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July 19, 2010

VIA HAND DELIVERY

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

RE: Petition of PPL Electric Utilities Corporation for Approval of a Smart Meter Technology Procurement and Installation Plan; Docket No. M-2009-2123945

Dear Secretary Chiavetta:

Enclosed for filing with the Pennsylvania Public Utility Commission ("PUC" or "Commission") are the original and three (3) copies of the Answer to the Petition for Reconsideration on behalf of the PP&L Industrial Customer Alliance ("PPLICA") in the above-referenced proceeding.

As indicated on the attached Certificate of Service, all parties to this proceeding are being duly served. Please date stamp the extra copy of this transmittal letter and Answer, and kindly return them for our filing purposes.

Very truly yours,

McNEES WALLACE & NURICK LLC

By 
Pamela C. Polacek

Counsel to the PP&L Industrial Customer Alliance

SLK/km

c: Administrative Law Judge Wayne L. Weisman (via Hand Delivery)
Certificate of Service

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**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

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Petition of PPL Electric Utilities Corporation
For Approval of a Smart Meter Technology
Procurement and Installation Plan

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Docket No. M-2009-2123945

**ANSWER OF THE PP&L INDUSTRIAL CUSTOMER ALLIANCE
TO THE PETITION FOR RECONSIDERATION**

Pursuant to Section 5.572(e) of the Pennsylvania Public Utility Commission's ("PUC" or "Commission") Regulations, 52 Pa. Code § 5.572(e), the PP&L Industrial Customer Alliance ("PPLICA") submits this Answer to the Petition for Reconsideration filed by the Office of Consumer Advocate ("OCA") in the above-captioned proceeding. In support thereof, PPLICA avers as follows:

I. INTRODUCTION

On October 15, 2008, Governor Rendell signed into law House Bill 2200, which became Act 129 of 2008 ("Act 129" or "Act"). Among other things, Act 129 expands the Commission's oversight responsibilities and sets forth new requirements on Electric Distribution Companies ("EDCs") with less than 100,000 customers for energy conservation, default service procurements, and the expansion of alternative energy resources.

As required by Act 129, on August 14, 2009, PPL Electric Utilities Corporation ("PPL" or "Company") submitted a Petition for Approval of its Smart Meter Technology Procurement and Installation Plan. Following evidentiary hearings conducted by Administrative Law Judge ("ALJ") Wayne L. Weisman on November 3, 2009, and submission by the parties of Main

Briefs and Reply Briefs, ALJ Weisman issued an Initial Decision ("I.D.") on January 28, 2010, approving the Company's Plan with modifications.

On June 24, 2010, the Commission entered an Opinion and Order, which modified the methodology for collection of non-direct common costs. Specifically, rather than allocating non-direct common costs on the ratio of direct costs assigned to the class, divided by direct costs for the entire system, the Commission stated that non-direct common costs should be assigned based on the ratio of the number of meters assigned to the class, divided by the number of meters for the entire system.

On July 9, 2010, the OCA filed a Petition for Reconsideration, requesting that the Commission reinstate the Company's original proposal to allocate non-direct common costs based on the ratio of direct costs assigned to the class, divided by direct costs for the entire system.

PPLICA hereby exercises its right to respond to the OCA's Petition for Reconsideration by filing this Answer.

II. ANSWER

As recognized by the Commission in its June 24, 2010, Order and the OCA in its July 9, 2010, Petition for Reconsideration, no party challenged PPL's proposal to allocate non-direct common costs to classes on the ratio of direct common costs assigned to the class, divided by direct costs for the entire system. PPLICA Witness Richard A. Baudino, in Direct Testimony, explained PPLICA's understanding of the Company's plan for allocating costs to Large Commercial and Industrial ("C&I") customers:

Q. Did PPL provide information on how it plans to assign and allocate costs in its responses to discovery?

A. Yes. In response to OSBA-I-1, the company provided a description of the costs it expects to directly assign and allocate to customer classes. I have included this response as Exhibit ___(RAB-2).

Attachment 1 of the Company's response provides PPL's estimate of Smart Meter Plan costs that will be directly assigned. Of the \$30,468,500 of total costs that will be directly assigned, \$100,000 (0.33%) will be assigned to Large Commercial and Industrial ("Large C&I"). All other costs will be directly assigned to residential and Small Commercial and Industrial ("Small C&I").

Attachment 2 presents the Company's estimate of common costs that will be allocated to customer classes. The total allocated Plan costs are estimated to be \$26,659,400. Of this total, \$20,372,500 would be allocated to all classes. Based on my understanding of PPL's allocation proposal, 0.33% of these costs would be allocated to Large C&I. The balance of these costs would only be allocated to residential and Small C&I.¹

As explained above, it was PPLICA's understanding that Large C&I customers would be allocated approximately \$67,000 under the Company's allocation methodology for non-direct common costs.² PPLICA did not contest this issue as part of the underlying proceeding.

Under the Commission's methodology to allocate non-direct common costs based on the ratio of number of meters assigned to the class, divided by the number of meters for the entire system, the share of non-direct common costs for Large C&I customers would decrease. According to PPL's 2010 cost of service study provided as part of PPL's ongoing Distribution Base Rate Proceeding at Docket No. R-2010-2161694, the total number of meters for the entire PPL system is 1,426,984. Of that total, the Large C&I classes have 1,544 total meters. Translating that into percentage terms, Large C&I's percentage of total meters is 0.11%.

¹ PPLICA Statement No. 1, Page 4, Lines 1-18 (emphasis added).

² 0.33% of \$20.4 million = \$67,229

Accordingly, under the Commission's allocation methodology for non-direct common costs, it is PPLICA's understanding that approximately \$22,409 of these costs would be allocated to Large C&I customers,³ while the balance of these costs would be allocated to residential and Small C&I customers.

III. CONCLUSION

WHEREFORE, the PP&L Industrial Customer Alliance respectfully requests that the Pennsylvania Public Utility Commission consider, as appropriate, the information contained in the Answer set forth above in ruling on the Office of Consumer Advocate's Petition for Reconsideration.

Respectfully submitted,

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Counsel to the PP&L Industrial Customer
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Dated: July 19, 2010

³ 0.11% of \$20.4 million = \$22,409

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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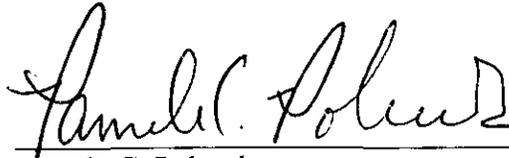
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Dated this 19th day of July, 2010, at Harrisburg, Pennsylvania.