

PENNSYLVANIA PUBLIC UTILITY COMMISSION
HARRISBURG, PENNSYLVANIA 17105

PA PUC v. PPL Electric Utilities
Corporation

Public Meeting: December 5, 2012
2290597-OSA
R-2012-2290597

MOTION OF COMMISSIONER JAMES H. CAWLEY

On March 3, 2012, PPL Electric Utilities Corporation (PPL) filed Supplement No. 118 to Tariff Electric-Pa. P.U.C. No. 201, to become effective June 1, 2012, containing proposed changes in rates, rules, and regulations calculated to produce additional annual revenues of approximately \$104.6 million. Administrative Law Judge Susan D. Colwell issued a Recommended Decision on October 19, 2012.

One of the competitive issues in this rate case is the determination of the administrative cost component of the Purchase of Receivables (POR). Direct Energy Services (DES) recommended that PPL refund all amounts under the administrative component of the POR through a 0.05% credit to the POR discount rate until the amount PPL has collected is returned,¹ since PPL failed to track the incremental costs. DES testified that PPL collected approximately \$1 million since the charge's inception. PPL argued that it has incurred incremental POR expenses, and that POR program rates, set in a § 1308² rate proceeding, cannot be retroactively changed.

ALJ Colwell determined that DES did not sustain its burden of proving that its alternatives are appropriate choices for the Commission to order in this case.³

It is disappointing that PPL did not track these costs. The administrative component of the POR rate was designed with cost recovery of incremental costs in mind. However, the tariff did not provide for these refunds. In order to avoid a repetition of this failure, the parties should address the issue in future proceedings so as to provide a more equitable outcome.

Going forward, PPL should be directed to track and make an appropriate filing with the Commission describing all revenues and incremental costs to develop, implement, and administer the POR service, including costs since inception, associated with implementation of its POR service if it desires to seek any further administrative cost recovery in the future. If, at that time, it is determined that PPL over-recovered historical administrative costs, future cost recovery will only be allowed once the historical over-recovery is netted out.

THEREFORE, I MOVE THAT the Recommended Decision be approved, as modified by this Motion, and that the Office of Special Assistants prepare an Order consistent with this Motion.

DATE: December 5, 2012


James H. Cawley, Commissioner

¹ Exceptions at 16.

² 66 Pa.C.S. § 1308.

³ RD at 133.