

PENNSYLVANIA PUBLIC UTILITY COMMISSION
Harrisburg, Pennsylvania 17105-3265

Petition of PPL Electric Utilities Corporation
for Approval of a Default Service Program
and Procurement Plan

Public Meeting held October 27, 2016
2526627-OSA
Docket No. P-2016-2526627

STATEMENT OF CHAIRMAN GLADYS M. BROWN

Before the Commission for consideration and disposition is the Petition of PPL Electric Utilities Corporation (PPL) for Approval of its Default Service Program for the period of June 1, 2017 through May 31, 2021.

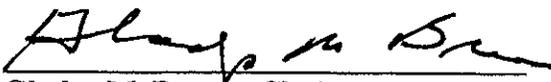
On July 19, 2016, the Parties to this proceeding filed a Joint Petition for Partial Settlement (Partial Settlement). On August 17, 2016, the presiding Administrative Law Judge issued an Initial Decision recommending approval of the Partial Settlement, as modified in the Initial Decision. Exceptions and Reply Exceptions to the Initial Decision were filed on September 6, 2016 and September 16, 2016 respectively.

Consistent with my position on previous default service filings, I wish to elaborate why I believe this Partial Settlement does establish a default service plan that satisfies the procurement requirements under Act 129, specifically, Section 2807(e) of the Public Utility Code, 66 Pa. C.S. § 2807(e). This section provides that a default service provider must procure electric power via a prudent mix of spot market, short-term, and long-term contracts designed to ensure adequate and reliable service at the least cost to customers over time.¹ PPL's proposed default service program includes short-term products in the residential and small commercial and industrial portfolios, spot market purchases in the large commercial and industrial portfolio, and long-term contracts in the residential portfolios.²

I note that none of the default service plans that I have voted on during my tenure include "new" long-term contracts, only long-term contracts inherited from previous default service plans. The instant proceeding is no different. Since these grandfathered contracts will eventually expire, in my opinion, it will be incumbent upon electric distribution companies and this Commission to carefully consider long-term contracts of four to twenty year terms, consistent with Section 2807(e) of the Code, in future default service plans unless the Legislature decides otherwise.

October 27, 2016

Date


Gladys M. Brown, Chairman

¹ For the purposes of Section 2807(e)(3.2), electric power includes not only electric generation supply but also Alternative Energy Portfolio Standards credits.

² PPL is entered into a five year 50 MW block energy contract that expires on May 31, 2021.