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April 8, 2013

VIA ELECTRONIC FILING

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

RE: Pennsylvania Public Utilities Commission v. PPL Electric Utilities Corporation; Docket No. R-2012-2290597; **EXCEPTIONS OF DOMINION RETAIL, INC. TO COMPLIANCE FILING**

Dear Secretary Chiavetta:

Enclosed for filing with the Commission is the original of the Exceptions of Dominion Retail, Inc. to Compliance Filing 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 the undersigned.

Very truly yours,

Todd S. Stewart
Counsel for Dominion Retail, Inc.

TSS/jld
Enclosures
cc: 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).

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Date: April 8, 2013

I. BACKGROUND

A reading of the relevant provisions of the applicable orders in this matter, and even PPL's filing, make it clear that PPL has not complied with what was required in those orders. In the Commission's December 28, 2012 Order, it stated:

Next, we agree with the ALJ's Recommendation to delay the implementation of the Company's proposed increase to the POR discount percentage for ninety days. We concur with the ALJ's directive that the currently effective rates remain in effect until PPL provides the required break-down on these expenses between shopping and non-shopping customers. Once this information is developed, the Commission will have thirty additional days to finalize an appropriate course of action.¹

The ALJ's Recommendation Decision, referred-to in the excerpt above requires, in the relevant ordering paragraphs, that:

9. PPL Electric Utilities Corporation shall determine the correct amount of uncollectible expenses incurred in 2012 and the break-down of expenses between shopping and default service customers.

10. That PPL Electric Utilities Corporation shall submit the findings and supporting data for the uncollectibles expense of shopping and default service customers within ninety days of the Final Commission Order in this docket with a request to use the correct numbers in its Purchase of Receivables Program.

11. That if PPL Electric Utilities Corporation does not comply with Ordering Paragraph No. 10, "the percentage rates currently in effect in its Purchase of Receivables Program shall remain in effect."²

¹ *Pennsylvania Public Utility Commission, et al. v. PPL Electric Utilities Corporation*; Docket No. R-2012-2290597 (Final Order entered December 28, 2012, at p. 154).

² *Pennsylvania Public Utility Commission, et al. v. PPL Electric Utilities Corporation*; Docket No. R-2012-2290597 RD at p. 142 (Ordering Paragraph Nos. 9, 10 & 11).

The above quoted orders pertain to PPLs proposed change to its POR discount, as filed in this rate case. PPL seeks to increase the POR discount for residential customers from 1.8% to 2.3% and for small commercial and industrial from 1.0% to 2.3%. These increases are dramatic and unsupported in the record. The Commission accordingly required PPL to provide the breakdown as between shopping and non-shopping customers so that the correct uncollectibles percentages could be applied in the development of the POR discount.

The Commission should reject PPLs approach for at least two reasons:

Exception No. 1 -- The methodology proposed by PPL is not compliant with what the Commission required in its Order and, therefore, the existing rates should automatically maintain in effect until such time as PPL files another rate case.

On March 28, 2013, in its purported "Compliance Filing", PPL did not provide the information requested by the Commission in its Order. There is no dispute on this point. Rather, PPL proposes to use its overdue aged accounts receivables as a proxy for the actual accounting of uncollectible expenses as between shopping and non-shopping customers. PPL claims, again, without support, that providing the actual information would be costly and time consuming, this after PPL claimed that it would provide the information.

Apart from the general fact that PPL's newly proposed methodology does not comply in any respect with the Commission's Order, PPL's filing assumes that its overdue aged receivables will occur in the same relative percentages (as between shopping customers and default service customers) as accounts that ultimately become uncollectible. Yet PPL offers no evidence to support this proposition. Rather, PPL attempts to support its non-compliance filing by suggesting that it is employing the same methodology that the Commission approved in a different case for a different purpose. Instead of providing supporting evidence, PPL provides

only a self-serving snapshot of a single year period, using only its newly proposed methodology, to allege that there is no difference between supplier uncollectibles and default service uncollectibles. What this so-called evidence shows, however, is that over the course of a one year period PPL's aged receivables (60 days past due) for default service netted out against the same metric for suppliers. Again, no historical context is provided and no evidence is provided that would even attempt to document any possible relationship between aged receivables and uncollectables. No supporting information for any other period is provided. It cannot be assumed that PPL's proposal has met the evidentiary requirements and it must therefore be deemed non-compliant.

Exception No. 2 – There is no record upon which to conclude that PPL's newly proposed method is just and reasonable.

PPL's newly proposed methodology cannot be implemented with notice and a complete record. If the Commission wishes to entertain PPL's proposal, this matter should be set for separate hearings before an Administrative Law Judge where PPL can attempt to prove the justness and reasonableness of its approach and allow for full discovery by interested parties, so that they can independently ascertain whether PPL's methodology is appropriate. It would be wholly inappropriate, however, and a complete denial of due process to allow PPL to implement this rate without any further hearing, when there is no basis in the present record, without, at a minimum, holding an evidentiary hearing. Moreover, PPL's chosen proxy appears to have significant flaws with regard to its fundamental assumptions that overdue receivables that are aged test sixty days are a reasonable proxy for uncollectible accounts. Moreover, there is no recognition of late payment fees as an offset to those charges in this calculation, either.

In conclusion, DES submits that: 1) PPL has failed wholly to comply with the Commission's requirement that it provide data separating its uncollectible expense as between shopping and non-shopping customers; 2) PPL chose, instead, to propose an un-vetted proxy that has heretofore not appeared in the record of this proceeding and regarding which DES has had no opportunity to perform discovery or any meaningful examination; 3) it appears obvious with regard to the proxy that PPL has chosen, that there is no evidence that it is just and reasonable and that it is an appropriate basis upon which to calculate POR charges, charges which have a significant and dramatic impact on the business of EGSs operating on the PPL service territory; and, 4) it would be a violation of due process to implement the newly proposed POR discount rates without the opportunity to be heard on any new evidence.

II. CONCLUSION

For these reasons, PPL's Compliance filing must be rejected and PPL's currently effective POR discount rates should remain in effect until such time PPL files an appropriate rate case to address the issues.

Respectfully submitted,



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Dated: April 8, 2013