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August 20, 2012

BY FEDERAL EXPRESS

Rosemary Chiavetta, Secretary
Pennsylvania Public Utility Commission
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PA PUBLIC UTILITY COMMISSION
SECRETARY'S BUREAU

RE: Energy Efficiency and Conservation Program
Docket Nos. M-2012-2289411 & M-2008-2069887

Dear Secretary Chiavetta:

Enclosed for filing is the Petition of PPL Electric Utilities Corporation for an Evidentiary Hearing in the above-referenced proceeding.

Copies have been provided as indicated on the Certificate of Service.

Respectfully Submitted,


Andrew S. Tubbs

AST/jl

Enclosures

cc: Certificate of Service

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

**Energy Efficiency and Conservation Program : Docket Nos. M-2012-2289411
: M-2008-2069887**

**PETITION OF PPL ELECTRIC UTILITIES CORPORATION
FOR AN EVIDENTIARY HEARING**

TO THE PENNSYLVANIA PUBLIC UTILITY COMMISSION:

PPL Electric Utilities Corporation (“PPL Electric” or the “Company”), by and through its attorneys, hereby petitions the Pennsylvania Public Utility Commission (“Commission”), pursuant to Section 5.41 of the Commission’s Rules of Administrative Practice and Procedure, 52 Pa. Code § 5.41, and the *Energy Efficiency and Conservation Program*, Implementation Order, at Docket Nos. M-2012-2289411 and M-2008-2069887 (Order Entered August 3, 2012) (“*Implementation Order*”) for an evidentiary hearing concerning the consumption reduction targets established by the *Implementation Order*, as applicable to PPL Electric. In support thereof, PPL Electric states as follows:

I. BACKGROUND

1. PPL Electric is a public utility and an EDC as defined in Sections 102 and 2803 of the Pennsylvania Public Utility Code, 66 Pa. C.S. §§ 102, 2803. PPL Electric furnishes electric distribution, transmission, and default supply services to approximately 1.4 million customers throughout its certificated service territory, which includes all or portions of twenty-nine counties and encompasses approximately 10,000 square miles in eastern and central Pennsylvania.

2. On October 15, 2008, Governor Rendell signed House Bill No. 2200, subsequently identified as Act No. 129. Act 129 created an energy efficiency and conservation program, codified in the Pennsylvania Public Utility Code at Sections 2806.1 and 2806.2, 66

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Pa.C.S. §§ 2806.1 and 2806.2. This program requires an EDC with at least 100,000 customers, such as PPL Electric, to adopt an energy efficiency and conservation (“EE&C”) plan, approved by the Commission, to reduce customers’ electric consumption and peak demand.

3. On July 1, 2009, PPL Electric filed its EE&C Plan with the Commission pursuant to Act 129 and various related Commission orders. PPL Electric’s EE&C Plan includes a broad portfolio of energy efficiency and conservation programs and peak load reduction programs. The Commission initially approved PPL Electric’s Phase I EE&C Plan, with modifications, on October 26, 2009¹ and further revisions were approved in various subsequent orders.²

II. IMPLEMENTATION ORDER

4. Pursuant to Act 129, the Commission is also charged with the responsibility to evaluate the costs and benefits of the EE&C program by November 30, 2013, and every five years thereafter. 66 Pa. C.S. § 2806.1(c)(3). The Commission must adopt, under Act 129, additional incremental reductions in consumption if the benefits of the EE&C program exceed its costs. *Id.*

5. Earlier this year, the Commission began the process of evaluating the costs and benefits of the EE&C program and establishing additional incremental reductions in consumption, provided the benefits exceed the costs. With the *Implementation Order*, entered on August 3, 2012, the Commission established Phase II of the EE&C program, requiring EDCs to adopt and implement cost effective plans to reduce energy consumption throughout the Commonwealth, consistent the August 3, 2012 Order. As pertinent to this Petition, the

¹ *Petition of PPL Electric Utilities Corporation for Approval of its Energy Efficiency and Conservation Plan*, Docket No. M-2009-2093216 (Order Entered October 26, 2009).

² *See e.g., Petition of PPL Electric Utilities Corporation for Approval of its Energy Efficiency and Conservation Plan*, Docket No. M-2009-2093216 (Order Entered February 17, 2010); *Petition of PPL Electric Utilities Corporation for Approval of its Energy Efficiency and Conservation Plan*, Docket No. M-2009-2093216 (Order Entered May 6, 2011).

Implementation Order determined the required consumption reduction targets for each EDC, as well as guidelines for implementing Phase II of the EE&C Program.

III. THE COMMISSION SHOULD ESTABLISH AN EVIDENTIARY HEARING CONCERNING THE COMPANY’S CONSUMPTION REDUCTION TARGET

6. In the *Implementation Order*, the Commission tentatively adopted the consumption reduction targets recommended by the statewide evaluator (“SWE”) and proposed in the *Tentative Implementation Order*.³ The percentage reduction targets, as well as their three-year cumulative MWh figures, as applicable to PPL Electric, appear below.

Act 129 Phase II Three-Year Energy Efficiency Reduction Compliance Targets

EDC	Three-Year Program Acquisition Cost (S/MWh)	Three-Year % of 2009/10 Forecast Reductions	Three-Year MWh Value of 2009/10 Forecast Reductions
PPL	\$224.71	2.1	821,072

Implementation Order at 24.

7. The Commission explained that its overall framework for establishing savings reduction targets was designed to establish compliance energy reduction targets that must, at a minimum, be met. *Implementation Order* at 25. The Commission determined that consumption reduction requirements for each EDC were based on the full 2% of 2006 annual revenues being spent for the energy efficiency program in each year of Phase II. Therefore, the consumption reduction targets vary among EDCs based on available resources, acquisition costs and efficiency potential. *Implementation Order* at 29.

8. In an attempt to address due process concerns regarding the facts relied upon by the Commission to set the individual EDC consumption reduction targets, such as the target for

³ *Energy Efficiency and Conservation Program*, Tentative Implementation Order at Docket Nos. M-2012-2289411 and M-2008-2069887, (Order Entered on May 11, 2012)(“*Tentative Implementation Order*”).

PPL Electric, the Commission tentatively adopted the EDC specific consumption reduction targets, subject to challenge by an EDC in accordance with the process described in the *Implementation Order*. Specifically, The Commission determined that the EDC consumption reduction targets will become final for any EDC that does not petition the Commission for an evidentiary hearing by August 20, 2012. An EDC that desires to contest the facts the Commission relied upon in adopting the consumption reduction requirements has until August 20, 2012, “to file a petition requesting an evidentiary hearing on its specific consumption reduction target.” *Implementation Order* at 31. Furthermore the Commission stated that if an EDC does not file a petition by August 20, 2012, “it will have been deemed to have accepted the facts and will be bound by the consumption reduction requirement” contained in the *Implementation Order* because there would be no remaining disputed facts. *Implementation Order* at 31. If an EDC files a timely petition the matter will be assigned to the Office of Administrative Law Judge for expedited hearings. In such hearings, the EDC will have the opportunity to present evidence and argument as to its reasonable consumption reduction target for Phase II.

9. With this Petition, PPL Electric requests that the Commission establish an evidentiary hearing concerning the consumption reduction target set in the *Implementation Order* and referenced in the above table. There exist disputed issues of material fact regarding the information relied on by the Commission in adopting the consumption reduction requirements.

10. The *Implementation Order* stated that the SWE’s Market Potential Study methodology averaged the administration costs from Phase I, program years one and two, and increased them by 25%. Similarly, the program incentive funding estimates from Phase I were increased by the SWE by 25% for Phase II. *Implementation Order* at 18-19. Further, the

Commission tentatively determined that that the SWE provided valid reasons in support of the 25% adjustment factor and projected acquisition costs. The adjustment factor was used to account for future uncertainties when establishing program goals. *Implementation Order* at 19. Specifically, the Commission stated that, “[t]he application of the 25% adjustment factor allows for future TRM adjustments on savings adjustments in future years without revising program goals.” *Implementation Order* at 20.

11. PPL Electric files this Petition requesting an evidentiary hearing as a protective measure. The Company believes that the 2.1% Phase II consumption reduction target is reasonably achievable; however, for it to be achievable the Commission must affirm that an EDC retains the right to challenge subsequent modifications to the TRM and request modifications to its Phase II targets. Stated differently, PPL Electric neither accepts the facts nor agrees to be bound by the 2.1% consumption reduction target if the facts include subsequent changes to TRM that are not presently known or knowable. The Company’s concerns stem from the Commission stating in the *Implementation Order* that the 25% adjustment factor provides for, “future TRM adjustments on savings adjustments in future years without revising program goals.” (emphasis added) *Implementation Order* at 20. The Company believes that this statement prohibits it from challenging future modifications to the TRM or from petitioning the Commission to modify its Phase II target due to the Commission’s approval of the 25% adjustment factor. On that basis, the Company challenges the 2.1% reached by the Commission, or any fixed number, as the assumptions that have been used to develop any such number are subject to change as a result of unknown and unknowable future events.

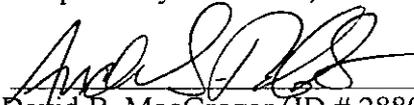
12. Concurrent with the filing of this Petition, PPL Electric is filing a petition for reconsideration with the Commission. In that petition, PPL Electric requests that the

Commission affirmatively state that its approval of the 25% adjustment factor, included in the SWE Market Potential Study, and the potential acceptance of the Phase II reduction compliance target does not: (1) preclude EDCs from challenging future modifications to the TRM; and (2) prohibit an EDC from petitioning the Commission to modify the applicable Phase II consumption reduction targets based upon future changes to the TRM or other market changes that are not presently known. Should the Commission grant PPL Electric's petition for reconsideration, then there will be no need for the evidentiary hearing requested in this petition.

IV. CONCLUSION

For the reasons set forth above, PPL Electric Utilities Corporation respectfully requests that the Commission establish an evidentiary hearing regarding the consumption reduction targets established by the *Implementation Order*, as applicable to PPL Electric.

Respectfully submitted,


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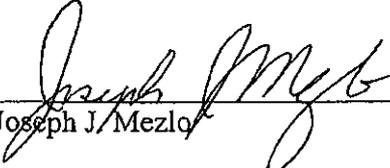
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Attorneys for PPL Electric Utilities Corporation

VERIFICATION

I, Joseph J. Mezlo, being the Manager-Energy Efficiency and Conservation Programs at PPL Electric Utilities Corporation, hereby state that the facts set forth in the foregoing documents are true and correct to the best of my knowledge, information and belief and that I expect that PPL Electric Utilities Corporation to be able to prove the same at a hearing held in this matter. I understand that the statements herein are made subject to the penalties of 18 Pa.C.S. § 4904 relating to unsworn falsification to authorities.

Date: August 20, 2012



Joseph J. Mezlo

CERTIFICATE OF SERVICE

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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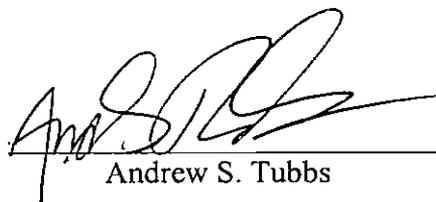
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