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June 30, 2023

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 IV
Energy Efficiency and Conservation Plan
Docket No. M-2020-3020824**

Dear Secretary Chiavetta:

Attached for filing is the Joint Petition for Approval of Settlement of All Issues, including Statements in Support thereof, in the above-referenced proceeding. Copies will be provided as indicated on the Certificate of Service.

Respectfully submitted,



Devin Ryan

DR/dmc
Enclosures

cc: The Honorable Mark A. Hoyer (*via e-mail; w/attachments*)
The Honorable Emily I. DeVoe (*via e-mail; w/attachments*)
Certificate of Service

**CERTIFICATE OF SERVICE
(Docket No. M-2020-3020824)**

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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Dated: June 30, 2023

A handwritten signature in blue ink, consisting of several overlapping, fluid strokes that form a cursive-like shape. The signature is positioned above a horizontal line.

Devin T. Ryan

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

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

**JOINT PETITION FOR APPROVAL OF
SETTLEMENT OF ALL ISSUES**

**TO DEPUTY CHIEF ADMINISTRATIVE LAW JUDGE MARK A. HOYER AND
ADMINISTRATIVE LAW JUDGE EMILY I. DEVOE:**

PPL Electric Utilities Corporation (“PPL Electric” or the “Company”), the Office of Small Business Advocate (“OSBA”), PP&L Industrial Customer Alliance (“PPLICA”), and the Coalition for Affordable Utility Services and Energy Efficiency in Pennsylvania (“CAUSE-PA”), all parties to the above-captioned proceeding (hereinafter, collectively the “Joint Petitioners”), hereby file this Joint Petition for Approval of Settlement of All Issues (“Settlement”) and respectfully request that the Pennsylvania Public Utility Commission (“Commission”) approve Change Nos. 5, 7, and 8 set forth in PPL Electric’s Petition to Modify its Phase IV Energy Efficiency and Conservation Plan (“Phase IV EE&C Plan” or “EE&C Plan”), subject to the terms and conditions of the Settlement.¹

This Settlement resolves all of the issues raised by the parties in this limited remand proceeding. In support of the Settlement, the Joint Petitioners state the following:

¹ The Office of Consumer Advocate (“OCA”), the Commission on Economic Opportunity (“CEO”), and the Sustainable Energy Fund (“SEF”) do not oppose the Settlement. The Natural Resources Defense Council (“NRDC”), which was a party to the initial Phase IV EE&C Plan litigation, has not been participating since that time.

I. BACKGROUND

1. By way of background, the Commission approved PPL Electric’s initial Phase IV EE&C Plan on March 25, 2021. *See Petition of PPL Electric Utilities Corp. for Approval of its Act 129 Phase IV Energy Efficiency and Conservation Plan*, Docket No. M-2020-3020824 (Order entered Mar. 25, 2021) (“*March 2021 Order*”).

2. On December 30, 2022, PPL Electric filed a Petition for approval of 11 changes, both major and minor, to its Phase IV EE&C Plan (“*Petition*”). Although some of the modifications proposed by PPL Electric constituted “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*.² 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.

3. On January 19, 2023, OSBA filed an Answer to the Petition.

4. On January 30, 2023, CAUSE-PA filed an Answer to and Comments on the Petition.

5. On January 31, 2023, OCA filed a letter stating that it would not be filing Comments. Also, PPLICA filed a letter in lieu of Comments.

² 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.

6. On February 21, 2023, PPL Electric filed Reply Comments, setting forth the Company's support for the proposed modifications to the EE&C Plan.

7. On April 27, 2023, the Commission entered an Opinion and Order granting in part and denying in part the Company's Petition. Specifically, the Commission approved all of the proposed modifications, except for the Company's proposed shift of approximately \$18 million from the Large Commercial and Industrial ("C&I") sector budget in the Non-Residential Program to the Small C&I sector budget in the Non-Residential Program (*i.e.*, Change No. 5) and the related changes to the savings and estimated peak demand reductions for the Large C&I and Small C&I sectors due to that proposed budget shift (*i.e.*, Change Nos. 7 and 8). The Commission then referred Change Nos. 5, 7, and 8 to the Office of Administrative Law Judge for hearings.

8. On April 28, 2023, a Notice was issued scheduling a Telephonic Prehearing Conference for May 15, 2023, at 10:00 AM before Deputy Chief Administrative Law Judge Mark A. Hoyer and Administrative Law Judge Emily I. DeVoe ("ALJs").

9. On May 1, 2023, a Prehearing Conference Order was issued, which directed the parties to file prehearing conference memoranda on or before 12:00 PM on May 12, 2023.

10. On May 12, 2023, PPL Electric, OCA, OSBA, CEO, SEF, PPLICA, and CAUSE-PA filed their prehearing conference memoranda.

11. On May 15, 2023, the prehearing conference was held as scheduled.

12. On May 18, 2023, the ALJs issued a Prehearing Order setting forth various procedural rules and the litigation schedule for this matter.

13. On May 25, 2023, PPL Electric and CAUSE-PA served their written direct testimony and exhibits. Also, OCA, OSBA, SEF, and PPLICA filed letters stating that they would not be serving written direct testimony.

14. As a result of extensive settlement discussions, the active parties were able to reach a Settlement on all issues.

15. On June 1, 2023, PPL Electric informed the ALJs that the active parties in this litigation had reached a settlement in principle of all issues. The ALJs directed the parties to file a Joint Stipulation for Admission of Evidence by June 9, 2023.

16. On June 9, 2023, the parties filed a Joint Stipulation for Admission of Evidence.

17. By Interim Order dated June 14, 2023, the Joint Stipulation for Admission of Evidence was approved.

II. SETTLEMENT

A. GENERAL

18. The following terms of this Settlement reflect a carefully balanced compromise of the interests of all the Joint Petitioners in this proceeding. The Joint Petitioners unanimously agree that the Settlement, which resolves all of the issues in the proceeding, is reasonable and in the public interest. The Joint Petitioners respectfully request that the Commission approve Change Nos. 5, 7, and 8 of PPL Electric's Petition in their entirety as modified by and subject to the terms and conditions of this Settlement.

B. CHANGE NO. 5

19. PPL Electric's Change No. 5, which would shift approximately \$18 million from the Large Commercial and Industrial ("C&I") Sector's budget in the Non-Residential Program to the Small C&I Sector's budget in the Non-Residential Program, is approved.

20. PPL Electric confirms that of the approximately \$18 million that will be diverted from the Large C&I budget to the budget of the Company's small business customers, approximately \$2.5 million of that approximately \$18 million can be used to fund measures for affordable master-metered multi-family housing ("MMMF") projects. The \$2.0 million

cumulative spending limit for measures installed inside the tenant units of low-income residents in MMMF buildings and the \$2.0 million cumulative spending limit for comprehensive measures within the Low Income Program as it relates to services for affordable MMMF buildings, as established in the Partial Settlement previously approved in this proceeding, will each be increased to \$2.5 million, respectively. The process established in the Partial Settlement to further increase these cumulative spending caps will remain in place.

21. PPL Electric has identified 70 new potential projects ranging between 80 and 100 units as potential affordable MMMF projects. The Company will exercise reasonable efforts to complete coordinated treatments of affordable MMMF projects, which includes comprehensive measures from that list of new potential projects, provided that the building qualifies for such comprehensive measures because it has electric heat. Within 30 days of approval of this Settlement, PPL Electric will provide to the Joint Petitioners its list of 70 new potential projects ranging between 80 and 100 units as potential affordable MMMF projects.

22. PPL Electric will revisit completed affordable MMMF projects from Phases II and III where comprehensive work was not completed and conduct targeted outreach to those customers for potential participation in the Company's Phase IV comprehensive measures, provided that the building qualifies for such comprehensive measures because it has electric heat.

23. The Company agrees to work with CAUSE-PA and other interested stakeholders to explore ways in which to improve: (a) outreach to affordable MMMF; and (b) coordination of EE&C Plan incentives with Inflation Reduction Act of 2022 ("IRA") funding or other federal, state, and local energy efficiency funding sources. PPL Electric will convene at least two meetings within 180 days of approval of this Settlement to facilitate this collaborative effort.

24. Within 60 days of approval of this Settlement, PPL Electric will revise its “Income Qualified Multifamily Residence” flyer (CAUSE-PA to PPL III-9-6) and/or create a new outreach flyer for affordable MMMF properties that includes reference to: (a) the availability of comprehensive measures, including space heating, building shell measures, water heater maintenance, repair, or replacement, and appliance replacement/recycling; and (b) the availability of additional efficiency programming to serve non-low income tenant units and common areas at a reduced cost through its Non-Residential Program. Within 30 days of approval of this Settlement, PPL Electric will share a draft of its revised flyer and/or new outreach materials with the parties to this proceeding and will consider incorporating the parties’ recommendations for further revision.

25. Within 90 days of approval of this Settlement, PPL Electric will review its customer data and information system to identify tenant-occupied buildings within the Small C&I customer class and will conduct affirmative outreach to identified account holders regarding available energy efficiency programming to MMMF buildings identified in this review process.

26. PPL Electric agrees to provide the Joint Petitioners and the Commission with quarterly updates to Tables 1 through 3 in PPL Electric’s Reply Comments filed on February 21, 2023, so that the Joint Petitioners and the Commission can continue to track the participation, savings, and spending associated with the Small C&I and Large C&I Sectors.

27. PPL Electric agrees to provide the Joint Petitioners and the Commission with quarterly updates on the affordable MMMF projects undertaken by the Company, including the participation, installed measures, savings, and spending associated with such projects. Such report will include details on the Company’s progress in: (a) targeting to complete coordinated treatments of affordable MMMF projects that include comprehensive measures, as set forth in Paragraph 21,

supra; and (b) revisiting completed affordable MMMF projects from Phases II and III where comprehensive work was not completed and conducting targeted outreach to those customers for potential participation in the Company's Phase IV comprehensive measures, as set forth in Paragraph 22, *supra*. As part of this report, PPL Electric will also begin tracking and reporting on participation, installed measures, savings, and spending for projects serving common areas in affordable MMMF buildings through PPL Electric's Non-Residential Program.

C. CHANGE NO. 7

28. PPL Electric's Change No. 7, which would increase the estimated savings and peak demand reductions for the Small C&I Sector in the Non-Residential Program, is approved without modification.

D. CHANGE NO. 8

29. PPL Electric's Change No. 8, which would decrease the estimated savings and peak demand reductions for the Large C&I Sector in the Non-Residential Program, is approved without modification.

III. THE SETTLEMENT IS IN THE PUBLIC INTEREST

30. Commission policy promotes settlements. *See* 52 Pa. Code § 5.231. Settlements reduce the time and expense the parties must expend litigating a case and, at the same time, conserve administrative resources. The Commission has indicated that settlement results are often preferable to those achieved at the conclusion of a fully litigated proceeding. *See id.* § 69.401. In order to accept a settlement, the Commission must first determine that the proposed terms and conditions are in the public interest. *Pa. PUC v. York Water Co.*, Docket No. R-00049165 (Order Entered Oct. 4, 2004); *Pa. PUC v. C.S. Water and Sewer Assocs.*, 74 Pa. P.U.C. 767 (1991).

31. This Settlement was achieved by the Joint Petitioners after an investigation of PPL Electric's Petition, including informal and formal discovery and the submission of written testimony.

32. Approval of the Settlement will reduce the time and expenses that the active parties and the Commission must expend on the proceedings.

33. The Joint Petitioners will further supplement the reasons that the Settlement is in the public interest in their Statements in Support, which are attached hereto as **Appendices A through D**. In their respective Statements in Support, each Joint Petitioner explains why, in its view, the Settlement is fair, just, and reasonable and reflects a reasonable compromise of the disputed issues in this proceeding.

IV. SETTLEMENT CONDITIONS

34. This Settlement is conditioned upon the Commission's approval of the terms and conditions contained herein without modification. If the Commission modifies the Settlement, then any Joint Petitioner may elect to withdraw from this Settlement and may proceed with litigation and, in such event, this Settlement shall be void and of no effect. Such election to withdraw must be made in writing, filed with the Secretary of the Commission, and served upon all Joint Petitioners within five (5) business days after the entry of an order modifying the Settlement. The Joint Petitioners acknowledge and agree that this Settlement, if approved, shall have the same force and effect as if the Joint Petitioners had fully litigated this proceeding.

35. This Settlement is proposed by the Joint Petitioners to settle all issues in the instant proceeding. If the Commission does not approve the Settlement and the proceedings continue, the Joint Petitioners reserve their respective rights to present additional testimony and to conduct full cross-examination, briefing, and argument. The Settlement is made without any admission

against, or prejudice to, any position which any Joint Petitioner may adopt in the event of any subsequent litigation of this proceeding.

36. This Settlement may not be cited as precedent in any future proceeding, except to the extent required to implement this Settlement.

37. This Settlement is being presented only in the context of this proceeding in an effort to resolve the proceeding in a manner which is fair and reasonable. The Settlement is the product of compromise. This Settlement is presented without prejudice to any position which any of the Joint Petitioners may have advanced and without prejudice to the position any of the Joint Petitioners may advance in the future on the merits of the issues in future proceedings except to the extent necessary to effectuate the terms and conditions of this Settlement. This Settlement does not preclude the Joint Petitioners from taking other positions in any current or subsequent proceedings.

38. If the presiding administrative law judges adopt the Settlement without modification, the Joint Petitioners agree they: (a) will not initiate or join in any challenge to the Settlement; (b) will not assert any positions in derogation to the Settlement; and (c) waive their right to appeal or to seek reconsideration, rehearing, reargument, or clarification of the Commission's Order approving the Settlement.

V. **CONCLUSION**

WHEREFORE, PPL Electric Utilities Corporation, the Office of Small Business Advocate, PP&L Industrial Customer Alliance, and the Coalition for Affordable Utility Services and Energy Efficiency in Pennsylvania respectfully request that the Pennsylvania Public Utility Commission approve this Joint Petition for Approval of Settlement of All Issues.

Respectfully submitted,



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June 30, 2023
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Appendix A

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

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

**STATEMENT IN SUPPORT OF
PPL ELECTRIC UTILITIES CORPORATION**

**TO DEPUTY CHIEF ADMINISTRATIVE LAW JUDGE MARK A. HOYER AND
ADMINISTRATIVE LAW JUDGE EMILY I. DEVOE:**

I. INTRODUCTION

PPL Electric Utilities Corporation (“PPL Electric” or the “Company”) hereby submits this Statement in Support of the Joint Petition for Settlement of All Issues (“Settlement”) entered into by PPL Electric, the Office of Small Business Advocate (“OSBA”), the PP&L Industrial Customer Alliance (“PPLICA”), and the Coalition for Affordable Utility Services and Energy Efficiency in Pennsylvania (“CAUSE-PA”), all parties to the above-captioned proceeding (hereinafter, collectively the “Joint Petitioners”). PPL Electric respectfully requests that the Pennsylvania Public Utility Commission (“Commission”) approve, the Settlement, including the terms and conditions thereof, without modification.

The Joint Petitioners agree that Change Nos. 5, 7, and 8 set forth in PPL Electric’s Petition to Modify its Phase IV Energy Efficiency and Conservation Plan (“Phase IV EE&C Plan” or “EE&C Plan”), subject to the terms and conditions of the Settlement. The Settlement reflects a carefully balanced compromise of the interests of all the Joint Petitioners. PPL Electric submits

that the Settlement should be approved without modification because it is in the public interest, reasonable, and supported by substantial evidence.

For the reasons explained below, PPL Electric respectfully requests that the Commission approve the Company's Petition, subject to the terms and conditions of the Settlement.

II. COMMISSION POLICY FAVORS SETTLEMENT

Commission policy promotes settlements. *See* 52 Pa. Code § 5.231. Settlements reduce the time and expense that parties must expend litigating a case and, at the same time, conserve administrative resources. The Commission has indicated that settlement results are often preferable to those achieved at the conclusion of a fully litigated proceeding. *See* 52 Pa. Code § 69.401. The Commission has explained that parties to settled cases are afforded flexibility in reaching amicable resolutions, so long as the settlement is in the public interest. *Pa. PUC v. MXenergy Elec. Inc.*, Docket No. M-2012-2201861, 2013 Pa. PUC LEXIS 789, 310 P.U.R.4th 58 (Order entered Dec. 5, 2013). In order to approve a settlement, the Commission must first determine that the proposed terms and conditions are in the public interest. *Pa. PUC v. Windstream Pa., LLC*, Docket No. M-2012-2227108, 2012 Pa. PUC LEXIS 1535 (Order entered Sept. 27, 2012); *Pa. PUC v. C.S. Water and Sewer Assoc.*, Docket No. R-881147, 74 Pa. PUC 767 (Order entered July 22, 1991). As explained in the next section of this Statement in Support, PPL Electric believes that the Settlement should be approved without modification because it is in the public interest, is reasonable, and is supported by substantial evidence.

III. THE SETTLEMENT IS IN THE PUBLIC INTEREST

A. GENERAL

The Settlement reflects a carefully balanced compromise of the competing interests of all of the active parties in this proceeding. The Joint Petitioners agree that the Settlement is in the public interest. The fact that the Settlement is unopposed in this proceeding, in and of itself,

provides strong evidence that the Settlement is reasonable and in the public interest, particularly given the diverse interests of these parties and the active roles they have taken in this proceeding.

Moreover, the Settlement was achieved only after a comprehensive investigation of PPL Electric's Petition. The parties engaged in both informal and formal discovery concerning the Company's proposed modifications to the EE&C Plan. PPL Electric and CAUSE-PA also submitted written direct testimony and exhibits.

Additionally, the parties in this proceeding, their counsel, and their expert consultants have considerable experience in EE&C Plan proceedings. Their knowledge, experience, and ability to evaluate the strengths and weaknesses of their litigation positions provided a strong base upon which to build a consensus in this proceeding.

For these reasons and the more specific reasons set forth below, the Settlement is just and reasonable and in the public interest. Therefore, Change Nos. 5, 7, and 8 to PPL Electric's Phase IV EE&C Plan should be approved subject to the terms and conditions of the Settlement.

B. CHANGE NO. 5

Change No. 5 would shift approximately \$18 million from the Large Commercial and Industrial ("C&I") Sector's budget in the Non-Residential Program to the Small C&I Sector's budget in the Non-Residential Program. (PPL Electric Statement No. 1, p. 6.) Specifically, the Small C&I Sector's budget would increase from approximately \$76.84 million to approximately \$94.84 million for Phase IV, and the Large C&I Sector's budget would decrease from approximately \$85.91 million to approximately \$67.91 million for Phase IV. (PPL Electric Statement No. 1, p. 6.)

PPL Electric proposed the change based on Small C&I and Large C&I customers' actual participation and projection of upcoming projects, which reveal: (1) the Small C&I Sector's much greater than projected participation in Phase IV, particularly in the Custom component of the Non-

Residential Program; and (2) the Large C&I Sector’s less than projected participation in Phase IV.¹ (PPL Electric Statement No. 2, p. 2.) In fact, the failure to approve the proposed budget shift will lead to the complete shutdown of all Small C&I program offerings by June 1, 2024 (*i.e.*, the Small C&I Sector offerings will “go dark”). (PPL Electric Statement No. 2, pp. 2-3.) This shutdown would harm: (1) PPL Electric’s Small C&I customers who want to participate and take advantage of the Non-Residential Program; (2) EE&C contractors and installers who would be confused by the end of the Small C&I EE&C offerings well before Phase IV’s conclusion and would lose out on business; and (3) PPL Electric, as the Company would be placed at a significant risk of not meeting its mandatory savings and peak demand reduction targets. (PPL Electric Statement No. 2, pp. 3-5.)

Furthermore, PPL Electric addressed the issues raised in the Commission’s *April 2023 Order*,² which granted in part and denied in part PPL Electric’s Petition and referred Change Nos. 5, 7, and 8 to the Office of Administrative Law Judge. Specifically, according to the Commission:

- “PPL has not demonstrated that its Large C&I Sector is under-performing so as to justify the reallocation of its funding to the Small C&I budget”;
- “PPL has not demonstrated that its requested modification, which will most likely have a negative effect on the Large C&I Sector, will not disturb the reasonable mix of programs in PPL’s Phase IV Plan as was required by Act 129”;
- The Commission “find[s] persuasive CAUSE-PA’s contention that, despite PPL’s proposal to shift approximately \$18 million to the Small C&I budget, the \$2 million

¹ See PPL Electric Statement No. 2, pp. 5-10 for detailed data on Small C&I and Large C&I customers’ participation in Phase IV as compared to Phase III.

² See *Petition of PPL Electric Utilities Corporation for Approval of its Act 129 Phase IV Energy Efficiency and Conservation Plan*, Docket No. M-2020-3020824 (Order entered Apr. 27, 2023) (“*April 2023 Order*”).

limit on spending for free direct install energy efficiency measures in master-metered low-income tenant units remains unchanged”; and

- “[T]he proposed transfer of funds from the Large C&I budget to the Small C&I budget, may not result in an EE&C Plan that continues to satisfy the requirements of Act 129 and the prior related Orders of the Commission.”

April 2023 Order, p. 27.

First, PPL Electric presented detailed data in its direct testimony establishing that the Large C&I Sector is vastly under-performing in Phase IV as compared to Phase III, which, coupled with the significant increase in performance of the Small C&I Sector, justifies the proposed budget shift. (*See PPL Electric Statement No. 2*, pp. 5-10.) For example, as of the time that PPL Electric submitted its direct testimony, approximately 82% of the Small C&I budget (or approximately \$63.2 million) was already accounted for, and we have not even reached the end of the third year in Phase IV. (*PPL Electric Statement No. 2*, p. 9.) By comparison, at the time PPL Electric filed its Reply Comments, 76% of the Small C&I budget (or approximately \$58.5 million) was booked already. (*PPL Electric Statement No. 2*, p. 9.) Therefore, in about three months, an additional 6% of the Small C&I budget (or approximately \$4.7 million) was accounted for. (*PPL Electric Statement No. 2*, p. 9.) At that pace, PPL Electric will have its entire Small C&I budget booked by early 2024. (*PPL Electric Statement No. 2*, p. 9.) This evidence shows that the Company will exhaust its existing funding for Small C&I, including its contingency fund, by June 1, 2024, without the proposed budget shift. (*PPL Electric Statement No. 2*, p. 9.)

Second, the Company established that the proposed budget shift will not negatively impact the Large C&I Sector because the Large C&I Sector’s new budget of approximately \$67.91 million would leave more than enough of a budget to accommodate the Large C&I customers’ interest in

EE&C this phase. (See PPL Electric Statement No. 1, pp. 8-9.) Also, PPL Electric’s proposed change would not disturb the reasonable mix of programs in the Phase IV EE&C Plan because the Company will have the same mix of EE&C programs and measures with or without the budget shift. In fact, a denial of the proposed change would effectively violate Act 129’s mandate that the EE&C Plan “provide the measures equitably to all classes of customers”³ because the Small C&I EE&C offerings are estimated to stop (*i.e.*, “go dark”) by June 1, 2024, without the \$18 million budget shift. (PPL Electric Statement No. 1, p. 11.) PPL Electric cannot provide measures equitably to all classes of customers if one of those customer classes (here, Small C&I) is effectively barred from participating due to lack of funding. (PPL Electric Statement No. 1, p. 11.)

Third, PPL Electric argued that the \$2 million spending limit on free direct install measures in low-income tenant units in master-metered multifamily (“MMMF”) properties should remain unchanged. (PPL Electric Statement No. 1, pp. 12-14.) The Company explained that the \$2 million spending limit, which was established in the Commission’s *March 2021 Order*⁴ approving the Partial Settlement in this proceeding, should be viewed separately from the proposed budget shift. (PPL Electric Statement No. 1, p. 13.) Although PPL Electric is proposing to shift \$18 million from the Large C&I Sector’s budget to the Small C&I Sector’s budget, the increased participation by the Small C&I Sector does not mean there is demand from low-income MMMF buildings that would warrant additional spending on these measures beyond the \$2 million limit. (PPL Electric Statement No. 1, p. 13.) Moreover, PPL Electric noted how the Partial Settlement already contemplates the process by which PPL Electric would seek additional funding for these measures if the Company “determines that it will need to spend more than \$2.0 million for such

³ 66 Pa. C.S. § 2806.1(a)(5).

⁴ See *Petition of PPL Electric Utilities Corp. for Approval of its Act 129 Phase IV Energy Efficiency and Conservation Plan*, Docket No. M-2020-3020824 (Order entered Mar. 25, 2021) (“*March 2021 Order*”).

measures.” *March 2021 Order*, p. 29. Specifically, the Partial Settlement provides that PPL Electric “will meet with stakeholders and revise its Phase IV EE&C Plan to update the estimated funding for these measures, subject to Commission approval.” *Id.*

Fourth, the proposed budget shift, if approved, would not result in an EE&C Plan that fails to satisfy the requirements of Act 129 and the prior related Orders of the Commission. PPL Electric believes that this statement in the *April 2023 Order* was in reference to Act 129’s requirement that the EE&C Plan include “a variety of energy efficiency and conservation measures and will provide the measures equitably to all classes of customers.” 66 Pa. C.S. § 2806.1(a)(5). In interpreting this requirement, the Commission stated the following in its *Phase IV Implementation Order*:

The Commission finds that all classes of customers will benefit from a general approach because it has the best potential to impact future energy prices. For Phase IV of Act 129, the Commission proposed not to require a proportionate distribution of measures among customer classes. However, the Commission proposed that each customer class be offered at least one program. The Commission notes that, as in prior phases, the initial mix and proportion of programs should be determined by the EDCs, subject to Commission approval. The Commission expects the EDCs to provide a reasonable mix of programs for all customers. The burden is on an EDC to explain and justify its distribution of measures among its customer classes if such distribution is challenged.⁵

If the proposed budget shift were approved, PPL Electric’s Phase IV EE&C Plan would still offer each customer class at least one program and would still provide a reasonable mix of programs for all customers. (PPL Electric Statement No. 1, pp. 9-12.) Thus, PPL Electric’s Phase IV EE&C Plan will remain compliant with all of the requirements of Act 129 and the Commission’s related Orders if Change Nos. 5, 7, and 8 are approved.

⁵ *Energy Efficiency and Conservation Program*, Docket No. M-2020-3015228, p. 92 (Order entered June 18, 2020) (“*Phase IV Implementation Order*”) (emphasis added).

However, CAUSE-PA witness Miller recommended certain modifications to the Company's proposed budget shift. Although he did not oppose Change No. 5 entirely, Mr. Miller recommended that "the Commission lift the spending cap for low income master-metered multifamily buildings established in the Partial Settlement, and require PPL to direct at least 20% (\$3.6 million) of the reallocated funds to serve low income master-metered multifamily buildings within its Small C&I class." (CAUSE-PA Statement 1 (Remand), p. 8.) He also recommended that "PPL lift its cap on spending for comprehensive measures installed in low income master metered multifamily buildings." (CAUSE-PA Statement 1 (Remand), p. 8.)

As alleged support for his recommendations, Mr. Miller argued that "PPL has not reached a substantial number of master-metered multifamily buildings through its Phase IV program." (CAUSE-PA Statement 1 (Remand), p. 8.) Mr. Miller also noted that PPL Electric has "serv[ed] very few tenant units in low income master-metered multifamily buildings" in Phase IV and "has not provided any comprehensive measures for low income master-metered multifamily units to date" in Phase IV. (CAUSE-PA Statement 1 (Remand), p. 6.) Moreover, with the proposed budget shift, the Company projected that "it will provide comprehensive measures in just 28 low income master-metered multifamily units through the remainder of Phase IV." (CAUSE-PA Statement 1 (Remand), p. 6.) Also, Mr. Miller alleged that the Company's "outreach materials for low income master-metered multifamily buildings" could be improved and that the Non-Residential Program "appears to lack adequate technical assistance and support necessary for master-metered multifamily buildings to access prescriptive programs designed to serve the unique needs of the building." (CAUSE-PA Statement 1 (Remand), p. 6.)

The Settlement reflects a reasonable compromise of the parties' positions. Under the Settlement, the \$18 million budget shift set forth in Change No. 5 is approved. (Settlement ¶ 19.)

PPL Electric also confirms that of the approximately \$18 million that will be diverted from the Large C&I budget to the budget of the Company's small business customers, approximately \$2.5 million of that approximately \$18 million can be used to fund measures for affordable MMMF projects. (Settlement ¶ 20.) The \$2.0 million cumulative spending limit for measures installed inside the tenant units of low-income residents in MMMF buildings and the \$2.0 million cumulative spending limit for comprehensive measures within the Low Income Program as it relates to services for affordable MMMF buildings, as established in the Partial Settlement previously approved in this proceeding, will each be increased to \$2.5 million, respectively. (Settlement ¶ 20.) The process established in the Partial Settlement to further increase these cumulative spending caps will remain in place. (Settlement ¶ 20.)

In addition, the Settlement states that PPL Electric has identified 70 new potential projects ranging between 80 and 100 units as potential affordable MMMF projects. (Settlement ¶ 21.) The Company will exercise reasonable efforts to complete coordinated treatments of affordable MMMF projects, which includes comprehensive measures from that list of new potential projects, provided that the building qualifies for such comprehensive measures because it has electric heat. (Settlement ¶ 21.) Within 30 days of approval of this Settlement, PPL Electric will provide to the Joint Petitioners its list of 70 new potential projects ranging between 80 and 100 units as potential affordable MMMF projects. (Settlement ¶ 21.) PPL Electric also will revisit completed affordable MMMF projects from Phases II and III where comprehensive work was not completed and conduct targeted outreach to those customers for potential participation in the Company's Phase IV comprehensive measures, provided that the building qualifies for such comprehensive measures because it has electric heat. (Settlement ¶ 22.)

Further, the Settlement provides that PPL Electric will work with CAUSE-PA and other interested stakeholders to explore ways in which to improve: (a) outreach to affordable MMMF; and (b) coordination of EE&C Plan incentives with Inflation Reduction Act of 2022 (“IRA”) funding or other federal, state, and local energy efficiency funding sources. (Settlement ¶ 23.) PPL Electric will convene at least two meetings within 180 days of approval of this Settlement to facilitate this collaborative effort. (Settlement ¶ 23.)

In response to CAUSE-PA’s concerns about the Company’s MMMF outreach materials, the Settlement states that within 60 days of approval of this Settlement, PPL Electric will revise its “Income Qualified Multifamily Residence” flyer (CAUSE-PA to PPL III-9-6) and/or create a new outreach flyer for affordable MMMF properties that includes reference to: (a) the availability of comprehensive measures, including space heating, building shell measures, water heater maintenance, repair, or replacement, and appliance replacement/recycling; and (b) the availability of additional efficiency programming to serve non-low income tenant units and common areas at a reduced cost through its Non-Residential Program. (Settlement ¶ 24.) Also, within 30 days of approval of this Settlement, PPL Electric will share a draft of its revised flyer and/or new outreach materials with the parties to this proceeding and will consider incorporating the parties’ recommendations for further revision. (Settlement ¶ 24.) Moreover, within 90 days of approval of this Settlement, PPL Electric will review its customer data and information system to identify tenant-occupied buildings within the Small C&I customer class and will conduct affirmative outreach to identified account holders regarding available energy efficiency programming to MMMF buildings identified in this review process. (Settlement ¶ 25.)

Additionally, the Settlement imposes certain reporting requirements. Specifically, PPL Electric agrees to provide the Joint Petitioners and the Commission with quarterly updates to

Tables 1 through 3 in PPL Electric's Reply Comments filed on February 21, 2023, so that the Joint Petitioners and the Commission can continue to track the participation, savings, and spending associated with the Small C&I and Large C&I Sectors. (Settlement ¶ 26.) PPL Electric also agrees to provide the Joint Petitioners and the Commission with quarterly updates on the affordable MMMF projects undertaken by the Company, including the participation, installed measures, savings, and spending associated with such projects. (Settlement ¶ 27.) Such report will include details on the Company's progress in: (a) targeting to complete coordinated treatments of affordable MMMF projects that include comprehensive measures, as set forth in Paragraph 21, *supra*; and (b) revisiting completed affordable MMMF projects from Phases II and III where comprehensive work was not completed and conducting targeted outreach to those customers for potential participation in the Company's Phase IV comprehensive measures, as set forth in Paragraph 22, *supra*. (Settlement ¶ 27.) As part of this report, PPL Electric will also begin tracking and reporting on participation, installed measures, savings, and spending for projects serving common areas in affordable MMMF buildings through PPL Electric's Non-Residential Program. (Settlement ¶ 27.)

In sum, the Settlement balances the Company's dire need for the Commission to approve the proposed budget shift with CAUSE-PA's concerns about PPL Electric's performance in providing EE&C measures to affordable MMMF properties to date. The Settlement also will enable the Commission and Joint Petitioners to better track the Company's progress with the Small C&I and Large C&I Sectors and affordable MMMF housing. For these reasons, these settlement provisions are just and reasonable and in the public interest and should be approved without modification.

C. CHANGE NO. 7

Change No. 7 would increase the estimated savings and estimated peak demand reductions for the Small C&I Sector in the Non-Residential Program. (PPL Electric Statement No. 1, p. 6.) Under the proposed changes, the Small C&I Sector's total first-year savings would increase from 574,229 MWh to 648,725 MWh, while the Small C&I Sector's total first-year peak demand reductions would increase from 93.37 MW to 135.23 MW. (PPL Electric Statement No. 1, pp. 6-7.) These changes, and any corresponding changes to the estimated savings and peak demand reductions for individual program years, are being made to reflect: (a) PPL Electric's actual experience in Phase IV; (b) the shift of approximately \$18 million from the Large C&I budget to the Small C&I budget in the Non-Residential Program, as proposed in Change No. 5; and (c) the Non-Residential Program measures that are being added, changed, or removed, as approved in Change No. 6 by the Commission in its *April 2023 Order*. (PPL Electric Statement No. 1, p. 7.) With the proposed changes to the Company's Non-Residential Program, the Small C&I Sector is projected to remain cost-effective, with a Total Resource Cost ("TRC") benefit-cost ratio ("BCR") of 1.20. (PPL Electric Statement No. 1, p. 7.)

Under the Settlement, PPL Electric's Change No. 7, which would increase the estimated savings and peak demand reductions for the Small C&I Sector in the Non-Residential Program, is approved without modification. (Settlement ¶ 28.) As noted previously, Change No. 7 is needed to reflect the budget shift proposed in Change No. 5 and the Non-Residential Program measure changes that were already approved by the Commission. Given that the parties have reached a just and reasonable compromise of their positions on Change No. 5, the Commission should likewise approve Change No. 7. Based on the foregoing, this settlement provision is just and reasonable and in the public interest and should be approved without modification.

D. CHANGE NO. 8

Change No. 8 would decrease the estimated savings and estimated peak demand reductions for the Large C&I Sector in the Non-Residential Program. (PPL Electric Statement No. 1, p. 7.) Under the proposed changes, the Large C&I Sector's total first-year savings would decrease from 800,239 MWh to 481,108 MWh, while the Large C&I Sector's total first-year peak demand reductions would decrease from 111.05 MW to 70.89 MW. (PPL Electric Statement No. 1, p. 7.) These changes, and any corresponding changes to the estimated savings and peak demand reductions for individual program years, are being made to reflect: (a) PPL Electric's actual experience in Phase IV; (b) the shift of approximately \$18 million from the Large C&I budget to the Small C&I budget in the Non-Residential Program, as proposed in Change No. 5; and (c) the Non-Residential Program measures that are being added, changed, or removed, as approved in Change No. 6 by the Commission in its *April 2023 Order*. (PPL Electric Statement No. 1, p. 7.) With the proposed changes to the Company's Non-Residential Program, the Large C&I Sector's TRC BCR is projected to increase from 1.04 to 1.09 and, therefore, remain cost-effective. (PPL Electric Statement No. 1, pp. 7-8.)

The Settlement provides that PPL Electric's Change No. 8, which would decrease the estimated savings and peak demand reductions for the Large C&I Sector in the Non-Residential Program, is approved without modification. (Settlement ¶ 29.) As explained above, Change No. 8 is needed to reflect the budget shift proposed in Change No. 5 and the Non-Residential Program measure changes that were already approved by the Commission. Because the parties have reached a just and reasonable compromise of their positions on Change No. 5, the Commission should likewise approve Change No. 8. For these reasons, this settlement provision is just and reasonable and in the public interest and should be approved without modification.

IV. CONCLUSION

The Settlement is the result of a detailed examination of PPL Electric's Petition to Modify its Phase IV EE&C Plan, discovery requests, written testimony, numerous settlement discussions, and substantial compromises by the active parties. PPL Electric believes that a fair and reasonable Settlement has been achieved, particularly given the fact that the active parties have such diverse and competing interests in this proceeding and have reached an agreement on all issues. PPL Electric fully supports this Settlement and respectfully requests that the Pennsylvania Public Utility Commission:

- (i) Approve the Joint Petition for Settlement of All Issues without modification; and
- (ii) Approve PPL Electric's Petition to Modify its Phase IV EE&C Plan subject to the terms and conditions of the Joint Petition for Settlement of All Issues.

Respectfully submitted,



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Date: June 30, 2023

Attorneys for PPL Electric Utilities Corporation

Appendix B

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

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

**STATEMENT OF
THE OFFICE OF SMALL BUSINESS ADVOCATE
IN SUPPORT OF THE
JOINT PETITION FOR APPROVAL OF
SETTLEMENT OF ALL ISSUES**

Introduction

On December 30, 2022, PPL Electric Utilities Corporation (“PPL” or the “Company”) filed a Petition for Approval of Changes to its Act 129 Phase IV Energy Efficiency and Conservation Plan (“*Petition*”) with the Pennsylvania Public Utility Commission (“Commission”).

The Small Business Advocate is authorized and directed to represent the interests of the small business consumers of utility services in the Commonwealth of Pennsylvania under the provisions of the Small Business Advocate Act, Act 181 of 1988, 73 P.S. §§ 399.41 - 399.50. Pursuant to that statutory authority, on January 26, 2023, the Office of Small Business Advocate (“OSBA”) filed an Amended Answer to the *Petition*.

The OSBA participated in the negotiations that led to the proposed settlement and is a signatory to the Joint Petition for Approval of Settlement of All Issues (“*Settlement*”). The OSBA submits this statement in support of the *Settlement*.

The Settlement

The *Settlement* sets forth a comprehensive list of issues that were resolved through the negotiation process. The following issues were of particular significance to the OSBA when it concluded that the was in the best interests of the small business customers of PPL.

The Petition

In its *Petition*, PPL sought approval for a wide variety of changes to the Energy Efficiency and Conservation (“EE&C”) Plan. The proposed changes included an “Increase the Estimated Savings and Estimated Peak Demand Reductions for the Small C&I Sector in the Non-Residential Program.” *Petition*, at 5. Naturally, this proposed modification to PPL’s EE&C Plan was received enthusiastically by the OSBA. PPL was proposing to essentially swap the Large C&I (“Commercial and Industrial”) and Small C&I budgets and make far more investment in the Small C&I sector. This was good news for PPL’s small businesses. To be clear, the OSBA filed its Amended Answer only to clarify certain issues of PPL’s proposed amendments.

Small C&I Participation Rate

The primary issue that concerned the OSBA was the Small C&I participation rate that would justify PPL’s proposed amendments. Amended Answer, at 2-3.

PPL addressed this issue in its February 21, 2023, Reply Comments. Specifically, PPL observed that 76% of the funding for Small C&I projects had been accounted for, in comparison to only 40% of the funding for Large C&I projects had been used. Reply Comments, at 11.¹

PPL concluded, as follows:

Thus, under the current Small C&I budget, PPL Electric will have to drastically lower incentives paid to participating Small C&I customers or else the Company will likely exhaust the Small C&I budget before the end of Phase IV.

¹ PPL set forth a detailed Table showing the funding use for the two classes. Reply Comments, Table 3, at 12.

PPL Reply Comments, at 12.

Based on the evidence indicating an increase in participation rate from Small C&I for the custom component, OSBA shares the same concern as PPL Electric about their current plan. The *Settlement* proposes to reallocate PPL Electric's funding for Large C&I projects to the Small C&I budget which would enable PPL to better respond to demand from small businesses to access PPL program assistance. *Settlement*, Paragraphs 19-20.

Master Metered Multi-Family Housing

The *Settlement* proposes to allow up to \$2.5 million of the approximately \$18 million that would be transferred to PPL's Small C&I EE&C budget to be used to fund measures for affordable master-metered multi-family ("MMMMF") housing projects. *Settlement*, Paragraph 20. The OSBA notes that some of the landlords of MMMF housing projects are served under PPL's Small C&I tariffed rates.

The *Settlement* proposal to cap the amount that can be used to fund measures for affordable MMMF housing at \$2.5 million does maintain the majority of the \$18 million for the overall Small C&I budget. Furthermore, this provides PPL the flexibility to respond to market conditions within the Small C&I sector in the future, as opposed to directing it to a limited subset of the Small C&I sector. Specifically, having the entirety of the \$18 million open to MMMF housing projects would have hampered the ability of PPL to plan for and implement EE&C initiatives at scale for Small C&I customers, given uncertainty of demand and no clear budget cap for MMMF housing projects.

Additionally, low-income households can have their PPL EE&C projects covered by the funding already allocated to residential customers. Low-income households are also eligible for a variety of other services and subsidies, such as LIHEAP subsidies, flat billing, shutoff

protections, etc. As small businesses do not have dedicated energy efficiency subsidies outside of the PPL's Small C&I EE&C funding, the proposed cap on MMMF housing is appropriate.

Conclusion

For the reasons set forth in the *Joint Petition*, as well as the additional factors that are enumerated in this statement, the OSBA supports the proposed *Joint Petition* and respectfully requests that the ALJ and the Commission approve the *Joint Petition* in its entirety.

Respectfully submitted,

/s/ Steven C. Gray

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Dated: June 30, 2023

Appendix C

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

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

**PP&L INDUSTRIAL CUSTOMER ALLIANCE
STATEMENT IN SUPPORT OF
JOINT PETITION FOR APPROVAL OF SETTLEMENT OF ALL ISSUES**

The PP&L Industrial Customer Alliance ("PPLICA"), by and through its counsel, submits that the Joint Petition for Approval of Settlement of all Issues ("Joint Petition" or "Settlement"), filed in the above-captioned proceeding, is in the public interest and represents a fair, just and reasonable resolution of PPL Electric Utilities Corporation's ("PPL Electric" or "Company") Petition to Modify its Phase IV Energy Efficiency and Conservation Plan ("Phase IV EE&C Plan" or "EE&C Plan"). As a result of settlement discussions, PPLICA, PPL, and the additional signatory parties identified in the Joint Petition (the "Joint Petitioners"), have agreed upon the terms embodied in the foregoing Settlement. PPLICA offers this Statement in Support to further demonstrate that the Settlement is in the public interest and should be approved without modification.

I. BACKGROUND

1. PPLICA concurs with the background set forth in the Joint Petition.

II. STATEMENT IN SUPPORT

2. The Commission has a strong policy favoring settlements. As set forth in the PUC's regulations, "[t]he Commission encourages parties to seek negotiated settlements of contested proceedings in lieu of incurring the time, expense and uncertainty of litigation." 52 Pa. Code § 69.391; *see also* 52 Pa. Code § 5.231. Consistent with the Commission's Policy, the

Joint Petitioners engaged in negotiations to resolve the issues raised by various parties. These ongoing discussions produced the foregoing Settlement.

3. The Joint Petitioners agree that approval of the proposed Settlement is overwhelmingly in the best interest of the parties involved.

4. The Settlement is in the public interest for the following reasons:

- a. As a result of the Partial Settlement, expenses incurred by the Joint Petitioners and the Commission for completing this proceeding will be substantially less than they would have been if the proceeding had been fully litigated.
- b. Uncertainties regarding further expenses associated with possible appeals from the Final Order of the Commission regarding the settled issues are avoided as a result of the Settlement.
- c. The Settlement results in terms and provisions that present a just and reasonable resolution of the outstanding changes from the Company's proposed Petition to Modify its Phase IV EE&C Plan. Specifically, the Settlement implements PPL's proposed Change No. 5, which would shift approximately \$18 million from the Large Commercial and Industrial ("C&I") Sector's budget in the Non-Residential Program to the Small C&I Sector's budget in the Non-Residential Program, which appropriately reflects the decline in Large C&I participation observed through the Company's Phase IV Plan to date. *See* PPL Statement No. 1 at 5. While the budget shift will reduce the Phase IV budget for Large C&I customers from \$85.91 million to \$67.91 million, PPL anticipates that the remaining budget will be sufficient to accommodate Large C&I demand for EE&C measures for the duration of Phase IV. *See id.* at 6, 8.
- d. The Settlement reflects compromises on all sides presented without prejudice to any position any Joint Petitioner may have advanced so far in this proceeding. Similarly, the Settlement is presented without prejudice to any position any party may advance in future proceedings involving the Company.

5. PPLICA supports the Settlement because it is in the public interest; however, in the event that the Settlement is rejected by the ALJ or the Commission, PPLICA will resume its litigation position, which may differ from the terms of the Settlement.

6. As set forth above, PPLICA submits that the Settlement is in the public interest and adheres to the Commission policies promoting negotiated settlements. The Partial Settlement was achieved after settlement discussions. While the Joint Petitioners have invested

time and resources in the negotiation of the Settlement, this process has allowed the parties, and the Commission, to avoid expending the substantial resources that would have been required to fully litigate all issues raised in this proceeding while still reaching a just, reasonable and non-discriminatory result. The Joint Petitioners have thus reached an amicable resolution to this dispute as embodied in the Settlement. Approval of the Settlement will permit the Commission and Joint Petitioners to avoid incurring the additional time, expense and uncertainty of further current litigation of issues in this proceeding. *See* 52 Pa. Code § 69.391.

III. CONCLUSION

WHEREFORE, the PP&L Industrial Customer Alliance respectfully requests that the Pennsylvania Public Utility Commission approve the Joint Petition for Approval of Settlement of all Issues submitted in this proceeding.

Respectfully submitted,

McNEES WALLACE & NURICK LLC

By 

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Appendix D

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 :

STATEMENT OF THE COALITION FOR AFFORDABLE UTILITY SERVICES AND ENERGY EFFICIENCY IN PENNSYLVANIA IN SUPPORT OF THE JOINT PETITION FOR APPROVAL OF SETTLEMENT OF ALL ISSUES

The Coalition for Affordable Utility Services and Energy Efficiency in Pennsylvania (CAUSE-PA), a signatory party to the Joint Petition for Approval of Settlement of All Issues (Joint Petition or Settlement), respectfully requests that the Pennsylvania Public Utility Commission (Commission) approve the proposed Settlement without modification. For the reasons stated more fully below, CAUSE-PA asserts that the terms and conditions of the proposed Settlement are in the public interest, are consistent with the Commission’s Phase IV Implementation Order, and should be approved without modification.¹

I. INTRODUCTION

As a signatory party to the previously approved Partial Settlement in PPL Electric Utilities Corporation’s Act 129 Phase IV Energy Efficiency and Conservation Plan proceeding, CAUSE-PA has a vested interest in ensuring that any approved Phase IV Plan changes do not negatively impact the provision of affordable and accessible energy efficiency measures for low income customers and other vulnerable consumer groups. Specifically, as it pertains to PPL’s proposed modifications to its Act 129 Phase IV Plan to shift \$18 million from the Large Commercial and

¹ Energy Efficiency and Conservation Program, Implementation Order, Docket No. M-2020-3015228 (order entered June 18, 2020) (hereinafter Phase IV Implementation Order).

Industrial (C&I) sector budget to the Small C&I sector budget, CAUSE-PA sought in this proceeding to ensure that low income master-metered multifamily (MMMMF) buildings are equitably served by PPL's Act 129 Phase IV Plan as amended.

The proposed Settlement in this proceeding, which was arrived at through good faith negotiation by all parties, is in the public interest, balances the interests of the parties, and fairly addresses a number of issues raised in the proceeding. If approved, the Settlement will improve the availability of comprehensive energy efficiency services to low income MMMF buildings, a historically underserved building type, helping in turn to preserve the availability of efficient, affordable housing options for low income families. The Settlement will also avoid substantial litigation and associated costs and will eliminate the possibility of further Commission litigation and appeals, along with their attendant costs. As such, and notwithstanding the fact that CAUSE-PA's positions were not fully adopted, we assert that the proposed Settlement strikes an appropriate balance and should be approved without modification.

II. BACKGROUND

CAUSE-PA adopts the background as set forth in paragraphs 1-17 of the Petition.

III. CAUSE-PA SUPPORT FOR THE SETTLEMENT

The following terms of the proposed Settlement address issues of concern raised by CAUSE-PA, as explained in Mr. Miller's testimony, and reflect a carefully balanced compromise of the varied interests in this proceeding. As such, CAUSE-PA urges the Commission to approve the Settlement without modification.

A. Change No. 5

Increased Spending Caps for Low Income Master Meter Multifamily (MMMMF) Housing

PPL's initial proposal to shift \$18 million from the Large C&I to the Small C&I sector did not address whether any of the reallocated funds would be used to support energy efficiency and conservation (EE&C) programming for MMMF buildings. As CAUSE-PA expert witness Mitchell Miller explained, low income (affordable) MMMF housing is difficult to reach and serve through traditional efficiency programs, resulting in disproportionately low levels of services for this unique housing type. (CAUSE-PA St. 1 at 37-39; CAUSE-PA St. 1 (Remand) at 3).² As Mr. Miller explained:

Low income master-metered multifamily building owners and operators most often operate on razor-thin budgets that do not leave room for investment in energy efficiency services, despite clear need to reduce energy costs in order to preserve the availability of decent, affordable housing for low income families. Economic pressures as a result of the COVID-19 pandemic exacerbated the acute need for targeted efficiency services to help reduce high energy costs. As such, I noted in my prior testimony the critical importance of and broader public interest in ensuring that low income housing providers have access to low or no cost energy efficiency services to help reduce energy usage, stabilize operating costs, and preserve already-scarce affordable multifamily housing.

(CAUSE-PA St. 1 at 24-27, 37-40; CAUSE-PA St. 1 (Remand) at 3).

Mr. Miller highlighted the critical importance of and broader public interest in ensuring that low income housing providers have access to low or no cost energy efficiency services to help reduce energy usage, stabilize operating costs, and preserve already-scarce affordable multifamily housing. (CAUSE-PA St. 1 at 24-27, 37-40).

The underlying Partial Settlement of PPL's Act 129 Phase IV EE&C Plan contained an overall \$2.0 million cumulative spending limit for measures installed inside the tenant units of low

² ACEEE, Stefan Samarripas & Dan York, Closing the Gap in Energy Efficiency Programs for Affordable Multifamily Housing (April 2019), <https://www.aceee.org/sites/default/files/publications/researchreports/u1903.pdf>; Heather L. Schwartz, Aimee E. Curtright, Corday Ogletree, Elizabeth Thornton, Lisa Jonsson, Energy Efficiency as a Tool for Preservation of Affordable Rental Housing (2018), https://www.rand.org/pubs/research_reports/RR2293.html; Joint Center for Housing Studies of Harvard University, America's Rental Housing Evolving Markets and Needs, at 31 (2013).

income residents in affordable MMMF projects – as well as a \$2.0 million cumulative spending limit for comprehensive measures within the Low Income Program. (Partial Settlement at 5, paras. 31-33). In light of PPL’s proposal to shift substantial funds from the Large C&I to the Small C&I Sector budget, Mr. Miller recommended that the Commission lift these spending caps and direct PPL to allocate at least 20% (\$3.6 million) of the reallocated funds to serve low income MMMF buildings within the Small C&I sector. (CAUSE-PA St. 1 (Remand) at 8).

The terms of the instant proposed Settlement would increase each of these spending caps from \$2.0 million to \$2.5 million – allowing additional investment into comprehensive efficiency projects for affordable MMMF buildings. (Joint Pet. at 5, para. 20). The Settlement also retains the process established in the previous Partial Settlement in this proceeding to increase the spending caps. (Id.)

While Mr. Miller’s recommendations were not fully adopted, the proposed Settlement meaningfully improves the overall resources available to serve low income affordable MMMF buildings within PPL’s service territory. This will in turn help improve the energy efficiency of affordable multifamily housing for low income households in PPL’s service territory and reducing costs for low income housing providers. CAUSE-PA submits that the proposed increase in spending caps for affordable MMMF efficiency projects – together with the other provisions in this proposed Settlement to improve the identification of and outreach to affordable MMMF housing providers – represents a reasonable compromise in this proceeding to balance the varied interests at stake. As such, we believe this provision of the settlement is just, reasonable, and in the public interest and should be approved by the Commission.

Identification of Low Income MMMF Projects

In his direct testimony regarding PPL's proposed plan change, Mr. Miller explained that PPL's Phase IV Plan was not adequately serving affordable master metered multifamily buildings. He pointed out that PPL had only provided 100 audits for low income master-metered multifamily tenant units – compared to 4,631 energy audits for low income single-metered multifamily tenant units, and had not installed any comprehensive measures. (CAUSE-PA St. 1 (Remand) at 5). Mr. Miller concluded that more funding and outreach was needed to adequately serve the need for efficiency upgrades in low income multifamily buildings.

As indicated in the proposed Settlement, PPL has identified 70 new potential affordable MMMF projects, ranging between 80 and 100 units each. (Joint Pet at 5, para. 21). Paragraph 21 explicitly requires PPL to exercise reasonable efforts to complete coordinated treatments of affordable MMMF projects, including comprehensive measures from that list of new potential projects that have electric heat. (Id.) Within 30 days of approval of this settlement, PPL Electric will provide to the Joint Petitioners its list of new potential projects. (Id.) PPL will also revisit completed affordable MMMF projects from Phases II and III where comprehensive work was not completed and will conduct targeted outreach to those customers for potential participation in the Company's Phase IV comprehensive measures, provided that the building qualifies for such comprehensive measures because it has electric heat. (Joint Pet. at 5, para. 22).

By requiring PPL to take explicit steps to expand the availability of comprehensive services to identified low income MMMF buildings, these provisions of the proposed Settlement will help to address inadequacies in service delivery for affordable MMMF buildings identified by Mr. Miller. Disclosure of PPL's project leads will also enable stakeholders to provide informed input and recommendations to further expand the reach of PPL's program. CAUSE-PA submits that

these provisions of the proposed Settlement will help to measurably improve the delivery of comprehensive services to low income multifamily units. As such, we submit that the proposed Settlement is just, reasonable, and in the public interest; represents a reasonable compromise amongst competing interests; and should be approved by the Commission without modification.

Improved Outreach

In his direct testimony, CAUSE-PA witness Miller pointed out that PPL's outreach materials for low income master-metered multifamily buildings do not adequately describe the availability of free comprehensive measures like building shell measures, water heating, or appliance swaps for tenant units, or the possibility of reduced cost efficiency services and equipment for common spaces in MMMF buildings. (CAUSE-PA St. 1 (Remand) at 6-7).

As part of the proposed Settlement, PPL will work with CAUSE-PA and other interested stakeholders to explore ways in which to improve: (a) outreach to affordable MMMF; and (b) coordination of EE&C Plan incentives with Inflation Reduction Act of 2022 ("IRA") funding or other federal, state, and local energy efficiency funding sources. (Joint Pet. at 5-6, para. 23) PPL Electric will also revise its "Income Qualified Multifamily Residence" flyer and/or create a new outreach flyer for affordable MMMF properties that includes reference to: (a) the availability of comprehensive measures, including space heating, building shell measures, water heater maintenance, repair, or replacement, and appliance replacement/recycling; and (b) the availability of additional efficiency programming to serve non-low income tenant units and common areas at a reduced cost through its Non-Residential Program. (Joint Pet. at 6, para. 24). PPL will also review its customer data and information system to identify tenant-occupied buildings within the Small C&I customer class and will conduct affirmative outreach to identified account holders

regarding available energy efficiency programming to MMMF buildings identified in this review process. (Joint Pet. at 6, para. 25).

These provisions of the proposed Settlement will improve PPL's outreach and cross-program coordination, with assistance from stakeholders, and will help ensure that PPL is effectively utilizing available resources to identify low income MMMF buildings in need of energy efficiency services. As such, the proposed Settlement will serve to expand the reach of PPL's Act 129 program to better serve this unique and historically underserved building type. The Commission should approve these provisions of the Settlement because they are just, reasonable, and in the public interest.

Improvements to PPL's Act 129 Reporting

Under the terms of the proposed Settlement, PPL will provide the Joint Petitioners and the Commission with quarterly updates to the Joint Petitioners and the Commission to help track the participation, savings, and spending associated with the Small C&I and Large C&I Sectors. (Joint Pet. at 5-7, para. 27). PPL will also provide the Joint Petitioners and the Commission with quarterly updates on the affordable MMMF projects undertaken by the Company, including the participation, installed measures, savings, and spending associated with such projects. The report will include details on the Company's progress in: (a) targeting to complete coordinated treatments of affordable MMMF projects that include comprehensive measures; and (b) revisiting completed affordable MMMF projects from Phases II and III where comprehensive work was not completed and conducting targeted outreach to those customers for potential participation in the Company's Phase IV comprehensive measures. (Id.) As part of this report, PPL Electric will also begin tracking and reporting on participation, installed measures, savings, and spending for projects

serving common areas in affordable MMMF buildings through PPL Electric's Non-Residential Program. (Id.).

These provisions of the Settlement will help improve the comprehensiveness of PPL's Act 129 reporting and will in turn allow the Commission and the parties to better assess PPL's progress in serving affordable MMMF buildings. Improved reporting will also help to promote transparency and improve accountability of PPL to its low income MMMF service goals outlined in the proposed Settlement. Thus, CAUSE-PA submits that these provisions of the proposed Settlement are just, reasonable, and in the public interest and should be approved by the Commission.

IV. CONCLUSION

CAUSE-PA submits that the proposed Settlement, which was achieved by the Joint Petitioners after an investigation of the Company's filing, is in the public interest and should be approved. Acceptance of the Settlement avoids the necessity of further administrative and possibly appellate proceedings regarding the settled issues at what would have been a substantial cost to the Joint Petitioners and the Company's customers. Accordingly, CAUSE-PA respectfully requests that the Commission approve the Settlement without modification.

Respectfully submitted,
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June 30, 2021