

COMMONWEALTH OF PENNSYLVANIA



OFFICE OF CONSUMER ADVOCATE

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January 6, 2021

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

Re: Petition of PPL Electric Utilities Corporation
for Approval of its Act 129 Phase IV Energy
Efficiency and Conservation Plan
Docket No. M-2020-3020824

Dear Secretary Chiavetta:

Attached for electronic filing please find the Office of Consumer Advocate's Prehearing Memorandum in the above-referenced proceeding.

Copies have been served per the attached Certificate of Service.

Respectfully submitted,

/s/ Aron J. Beatty
Aron J. Beatty
Senior Assistant Consumer Advocate
PA Attorney I.D. # 86625
E-Mail: ABeatty@paoca.org

Enclosures:

cc: The Honorable Mark A. Hoyer (**email only**)
Certificate of Service

*301956

CERTIFICATE OF SERVICE

Re: Petition of PPL Electric Utilities Corporation :
for Approval of its Act 129 Phase IV Energy : Docket No. M-2020-3020824
Efficiency and Conservation Plan :

I hereby certify that I have this day served a true copy of the following document, the Office of Consumer Advocate's Prehearing Memorandum, upon parties of record in this proceeding in accordance with the requirements of 52 Pa. Code § 1.54 (relating to service by a participant), in the manner and upon the persons listed below:

Dated this 6th day of January 2021.

SERVICE BY E-MAIL ONLY

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/s/ Aron J. Beatty

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Dated: January 6, 2021
*301955

BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION

Petition of PPL Electric Utilities Corporation :
for Approval of its Act 129 Phase IV Energy : Docket No. M-2020-3020824
Efficiency and Conservation Plan :

PREHEARING MEMORANDUM
OF THE
OFFICE OF CONSUMER ADVOCATE

Pursuant to Section 333 of the Public Utility Code, 66 Pa. C.S. Section 333, and in response to the December 30, 2020 Prehearing Conference Order issued in the above-captioned matter, the Office of Consumer Advocate (OCA) provides the following information:

I. Introduction

On October 15, 2008, Act 129 of 2008 (Act 129 or the Act) was signed into law by Governor Edward G. Rendell. Act 129 made numerous amendments to Chapter 28 of the Public Utility Code and required the seven major electric distribution companies (EDCs) to file energy efficiency and conservation plans (EE&C Plans), which occurred in the summer of 2009. The Phase I Plans expired on May 31, 2013. Phase II of the EE&C Plans began on June 1, 2013 and expired on May 31, 2016. Phase III of the EE&C Plans began on June 1, 2016 and will continue until May 31, 2020. The Commission has now established the requirements and process for Phase IV of the EE&C Plans to operate from June 1, 2021 through May 31, 2026. Energy Efficiency and Conservation Program, Docket No. M-2020-3015228 (June 18, 2020) (Phase IV

Implementation Order). This proceeding concerns the Phase IV Plan filing of PPL Electric Utilities Corporation (PPL Electric or Company).

The Phase IV Implementation Order directed that each EDC meet a consumption reduction target and a demand response target. Phase IV Implementation Order at 8. The Phase IV Implementation Order also established that 5.8% of the consumption reduction target must be met through the low-income customer sector programs. Phase IV Implementation Order at 35-37.

The Total Resource Cost (TRC) test will continue to be used to evaluate each EDC's EE&C Plan. Phase IV Implementation Order at 104, citing 66 Pa. C.S. § 2806.1(a)(3). Act 129 caps annual spending on the Plan at 2% of the EDC's total revenues for the calendar year 2006. 66 Pa. C.S. § 2806.1(g). The Act provides for full and current cost recovery of the Plan costs through an automatic adjustment rider, but it prohibits the recovery of lost revenues by the EDC through the automatic adjustment rider. 66 Pa. C.S. § 2806.1(k). The costs incurred are to be allocated to the classes that directly benefit from the program measures implemented, unless a system wide benefit can be shown.

PPL Electric is required to file a Plan under Act 129 and the Phase IV Implementation Order. Under the timeline set forth in the Phase IV Implementation Order, PPL Electric's EE&C Plan must be ruled upon within 120 days of the Companies' filing, or by March 30, 2021.

II. Procedural History

On November 30, 2020, the Company filed its Petition for Approval of its Phase IV Energy Efficiency and Conservation Plan (EE&C Plan or Plan), pursuant to Section 2806.1 of the Public Utility Code and pursuant to the Implementation Order entered by the Commission at Docket No. M-2020-3015228 on June 18, 2020. With respect to residential customers, PPL Electric has

proposed the following two residential customer energy efficiency programs: (1) Residential Program, and (2) Low-Income Program. PPL EE&C Plan at 30, 56.

The Plan set forth the five-year costs and proposed energy and demand reduction targets. The five-year cost of PPL Electric's EE&C Phase IV Plan is projected to be \$307.5 million. PPL EE&C Plan at 6. The Company plans to achieve a total overall gross verified energy reduction of at least 1,250,157 MWh and a total overall gross verified demand reduction of at least 229 MW by May 31, 2026. PPL EE&C Plan at 6.

PPL Electric's filing was assigned to the Office of Administrative Law Judge and further assigned to Administrative Law Judge Mark A. Hoyer for investigation. On December 30, 2020, ALJ Hoyer issued a Prehearing Conference Order. On January 7, 2020, the telephonic Prehearing Conference will be held.

On December 23, 2020, the OCA filed a Notice of Intervention and Public Statement.

On January 2, 2021, the matter was published in the *Pennsylvania Bulletin*. The OCA will file an Answer/Comments on January 22, 2021 in accordance with the Phase IV Implementation Order and the directive included in the publication of the filing in the *Pennsylvania Bulletin*.

III. Issues and Sub-issues

Based upon a preliminary analysis of the Company's filing and participation in the stakeholder meetings, the OCA has compiled a list of issues and sub-issues that it anticipates will be included in its investigation of the filing. It is anticipated that other issues may arise and may be pursued during the course of the proceeding.

The following list sets forth the issues OCA expects to investigate at this time:

(1) Whether the proposed energy conservation plan and the individual program design meets the requirements of Section 2806.1 of the Code and the Commission's Phase IV Implementation Order;

(2) Whether the portfolio of programs proposed is reasonably balanced and whether the programs are equitably distributed across rate classes;

(3) Whether the Plan is reasonable and meets the requirements of Section 2806.1 and the Phase IV Implementation Order for low-income customers;

(4) Whether the design of the proposed demand reduction measures included in the Peak Demand Reduction program are reasonable and appropriately meet the requirements of the Phase IV Implementation Order's identified demand reduction targets;

(5) Whether the proposed cost recovery mechanisms, including the proposed budgets, are reasonable;

(6) Whether the proposed changes to the EEC Surcharge are reasonable;

(7) Whether the proposed program measures, including the cost-effectiveness of the Plan, are reasonable as measured by the Total Resource Cost (TRC) test;

(8) Whether the proposed measurement and verification and evaluation plan is appropriate and reasonable; and

(10) Whether the frequency of the stakeholder meetings is sufficient.

The OCA reserves the right to raise additional issues as may be necessary.

IV. Witnesses

The OCA intends to present the direct testimony of the following witness in this proceeding. In order to expedite the resolution of this proceeding, the OCA requests that copies

of all interrogatories, comments and answers to interrogatories be mailed directly to the expert witness as well as to counsel for the OCA.

EE&C Plans and Cost Recovery

Stacy L. Sherwood
Exeter Associates, Inc.
10480 Little Patuxent Parkway
Suite 300
Columbia, MD 21044
E-mail: sherwood@exeterassociates.com

The OCA specifically reserves the right to call additional witnesses, as necessary. As soon as the OCA has determined if an additional witness or witnesses will be necessary for any portion of its case, all parties of record will be notified.

V. Service on the OCA

The OCA will be represented in this case by Senior Assistant Consumer Advocate Aron J. Beatty. Two copies of all documents should be served on the OCA as follows:

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VI. Discovery

In order to effectively investigate and adequately develop a record on these issues in the limited timeframe for this proceeding, the OCA requests a modification of the Commission's procedural rules. The OCA will work with the parties to develop appropriate modifications

VII. Schedule

The following procedural schedule has been proposed:

Intervenor Direct testimony	January 13, 2021
Settlement Discussion	January 15, 2021
Rebuttal Testimony	January 20, 2021
Evidentiary Hearing	January 21, 2021
Comments due	January 22, 2021
Main Briefs due	January 29, 2021
Revised Plan	February 10, 2021
Certification of the Record	February 11, 2021

Respectfully Submitted,

/s/ Aron J. Beatty
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DATE: January 6, 2021