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July 19, 2016

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

VIA ELECTRONIC FILING

RE: Petition of PPL Electric Utilities Corporation for Approval of a Default Service Program and Procurement Plan for the Period June 1, 2017 through May 31, 2021; Docket No. P-2016-2526627

Dear Secretary Chiavetta:

Attached please find the Statement in Support of the Joint Petition for Approval of Partial Settlement on behalf of the PP&L Industrial Customer Alliance ("PPLICA") filed with the Pennsylvania Public Utility Commission ("PUC" or "Commission") in the above-referenced proceeding.

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

Very truly yours,

McNEES WALLACE & NURICK LLC

By 
Alessandra L. Hylander

Counsel to PP&L Industrial Customer Alliance

Enclosure

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

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**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

Petition of PPL Electric Utilities	:	
Corporation for Approval of a Default	:	
Service Program and Procurement	:	P-2016-2526627
Plan for the Period June 1, 2017	:	
Through May 31, 2021	:	

**STATEMENT IN SUPPORT OF
THE PP&L INDUSTRIAL CUSTOMER ALLIANCE**

The PP&L Industrial Customer Alliance ("PPLICA"), by and through its counsel, submit that the Joint Petition for Approval of Partial Settlement ("Partial 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" or "Company") proposed Default Service Program and Procurement Plan ("DSP IV"). As a result of settlement discussions, the Company; PPLICA; the Office of Consumer Advocate ("OCA"); Bureau of Investigation and Enforcement ("I&E"); the Office of Small Business Advocate ("OSBA"); and the Retail Energy Supply Association ("RESA") have agreed upon the terms embodied in the foregoing Partial Settlement.¹ PPLICA offers this Statement in Support ("Statement") to further demonstrate that the Partial Settlement is in the public interest and should be approved.

I. BACKGROUND

1. On January 29, 2016, the Company filed with the Pennsylvania Public Utility Commission's ("PUC" or "Commission") the aforementioned DSP IV. The Tariff included the

¹ The Coalition for Affordable Utility Services and Energy Efficiency in Pennsylvania ("CAUSE-PA"), NextEra Energy Power Marketing, LLC ("NextEra"), Sustainable Energy Fund of Central Eastern Pennsylvania ("SEF"), Noble Americas Energy Solutions, LLC ("Noble"), and Exelon Generation Company ("ExGen") are not parties to this Partial Settlement.

Company's proposed terms and conditions of default service for the period June 1, 2017 through May 31, 2021.

2. On February 26, 2016, PPLICA filed a Petition to Intervene and Answer regarding PPL's proposed DSP IV. PPLICA is an *ad hoc* association of energy-intensive industrial customers receiving electric service in PPL's service territory. PPLICA members purchase service from the Company primarily under Rate Schedules LP-4 and LP-5, as well as available riders. PPLICA members collectively consume approximately 1.74 billion kW of electricity annually in their manufacturing and operational processes, and electricity costs comprise a significant portion of their production expenditures. As some of PPL's largest customers whose manufacturing processes require significant amounts of electricity, any proposed modifications to the Company's DSP IV could significantly impact PPLICA's production costs.

3. On March 9, 2016, the Parties conducted a Prehearing Conference before presiding Administrative Law Judge ("ALJ") Susan D. Colwell. The Prehearing Conference established a litigation schedule for the proceeding.

4. On March 9, 2016, ALJ Colwell issued a Scheduling Order/Second Prehearing Order setting forth some of the requirements for participating in a formal default service proceeding before the Commission.

5. On April 20, 2016, various parties to this proceeding submitted Direct Testimony. PPLICA filed a letter indicating that it did not submit Direct Testimony.

6. On May 23, 2016, various parties to this proceeding submitted Rebuttal Testimony. PPLICA filed a letter indicating that it did not submit Rebuttal Testimony.

7. On June 3, 2016, various parties to this proceeding submitted Surrebuttal Testimony. PPLICA filed a letter indicating that it did not submit Surrebuttal Testimony.

8. During the evidentiary hearing on June 16, 2016, the Parties informed ALJ Colwell that they had reached a settlement in principle on all but one issue, Customer Assistance Program ("CAP") shopping. PPL, I&E, OCA, and CAUSE-PA submitted a Joint Litigation Position Among Certain Parties Regarding CAP Shopping ("Joint Position") to the Commission and the ALJ. PPLICA is not a party to, and takes no position on, the Joint Position.

9. On July 8, 2016, I&E, CAUSE-PA, PPL, OCA, and RESA filed Main Briefs on the remaining issue pertaining to CAP customer shopping programs.

10. After considering the Partial Settlement, PPLICA submits this Statement supporting the Partial Settlement.

II. STATEMENT IN SUPPORT

11. The Commission has a strong policy favoring settlements. As set forth in the Commission'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."² Consistent with the Commission's policy, the Parties engaged in several negotiations to resolve the issues raised by the various parties. These ongoing discussions produced a Partial Settlement in these proceedings.

12. The Parties agree that approval of the proposed Partial Settlement is in the best interest of everyone involved in PPL's DSP IV proceeding.

13. The Partial Settlement serves the public interest for the following reasons:

- a. Resolving claims against PPL's DSP IV through settlement is more cost effective than pursuing these issues further through litigation.
- b. Uncertainties regarding further expenses associated with possible appeals from the Final Order of the Commission are avoided as a result of the Partial Settlement.

² 52 Pa. Code § 69.391; *see also* 52 Pa. Code § 5.231.

- c. The Partial Settlement results in terms and provisions that present a just and reasonable resolution of PPL's proposed DSP IV.
 - d. The Partial Settlement reflects compromises on all sides presented without prejudice to any position any Party may have advanced so far in these proceedings. Similarly, the Partial Settlement is presented without prejudice to any position any party may advance in future proceedings involving PPL.
14. Furthermore, the Partial Settlement satisfies the specific concerns of PPLICA:
- a. The Partial Settlement provides for a four-year DSP IV program term, which reduces administrative and monetary costs associated with litigation;³ and
 - b. The Partial Settlement indicates that PPL will provide notice to customers and their suppliers of any filings at the Federal Energy Regulatory Commission ("FERC") which will impact NITS charges. This notice will be provided via e-mail correspondence and posted to the Company's Default Service webpage.⁴

15. PPLICA does not join in and takes no position on the Company's decision to conduct a survey of the Standard Offer Program, which shall not exceed \$30,000.⁵ As set forth in the Commission's May 23, 2013, Order at Docket No. P-2012-2302074 ("2013 DSP Order"), customer classes ineligible to participate in the Standard Offer Program should not be assessed costs of the program. *See* 2013 DSP Order, pp. 8, 12. Accordingly, PPLICA does not join in Paragraph 32 of the Partial Settlement. However, as the total capped expense of \$30,000 for the survey, as allocated among all customers, will not materially impact rates, PPLICA also does not oppose Paragraph 32 as part of the Partial Settlement.

16. PPLICA supports the Partial Settlement because it is in the public interest; however, in the event the ALJ or the Commission rejects the Partial Settlement, PPLICA will resume its litigation position.

³ Partial Settlement at ¶ 24.

⁴ *Id.* at ¶ 37.

⁵ *Id.* at ¶ 32.

17. As noted above, PPLICA submits that the proposed Partial Settlement serves the public interest and adheres to the Commission's policies favoring negotiated settlements. This Partial Settlement was achieved after settlement discussions. While the Parties have invested time and resources in the negotiation of the Partial Settlement, this process has allowed the Parties and the Commission to avoid expending the substantial resources that would have been required to fully litigate these proceedings while still reaching a just, reasonable and non-discriminatory result. The Parties have thus reached an amicable resolution to this dispute as embodied in the proposed Partial Settlement. Approval of the Partial Settlement will permit the Commission and the Parties to avoid incurring the additional time, expense and uncertainty of further litigation of issues in these proceedings.⁶

III. CONCLUSION

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

Respectfully submitted,

McNEES WALLACE & NURICK LLC

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Dated: July 19, 2016

⁶ See 52 Pa. Code § 69.391.

CERTIFICATE OF SERVICE

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

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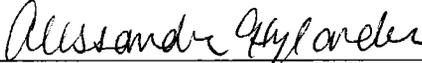
Certificate of Service
Docket No. P-2016-2526627
Page 2

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Dated this 19th day of July, 2016, at Harrisburg, Pennsylvania