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E-File

November 20, 2018

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

Re: Alternative Rulemaking Methodologies
Docket No. M-2015-2518883

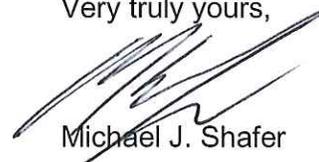
Dear Ms. Chiavetta:

Enclosed for filing on behalf of PPL Electric Utilities Corporation ("PPL Electric") is an original of PPL Electric's Reply Comments in the above-captioned proceeding. These Reply Comments are being filed pursuant to the Proposed Policy Statement Order issued on May 23, 2018 in the above captioned proceeding.

Pursuant to 52 Pa. Code § 1.11, the enclosed document is to be deemed filed on November 20, 2018, which is the date it was filed electronically using the Commission's E-filing system.

If you have any questions regarding these comments, please call me at (610)774-5696 or Bethany L. Johnson, Manager – Regulatory Operations for PPL Electric at (610) 774-7011.

Very truly yours,



Michael J. Shafer

Enclosures

cc via email: Tanya J. McCloskey, Esquire
Mr. John R. Evans
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Certificate of Service

CERTIFICATE OF SERVICE

(Docket No. M-2015-2518883)

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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Date: November 20, 2018



Michael J. Shafer

reliable operation of the distribution grid. *See* Proposed Policy Statement Order, May 23, 2018, Docket No. M-2015-2518883 (“Proposed Policy Statement Order”). PPL Electric filed Comments in this proceeding on October 22, 2018.

Separately, on June 28, 2018, Governor Wolf signed into law Act 58 of 2018, which amends Chapter 13 of the Pennsylvania Public Utility Code (Code), 66 Pa. C.S §§1301 *et seq.*, (relating to rates and distribution systems). To initiate implementation of Act 58, the PUC issued a Tentative Implementation Order on August 23, 2018 under a separate docket number. PPL Electric submitted Comments and Reply Comments on the PUC’s proposed interpretation and implementation of Section 1330 of the Public Utility Code, 66 Pa. C.S. § 1330.

PPL Electric offers these Reply Comments to the Proposed Policy Statement Order.

II. COMMENTS

PPL Electric is a public utility and an electric distribution company (“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 29 counties and encompasses approximately 10,000 square miles in eastern and central Pennsylvania. As a result, Sections §69.3301, 69.3302, 69.3303 and 1330 of the PA Public Utility Code and any issues related to those sections pertain to the Company.

A. Intent of the Alternative Ratemaking Policy Statement should be clarified if the PUC is to issue a Final Order implementing the Policy Statement.

Nearly all commenters, while supportive of the Proposed Policy Statement Order and proceeding at this docket, seek clarification or suggest modifications to the proposed §69.3301

Purpose and Scope. It is evident from the comments submitted that direction is needed in order to re-establish the focus of the proposed policy statement.

Some parties note the intersection of the Proposed Policy Statement Order with Act 129. The Office of Consumer Advocate (“OCA”) submits that in lieu of demand charges to drive peak shifting, peak time rebate programs or demand side management programs could be developed through Act 129. *See* OCA Comments p. 18. Basing the entire foundation of the proposed policy statement on energy efficiency, as noted in PPL Electric’s Comments, lends to confusion with regard to Act 129 programs and their relationship to base rate cases, alternative ratemaking, and rate design. *See* PPL Comments, p. 3.

PPL Electric, as stated in its Comments, again recommends that the Commission reconcile the proposed policy statement to the Declaration of Policy provided by the General Assembly in Act 58 and as interpreted at Docket No. M-2018-3003269. *See* PPL Comments, p. 5.

B. Alternative Ratemaking should be Distinguished from Rate Design

The Keystone Energy Efficiency Alliance (“KEEA”) that distinction is needed between ratemaking and rate design. *See* KEEA Comments, p. 8. PPL Electric agrees. These two distinct but related topics have converged over the course of this proceeding. The proposed policy statement currently has a heavy focus on rate design and does not fully incorporate the alternative ratemaking methods available under Act 58.

Because of the lack of consistency and clarity in the interpretation and alignment of the proposed §69.33010 Purpose and Scope to Act 58, the comments from parties on the remaining sections is quite varied. PPL Electric believes that the intent of this docket has become confused over time due to the extensive comments provided over the last three years and now with the

passage of Act 58. As stated in its Comments, the Company noted that the policy statement identifies both alternative *ratemaking* methods as well as *rate design*. See PPL Comments, p. 4. PPL Electric believes that should the PUC elect to continue to issue a policy statement, it should revise the policy statement to reflect the passage of Act 58 and reflect issues and concerns related to ratemaking and not rate design.

Commenters have taken advantage of the opportunity to discuss rate design and have overwhelmed this docket with issues that should not be determined in a one-size-fits-all policy statement. Rate design, while rooted in established industry norms, is a distinct issue between the utilities and stakeholders in a case rate case proceeding. Many comments attempt to prioritize rate design considerations while others seek to have the Commission specifically identify their cause as a priority. See, e.g., AEEE Comments, p. 2; Greenlots Comments, pp. 2-3.

Pennsylvania State University (“Penn State”) seeks to require that all alternative ratemaking mechanisms move toward the elimination of inter-class and intra-class cost shifting pursuant to *Lloyd v. Pennsylvania Public Utility Com’n*, 904 A.2d 110, 1019-21(Pa. Cmwlth. 2006). See Penn State Comments, p. 4. In fact, Penn State believes movement towards elimination of such subsidy should not give deference to gradualism. See Penn State Comments, p. 6. In contrast, the Office of Consumer Advocate (“OCA”) submits that gradualism must guide rate design. See OCA Comments, p. 22.

Other commenters seek to add electric vehicle specific rate design, create a subcommittee to evaluate stand-by rates, or re-define or highlight cost causation concerns. See AEEE Institute Comments, p. 6; Alliance for Industrial Efficiency Comments, p. 1; KEEA Comments, p. 11; and National Resource Defense Council, Sierra Club, and Clean Air Council Joint Comments, p. 14. Some interested parties support critical peak pricing, yet others do not believe that it supports transparency and ease of understanding and acceptance for customers. See American Council for

an Energy-Efficient Economy Comments (“ACEEE”) Comments, p. 7; and Consumer Advisory Council Comments, p. 8.

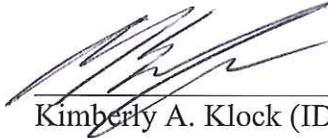
These few examples are just a summary indication of the many directions that parties have taken with regard to the Proposed Policy Statement Order, many of which are not appropriate at this time for resolution in a policy statement, but are more appropriately determined on a case by case basis by the parties of a utility’s base rate case. PPL Electric continues to believe that more time and experience will benefit all stakeholders. Resolution of these issues based on a utility’s base rate case and proposed alternative ratemaking method, associated rate design, and evidence of the record will provide more substantive guidance to stakeholders for future base rate cases.

III. CONCLUSION

For the reasons described herein, PPL Electric believes that revision to the proposed policy statement is needed and recommends that 1) the Commission should refocus the proposed policy statement on alternative ratemaking and the methods permissible under Act 58 and 2) discontinue broad based rate design guidance. Without revision, the Company is concerned that the proposed policy statement may discourage utilities from pursuing alternative ratemaking methods and undermine the work done by the Commission on this important issue as well as the General Assembly’s passage of Act 58.

PPL Electric Utilities Corporation respectfully requests that the Commission take these Reply Comments into consideration in preparing its Final Order.

Respectfully submitted,



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Date: November 20, 2018

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