopted Commission policy statement encouraging EDCs to support the development of CHP projects. *See* 52 Pa. Code §§ 69.3201-69.3203; *Final Policy Statement on Combined Heat and Power*, Docket No. M-2016-2530484 (Order entered Apr. 5, 2018). Therefore, the Company's proposed change should not be denied simply because it will enable more Large C&I rate class customers in the GNE sector to receive incentives for CHP projects.

2. Shift $2.7 Million from the Large C&I Sector Budget in the Non-Residential Energy Efficiency Program to the Large C&I Sector Budget in the Demand Response Program (*Minor Change*)

PPL Electric proposed to shift $2.7 million from the Large C&I sector budget in the Non-Residential Energy Efficiency Program to the Large C&I sector budget in the Demand Response Program without changing the total dollars budgeted for the Large C&I sector. (Petition ¶ 16) In support, the Company noted that the change was necessary because the amount of Large C&I customers' demand reductions under the Demand Response Program is greater than originally estimated in the EE&C Plan. (Petition ¶ 17)

PPLICA claims that Large C&I participation could be negatively affected by the proposed change, due to the reduced funding available for Large C&I energy efficiency projects. (PPLICA Comments at 6-7) Moreover, PPLICA avers that this proposed change would be rendered moot by its proposal to eliminate the GNE sector and allocate the GNE sector budget among the Small C&I and Large C&I sectors because the Company "would be able to use budgeted revenue presently restricted to the GNE DR program to meet demand for Large C&I DR." (PPLICA Comments at 8)

PPLICA's arguments lack merit. First, based on actual experience, Phase III participation rates, and the Company's projections, PPL Electric would have approximately $800,000 in funding above the current forecasted spending for the Large C&I sector in the Non-Residential Energy Efficiency Program after this proposed change is approved. Second, as explained in Section II.A.1.b. above, PPLICA's proposal to eliminate the GNE sector and allocate the GNE sector budget among the Small C&I and Large C&I sectors should be rejected.

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3. Reduce the Estimated Small C&I Savings in the Non-Residential Energy Efficiency Program and the Demand Response Program (*Major Change*)

The Company proposed to reduce the Small C&I sector's estimated energy savings in the Non-Residential Energy Efficiency Program and the demand reductions in the Demand Response Program by approximately 120,000 MWh and 11.4 MW, respectively, with no change to the total estimated costs for the Small C&I sector. (Petition ¶ 28) PPL Electric explained that the change is necessary to reflect the Company's current estimates of the Small C&I sector's energy savings and demand reductions for Phase III. (Petition ¶ 28)

SEF opposes this change because "such a reduction requires more analysis and review of results in this sector and alternative solutions." (SEF Comments at 4) SEF also claims that "the reduction in savings and demand without a reduction in costs needs to be examined." (SEF Comments at 4) PPLICA contends that the approval of this proposed change should be conditioned on its proposal to eliminate the GNE sector and allocate the remaining GNE sector budget among the Small C&I and Large C&I sectors. (PPLICA Comments at 9)

SEF's position is unfounded. PPL Electric is merely adjusting the projected savings and demand reductions to reflect actual experience. As explained in the Petition, the Company must engage in increased outreach and offer increased incentives to obtain Small C&I participants in the Non-Residential Energy Efficiency and Demand Response Programs. (Petition ¶ 30) Notably, the necessary outreach and incentives have increased the program acquisition cost of the Small C&I sector from approximately $0.15 per annual kWh saved to $0.23 per annual kWh saved in the Non-Residential Energy Efficiency Program. (Petition ¶ 30) In other words, it is more expensive for PPL Electric to obtain savings from the Small C&I sector than the Company originally projected in the Phase III EE&C Plan. Thus, based on the current forecast and market insight, the projected energy savings are expected to be approximately 120,000 MWh less than the 462,861 MWh set forth in the EE&C Plan, and the projected demand reductions are expected to be approximately 11.4 MW less than the 11.5 MW set forth in the EE&C Plan. (Petition ¶ 29)

In response to PPLICA's comment, PPL Electric's proposed change to the Small C&I savings and demand reduction figures should not be contingent on PPLICA's proposal to eliminate the GNE sector and allocate the GNE sector budget among the Small C&I and Large C&I sectors. As explained in Section II.A.1.b. above, PPLICA's drastic proposal should be rejected. Thus, the Commission should approve this proposed change.

4. Add a Low-Income Home Energy Education Measure to Low-Income WRAP (*Minor Change*)

The Company proposed to add a Low-Income Home Energy Education measure to Low-Income WRAP. (Petition ¶ 32) This measure would offer home energy reports ("HERs") to low-income customers and would be delivered by the same CSP and subcontractor as the Home Energy Education Program. (Petition ¶ 32) As explained in the Petition, the change is necessary because the Company needs the additional 1,600 MWh/yr of savings from this measure to exceed its low-income compliance target by at least 10%, which accounts for operational and evaluation uncertainties. (Petition ¶ 33)

In the Comments, OCA states that it generally supports this proposed change but wants PPL Electric to "commit to working with stakeholders to ensure that messaging contained in these reports is specifically tailored to low-income customers and that the reports are as effective as possible." (OCA Comments at 4) Further, OCA requests that the Company be required "to review the actual, verified savings achieved from the program with the stakeholders at the end of the first program year in which the measure is implemented." (OCA Comments at 4) Lastly, OCA recommends that "[i]f the measure is not achieving the expected level of savings at the end of the first program year, then PPL should convene a meeting with the stakeholders to discuss what strategies could be implemented to address any concerns related to low-income HER measure." (OCA Comments at 4-5)

In addition, CAUSE-PA neither supports nor opposes this change. (CAUSE-PA Comments at 4) However, CAUSE-PA recommends that "PPL work with stakeholders to design the messaging contained in the proposed low income home energy reports." (CAUSE-PA Comments at 5) CAUSE-PA also suggests that the Company "commit to monitoring the effectiveness of the messaging that is being communicated and whether the inclusion of messages encouraging low income households to enroll in PPL's customer assistance programs has any effect on actual enrollment levels in these programs." (CAUSE-PA Comments at 5)

PPL Electric agrees with most of the parties' recommendations. Although PPL Electric has experience offering HERs to low-income customers from Phase II, the Company would be willing to consider recommendations for the messaging in the HERs for Phase III. PPL Electric also will review the measure's results, including its actual, verified savings, with stakeholders at the biannual stakeholder meeting that coincides with the end of the first year that the measure is implemented.

As for CAUSE-PA's recommendation that the Company monitor the measure's impact on enrollment in customer assistance programs, it may not be possible to track which customers specifically enrolled in the Company's Low-Income Usage Reduction Program WRAP and OnTrack, *i.e.*, PPL Electric's customer assistance program, as a result of receiving the HERs. Moreover, the funds needed to track such enrollments could almost equal the cost of the measure itself. As stated in the Petition, the Company projects that the measure's estimated cost would be approximately $66,000. In comparison, the projected cost of tracking the measure's impact on the programs' enrollment would be approximately $22,500 to $55,000. Furthermore, the additional funding needed to track the enrollment was not budgeted in the Company's proposed shift of funding from the Home Energy Education Program to Low-Income WRAP. Nevertheless, the HERs will include messages that encourage the low-income customers to enroll in those programs, and the Company may be able to conduct a random sample of customers in the Low-Income Home Energy Report to gauge a percentage that participated in those programs.

5. Add a Low-Income Student Energy Efficient Education Measure to Low-Income WRAP (*Minor Change*)

PPL Electric proposed to add a Low-Income Student Energy Efficient Education measure to its Low-Income WRAP, which would be substantially similar to the Student Energy Efficient Education Program but would focus on schools in low-income areas of PPL Electric's service territory. (Petition ¶ 35) In support, the Company observed that it needs the additional 6,000 MWh/yr of savings from this measure to exceed its low-income compliance target by at least 10%, which accounts for operational and evaluation uncertainties. (Petition ¶ 36)

CAUSE-PA neither supports nor opposes this change. (CAUSE-PA Comments at 4) Similarly, OCA does not oppose the expansion of the program to additional schools. (OCA Comments at 5) However, OCA recommends that "PPL should work with stakeholders and trade allies to discuss how best to reach schools and low-income students with energy efficiency education." (OCA Comments at 5) "OCA also submits that PPL should provide greater energy efficiency measures as part of this program" and "should work with stakeholders to determine what measures should be included as part of this program." (OCA Comments at 5)

In response, PPL Electric is willing to work with stakeholders and trade allies to discuss how to best reach schools and low-income students. When PPL Electric offered the student energy efficient education measure in Phase II, the Company used schools that have a 45% or higher rate of the student population who utilize the free/reduced lunch program to determine which schools should be provided the energy efficiency kits. However, the Company would be willing to consider any recommendations that stakeholders and trade allies may have to improve the measure's outreach.

The Company disagrees, however, that it should provide greater energy efficiency measures as a part of the program component and work with stakeholders on what those measures should be. PPL Electric maintains that the current measures offered in the kits are more than sufficient, as they constitute a diverse offering of measures that enable customers to reduce energy consumption in several effective ways. Specifically, the Company currently provides a faucet aerator, four light emitting diode ("LED") bulbs, low-flow showerhead, and smart power strip. Moreover, the "greater energy efficiency measures" would be more costly. Therefore, OCA's recommendation would either: (1) require additional funding that was not budgeted in the Company's proposed shift of funding from the Student Energy Efficient Education Program to Low-Income WRAP; or (2) result in fewer low-income students receiving kits. Given the composition and effectiveness of the current kits, the Company maintains that the most prudent course of action is to distribute the current kits to more students, rather than newer kits to fewer students.

6. Add Additional Measures to the Energy Efficient Home Program (*Minor Change*)

PPL Electric proposed to add three measures to the Energy Efficient Home Program, specifically an air source heat pump tune-up, duct sealing, and sealing/insulation measures. (Petition ¶¶ 38-41)

No party opposes this change.

7. Shift $1.5 Million in Common Costs from Plan Development and Plan Management to Evaluation Measurement & Verification ("EM&V") (*Minor Change*)

In the Company's common cost budget, PPL Electric proposed to shift $500,000 from the Plan Development common cost budget and $1 million from the Plan Management common cost budget to the EM&V common cost budget (see Table 77). (Petition ¶¶ 42-46)

No party opposes this change.

8. Grammatical and Editorial Changes to Correct or Clarify Wording or Figures in the EE&C Plan (*Minor Change*)

The Company proposed a number of grammatical and editorial changes to correct or clarify wording or figures in the Phase III EE&C Plan. (Petition ¶ 47)

No party opposes these proposed changes.

III. CONCLUSION

WHEREFORE, PPL Electric Utilities Corporation respectfully requests that the Pennsylvania Public Utility Commission approve the proposed major and minor changes to the EE&C Plan, as set forth in the Company's Petition and these Reply Comments.

Respectfully submitted,

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