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File #: 150736

August 30, 2012

BY E-FILE

Rosemary Chiavetta, Secretary  
Pennsylvania Public Utility Commission  
Commonwealth Keystone Building  
400 North Street, 2nd Floor North  
P.O. Box 3265  
Harrisburg, PA 17105-3265

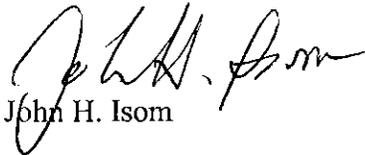
**RE: Pennsylvania Public Utility Commission v. PPL Electric Utilities Corporation**  
**Docket No. R-2012-2290597**

Dear Secretary Chiavetta:

Enclosed is the Petition of PPL Electric Utilities Corporation to Reopen the Record in the above-referenced proceeding.

Copies have been provided to the persons in the manner indicated on the certificate of service.

Respectfully Submitted,



John H. Isom

JHI/jl

Enclosure

cc: Certificate of Service  
Honorable Susan D. Colwell

## CERTIFICATE OF SERVICE

I hereby certify that true and correct copies of the foregoing **Petition** have 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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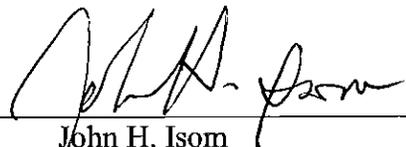
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Roberta A. Kurrell  
591 Little Mnt. Road  
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Date: August 30, 2012

  
\_\_\_\_\_  
John H. Isom



1. PPL Electric provides electric distribution services to approximately 1.4 million customers in a certificated service territory that spans approximately 10,000 square miles in all or portions of 29 counties in eastern and central Pennsylvania. PPL Electric is a “public utility” and an “electric distribution company” as those terms are defined under the Public Utility Code, 66 Pa.C.S. §§ 102 and 2803.

2. On March 30, 2012, PPL Electric filed with the Commission Supplement No. 118 to its Tariff-Electric Pa. P.U.C. No. 201 (“Supplement No. 118”), to become effective on June 1, 2012, together with supporting data, written testimony, and exhibits. In Supplement No. 118, PPL Electric proposed a general increase in distribution base rates designed to produce approximately \$104.6 million in additional annual base rate operating revenues based upon a future test year ending December 31, 2012, as adjusted for ratemaking purposes. The proposed rate relief was designed to provide the Company with an opportunity to earn an 8.46% overall rate of return on rate base.

3. In its initial filing, PPL Electric projected that by the end of the future test year, December 31, 2012, the Company would be issuing \$240 million of long-term debt at an all-in rate of 3.03%, including issuance fees. PPL Electric St. 10, p. 4; PPL Electric St. 11, p. 20; PPL Electric Ex. 1, Future 1-Revised, Schedule B-6, p. 2.

4. In rejoinder, PPL Electric presented an updated economic analysis of the long-term debt the Company proposed to issue, and its impact to ratepayers. This analysis projected that the long-term debt would be issued at an all-in rate of 2.39%, including issuance fees, and

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(d) The record may be reopened upon notification to the parties in a proceeding for the reception of further evidence if there is reason to believe that conditions of fact or of law have so changed as to require, or that the public interest requires, the reopening of the proceeding.

(1) The presiding officer may reopen the record if the presiding officer has not issued a decision or has not certified the record to the Commission.

52 Pa. Code § 5.571.

that approximately \$125 million of the debt proceeds would be used to retire short-term debt that had been incurred to initially fund a Preference Stock redemption. PPL Electric St. 10-RJ, p. 5.

5. An evidentiary hearing was held before Administrative Law Judge Susan D. Colwell on August 6, 7, and 9, 2012. At the hearing, the Office of Consumer Advocate cross-examined PPL Electric witness Russell R. Clelland on the Company's planned issuance of long-term debt. During cross-examination, Mr. Clelland confirmed that the rejoinder testimony regarding the planned issuance of long-term debt was an updated projection, and that the exact amount of debt and the rate at which this debt was actually issued would not be known until the transaction became public in the third quarter of 2012. Tr. 264-65.

6. The evidentiary record was closed on August 10, 2012.

7. As set forth in the Affidavit of Russell R. Clelland, which is attached hereto as "Appendix A," on August 24, 2012, PPL Electric issued \$250 million of long-term debt, rather than the \$240 million projected in its initial filing, at an all-in rate of 2.61%, including issuance fees, in part, to permanently fund the redemption of the Preference Stock. Because this long-term debt was issued after the close of the evidentiary record, the exact amount of debt and the rate at which this debt was actually issued presently is not part of the record.

8. The issuance of \$250 million long-term debt at an all-in rate of 2.61% has a slight impact to the Company's requested overall rate of return. Specifically, the issuance of this long-term debt results in the following changes to the Company's initial (as filed) proposed rate of return:

|  | <b><u>With Initial, As Filed<br/>Long-Term Debt</u></b> | <b><u>With Updated, Actual<br/>Long-Term Debt</u></b> |
|--|---|---|
| <b>Weighted Average Cost of Long-Term Debt</b> | 5.56%   | 5.50%   |
| <b>Weighted Average Cost of Capital</b>        | 8.46%   | 8.42%   |
| <b>Debt Ratio</b>                              | 48.97%  | 49.22%  |
| <b>Equity Ratio</b>                            | 51.03%  | 50.78%  |

9. In the aggregate, the issuance of the long-term debt to retire the Preference Stock reduces the Company's requested overall rate of return by four basis points.

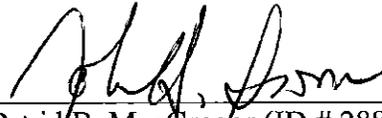
10. PPL Electric submits that it is necessary and appropriate to reopen the record for the limited purpose of admitted "Appendix A," which is attached hereto, to update the record to reflect the actual rate and exact amount of long-term debt issued by the Company on August 24, 2012. This issuance of the long-term debt is a material change of fact that occurred since the conclusion of the hearing, but prior to the final decision. *See* 52 Pa. Code §§ 5.571(a), (b). Ensuring that the record accurately reflects the impact that the issuance of this long-term debt has on the Company's requested overall rate of return clearly is the public interest. *See* 52 Pa. Code § 5.571(c) (the record may be reopened if there is reason to believe that conditions of fact have so changed as to require, or that the public interest requires the reopening of the record).

11. Based on the foregoing, PPL Electric respectfully requests that the evidentiary record be reopened for the limited purpose of admitting Appendix A.

12. PPL Electric has contacted counsel for the Office of Consumer Advocate and for the Commission's Bureau of Investigation and Enforcement, the only other parties who produced evidence on rate of return. They do not object to this Petition.

WHEREFORE, PPL Electric Utilities Corporation respectfully requests that Administrative Law Judge Susan D. Colwell grant this Petition and reopen the record for the limited purpose of admitted Appendix A to update the evidentiary record to reflect the rate at which the Company actually issued long-term debt.

Respectfully submitted,



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Of Counsel:  
Post & Schell, P.C.

Date: August 30, 2012

Attorneys for PPL Electric Utilities Corporation

**APPENDIX A**

**Affidavit of Russell R. Clelland**

**BEFORE THE  
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

|  |   |   |
|--|---|---|
| Pennsylvania Public Utility Commission | : |   |
|  | : |   |
| v.                                     | : | Docket Nos. R-2012-2290597, <i>et al.</i> |
|  | : |   |
| PPL Electric Utilities Corporation     | : |   |
|  | : |   |

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**AFFIDAVIT**

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I, Russell R. Clelland, hereby depose and say as follows:

1. I, being duly sworn according to law, depose and say that I am authorized to make this affidavit on behalf of PPL Electric Utilities Corporation (“PPL Electric” or the “Company”).

2. I am employed by PPL Services Corporation, an affiliate of PPL Electric Utilities Corporation (“PPL Electric” or the “Company”), as Executive Director-Assistant Treasurer in the Treasury Department.

3. I am responsible for liquidity management, interest and foreign exchange risk management, capital markets financing, cash operations, retirement plan investments and banking, and rating agency relationship management.

4. On March 30, 2012, PPL Electric filed with the Commission Supplement No. 118 to its Tariff-Electric Pa. P.U.C. No. 201 (“Supplement No. 118”), to become effective on June 1, 2012, together with supporting data, written testimony, and exhibits. In Supplement No. 118, PPL Electric proposed a general increase in distribution base rates designed to produce approximately \$104.6 million in additional annual base rate operating revenues based upon a future test year ending December 31, 2012, as adjusted for ratemaking purposes. The proposed

rate relief was designed to provide the Company with an opportunity to earn an 8.46% overall rate of return on rate base.

5. In support of Supplement No. 118, I submitted written direct testimony, PPL Electric St. No. 10, written rebuttal testimony, PPL Electric St. No. 10-R, and written rejoinder testimony, PPL Electric St. No. 10-RJ. I also sponsored portions of PPL Electric Ex. 1, Exhibit Regs. § 53.53, Historic 1, and Historic 1-Revised. In addition, I presented oral testimony in support of Supplement No. 118 at an evidentiary hearing held before Administrative Law Judge Susan D. Colwell on August 7, 2012.

6. In the filing, PPL Electric projected that by the end of the future test year, December 31, 2012, the Company would be issuing \$240 million of long-term debt at an all-in rate of 3.03%, including issuance fees. PPL Electric St. 10, p. 4; PPL Electric St. 11, p. 20; PPL Electric Ex. 1, Future 1-Revised, Schedule B-6, p. 2.

7. In my rejoinder testimony, I presented an updated economic analysis of the long-term debt the Company proposed to issue, and its impact to ratepayers. This analysis projected that the long-term debt would be issued at an all-in rate of 2.39%, including issuance fees, and that approximately \$125 million of the debt proceeds would be used to retire short-term debt that had been incurred to initially fund a Preference Stock redemption. PPL Electric St. 10-RJ, p. 5.

8. During cross-examination at the evidentiary hearing on August 7, 2012, I confirmed that my rejoinder testimony regarding the planned issuance of long-term debt was an updated projection, and that the exact amount of debt and the rate at which this debt was actually issued would not be known until the transaction became public in the third quarter of 2012. Tr. 264-65.. Tr. 264-65.

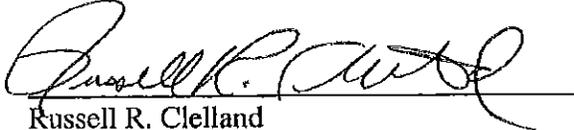
9. I hereby swear and attest that on August 24, 2012, PPL Electric issued \$250 million of long-term debt at an all-in rate of 2.61%, including issuance fees, in part, to permanently fund the redemption of the Preference Stock.

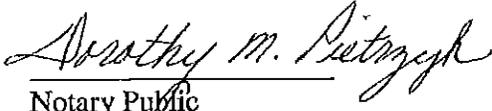
10. I hereby swear and attest that the issuance of \$250 million long-term debt at an all-in rate of 2.61% has a slight impact to the Company's requested overall rate of return. Specifically, the issuance of this long-term debt results in the following changes: the weighted average cost of long-term debt changes from 5.56% (as filed) to 5.50%; the weighted average cost of capital changes from 8.46% (as filed) to (8.42%); and the debt to equity ratio changes from 48.97% / 51.03% to 49.22% / 50.78%.

11. I hereby swear and attest that, in the aggregate, the issuance of the aforementioned long-term debt to retire the Preference Stock reduces the Company's requested rate of return by four basis points.

12. I understand that the statements herein are made subject to the penalties of 18 Pa.C.S. § 4904 relating to unsworn falsification to authorities.

Subscribed and sworn to  
before me this 29<sup>th</sup> day  
of August, 2012

  
Russell R. Clelland  
Executive Director - Assistant Treasurer  
PPL Services Corporation

  
Notary Public

Date: August 29, 2012

