



Todd S. Stewart
(717) 236-1300 x242
tsstewart@hmslegal.com

100 North Tenth Street, Harrisburg, PA 17101 Phone: 717.236.1300 Fax: 717.236.4841 www.hmslegal.com

November 19, 2012

VIA ELECTRONIC FILING

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

RE: PPL Electric Utilities Corporation Supplement No. 118 to Tariff Electric PA PUC No. 201 (Rate Increase Filing); Docket No. R-2012-2290597; **REPLY EXCEPTIONS OF DOMINION RETAIL, INC.**

Dear Secretary Chiavetta:

Enclosed for filing with the Commission is the original Reply Exceptions of Dominion Retail, Inc. in the above-captioned docket. Copies of the Exceptions have been served in accordance with the attached Certificate of Service.

Thank you for your attention to this matter. If you have any questions, please do not hesitate to contact my office.

Very truly yours,

Todd S. Stewart
Counsel for Dominion Retail, Inc.

TSS/jld
Enclosures
cc: OSA (via email – ra-OSA@pa.gov)
Per Certificate of Service

CERTIFICATE OF SERVICE

I hereby certify that I have this day served a true copy of the foregoing document upon the parties, listed below, in accordance with the requirements of 52 Pa. Code § 1.54 (relating to service by a party).

VIA ELECTRONIC AND FIRST CLASS MAIL

David B. MacGregor, Esquire
Post & Schell, P.C.
Four Penn Center
1600 John F. Kennedy Boulevard
Philadelphia, PA 19103

Michael W. Gang, Esquire
John H. Isom, Esquire
Christopher T. Wright, Esquire
Post & Schell, PC
17 North Second Street, 12th Floor
Harrisburg, PA 17101

Paul E Russell Esquire
PPL Electric Utilities Corporation
2 North Ninth Street
Allentown, PA 18101

Scott J Rubin, Esquire
Law Office of Scott J Rubin
333 Oak Lane
Bloomsburg, PA 17815

Joseph L Vullo, Esquire
Burke Vullo Reilly Roberts
1460 Wyoming Avenue
Forty Fort, PA 18704

Kenneth L. Mickens, Esquire
Kenneth L. Mickens Esquire LLC
316 Yorkshire Drive
Harrisburg, PA 17111-6933

Regina L. Matz, Esquire
PA Public Utility Commission - BIE
PO Box 3265
Harrisburg, PA 17105-3265

Steven Gray Esquire
Office of Small Business Advocate
300 North Second St., Suite 1102
Harrisburg, PA 17101

Tanya McCloskey Esquire
Candis A Tunilo Esquire
Darryl A Lawrence Esquire
Office Of Consumer Advocate
555 Walnut St., Fifth Fl., Forum Place
Harrisburg Pa 17101-1923

Adeolu A. Bakare, Esquire
Pamela C. Polacek, Esquire
McNees, Wallace & Nurick LLC
100 Pine Street
P.O. Box 1166
Harrisburg, PA 17108

Daniel Clearfield, Esquire
Carl R. Shultz, Esquire
Eckert Seamans Cherin & Mellott, LLC
213 Market Street, 8th Floor
PO Box 1248
Harrisburg, PA 17108

Deanne M. O'Dell
Eckert Seamans Cherin & Mellott, LLC
213 Market Street, 8th Floor
PO Box 1248
Harrisburg, PA 17108

Robert D. Knecht
Consultant for OSBA
Industrial Economics Incorporated
2067 Massachusetts Avenue
Cambridge, MA 02140

Glenn Watkins
Technical Associates, Inc.
9030 Stony Point Parkway
Suite 580
Richmond, VA 23235

Stephen G. Hill
Hill Associates
4000 Benedict Road
Hurricane, WV 25526

Richard Koda
Koda Consulting
409 Main Street
Ridgefield, CT 06877

Roger D. Colton
Fisher, Sheehan and Colton
34 Warwick Road
Belmont, MA 02478

Roberta Kurrell
591 Little Mountain Rd
Sunbury, PA 17801-5540

William Andrews
40 Gordon Avenue
Carbondale, PA 18407

John Lucas
112 Jessup Avenue
Jessup, PA 18434

Helen Schwika
1163 Lakeview Drive
White Haven, PA 18661

Dave Kenney
577 Shane Drive
Effort, PA 18330

Donald Leventry
1145 River Road
Holtwood, PA 17532

Eric Joseph Epstein
4100 Hillsdale Road
Harrisburg, PA 17112



Todd S. Stewart
Counsel for Dominion Retail, Inc.

Date: November 19, 2012

BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION

Pennsylvania Public Utility Commission, et al	:	
	:	
v.	:	Docket Nos. R-2012-2290597 et seq.
	:	
PPL Electric Utilities Corporation	:	
	:	
(Supplement No. 118 to Tariff Electric	:	
PA PUC No. 201, Rate Increase Filing)	:	

REPLY EXCEPTIONS OF DOMINION RETAIL, INC.

AND NOW, comes Dominion Retail, Inc. d/b/a Dominion Energy Solutions (“DES”) and hereby replies to the Exceptions of PPL Electric Utilities Corporation (“PPL”) that were filed in response to the Recommended Decision (“RD”) of Presiding Administrative Law Judge Susan D. Colwell (“ALJ”) that was issued on October 19, 2012 in the this matter. As noted in DES’s Exceptions, which were filed with the Commission and served on the parties on November 8, 2012, DES’s participation in this case has been focused on PPL’s request substantially to increase the purchase of receivables (“POR”) discount that it charges to Electric Generation Suppliers (“EGS”) such as DES. DES Excepted to the RD’s failure to translate the 1.7% uncollectibles rate adopted by the RD for ratemaking purposes into the starting point for a POR discount, in addition to the RD’s failure to require a reduction in the POR discount as a consequence of the Company’s failure to offset the uncollectibles accounts expense with late payment fees recovered from shopping customers.

Response to PPL Exception No. 4 – The ALJ Appropriately Rejected PPL’s Proposed Uncollectible Accounts Expense level and methodology. (PPL Exceptions, p. 29; RD. pp. 41-42).

PPL’s Exception No. 4 addresses the ALJ’s rejection of PPL’s proposed uncollectibles expense rate of 2.23% and subsequent adoption of the Bureau of Investigation and Enforcement (“I&E”) 1.7% rate. PPL’s Exception is based upon two (2) erroneous contentions: 1) that the ALJ erred in using a three (3) year average; and 2) that the ALJ erred in rejecting PPL’s inclusion of a change in reserve in the amount of \$2.9 million as part of the uncollectible rate calculation. It is telling that PPL fails to offer any support for its use of the adjustment to reserve other than to state that it is an “important component of PPL’s actual expense.” Not only has PPL failed to prove that the reserve account is an actual expense, the evidence clearly shows that the reserve adjustment is a “paper” expense only, and does not relate to actual dollars spent by PPL. (DES Main Brief, pp. 8-15).

At bottom, PPL’s future test year approach (as opposed to using the three year average also supported by DES) for setting the uncollectibles and POR discount rates, creates a windfall opportunity for the company and allows it to base those rates on speculation, when the level of those rates can have severe economic consequences for EGSs serving in the PPL’s service territory. A three (3) year rolling average as adopted by the RD tends to mitigate sudden changes in the POR discount in either direction, but will reflect the trends in the market place. (*Id.*) PPL’s proposed methodology simply allows PPL too much discretion in manipulating a rate that can have a negative and immediate impact upon competitiveness of the electric market and customers.

Accordingly, the Commission should reject PPL’s arguments and instead adopt the RD’s position that 1.7% is the appropriate uncollectibles rate. The Commission also should adopt

1.7% as the appropriate starting place for the POR discount for PPL's service territory. The Commission should go further and should adopt DESs additional suggestions with regard to the crediting of late payment fees.

WHEREFORE, DES respectfully request that the Commission reject PPL's Exception No. 4 and implement the RD with regard to the uncollectible expense as discussed herein and in DES' Exceptions, Main and Reply Briefs.

Respectfully submitted,



Todd S. Stewart
Attorney I.D. No. 75556
Hawke McKeon & Sniscak, LLP
100 N. Tenth Street
P.O. Box 1778
Harrisburg, PA 17105-1778
(717) 236-1300
(717) 236-4841 (fax)
tsstewart@hmslegal.com

Counsel for Dominion Retail, Inc.

Dated: November 19, 2012