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November 24, 2014

VIA ELECTRONIC FILING

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: PPL Electric Utilities Corporation Supplement No. 165 to Tariff - Electric Pa.
P.U.C. No. 201
Docket No. R-2012-2290597 - Storm Damage Expense Rider**

Dear Secretary Chiavetta:

PPL Electric Utilities Corporation herein files this letter in response to the letter submitted by the PP&L Industrial Customer Alliance (“PPLICA”) on November 10, 2014, in the above referenced matter. In its letter, PPLICA recommends modifications to the design and implementation of PPL Electric’s Storm Damage Expense Rider (“SDER”). For the reasons explained below, PPLICA’s proposed modifications to the SDER should be rejected.

On December 28, 2013, the Pennsylvania Public Utility Commission (“Commission”) entered an order in PPL Electric’s 2012 base rate case. *Pennsylvania Public Utility Commission v. PPL Electric Utilities Corporation*, Docket No. R-2012-2290597 (Dec. 28, 2012) (hereinafter, “*Base Rate Case Order*”). Therein, the Commission ordered, *inter alia*, that PPL Electric file a “rider for storm damage expense recovery” within ninety days from the date of the Base Rate Case Order. On March 28, 2013, pursuant to the mandate in the *Base Rate Case Order*, PPL Electric filed Supplement No. 130 to its Tariff – Electric Pa. P.U.C. No. 201. There, PPL Electric proposed a SDER to provide recovery of certain operating expenses caused by storms that are reportable under the PUC’s regulations at 52 Pa. Code § 67.1(b).

Pursuant to a Secretarial Letter dated April 5, 2013, interested parties were permitted to submit comments and reply comments regarding the design and implementation of PPL Electric’s proposed SDER. PPLICA submitted both comments and reply comments regarding PPL Electric’s proposed SDER. On November 15, 2013, the Commission issued an order inviting

further comments on the design and implementation of PPL Electric's proposed SDER. PPLICA again submitted comments and reply comments regarding PPL Electric's proposed SDER.

On April 3, 2014, the PUC entered an Opinion and Order approving, with certain modifications, the design and implementation of the SDER, *SDER Order*. Therein, the Commission concluded that the SDER, as modified, is an automatic adjustment mechanism that complies with the requirements of Section 1307 of the Pennsylvania Public Utility Code, 66 Pa.C.S. § 1307. The *SDER Order* did not approve any costs, expenses, or rates for the SDER. Rather, the subject and purpose of the proceeding was the proper design and implementation of the SDER.

On October 31, 2014, PPL Electric submitted its SDER tariff supplement and preliminary calculation of storm damage expenses to be recovered through the SDER, which were filed 60 days in advance of the effective date pursuant to the Commission's *SDER Order*. The tariff supplement did not modify or otherwise change the design of the SDER as approved in the *SDER Order*. Rather, the SDER tariff supplement merely implements the SDER as approved in the *SDER Order* and sets forth the rates to be recovered through the SDER. Stated otherwise, the SDER tariff supplement did not change or otherwise modify the rate design approved by the Commission in the *SDER Order*.

In its November 10, 2014 letter, PPLICA does not contest, challenge, or oppose the rates set forth in the SDER tariff supplement or the storm damage expenses to be recovered through the SDER. Rather, the primary purpose of PPLICA's letter is to propose changes in how the storm damage expenses to be recovered through the SDER are allocated to and recovered from the Large Industrial & Commercial ("Large C&I") Customer Classes.¹ PPL Electric submits that PPLICA's proposals to modify how storm damage expenses are to be recovered from the Large C&I Customer Classes are not appropriate, are untimely, and should be rejected.

PPLICA's proposed modifications pertain to the rate design of the SDER, not the costs and rates to be recovered through the SDER. The Commission has already approved the design and implementation of the SDER. To the extent that PPLICA wanted the Commission to consider its concerns and proposals regarding the allocation and recovery of SDER expenses from the Large C&I Customer Classes, PPLICA's remedy was to submit these concerns and proposals in its comments to the design of the SDER.

In this case, PPLICA submitted four rounds of comments and, therefore, clearly had ample opportunity to raise its concerns and proposals during the design stage of the SDER proceeding. In its comments, PPLICA raised, among other things, its concerns regarding the allocation of costs to be recovered through the SDER. The Commission, however, clearly approved the design and implementation of the SDER without adopting PPLICA's proposal. Indeed, the Commission unequivocally concluded that SDER costs shall be allocated among rate classes

¹ PPLICA also raises concerns regarding PPL Electric including the allocation factors in its tariff. PPL Electric acknowledges that the Commission's SDER Order, among other things, directs PPL Electric to include the allocation factors to be used for the SDER in its tariff. PPL Electric will add these allocation factors to its SDER tariff when it refiles the SDER rates in mid-December.

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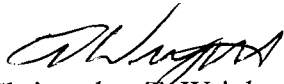
pursuant to the cost of service study approved by the Commission in the 2012 base rate case. *SDER Order*, pp. 28-29. To the extent that PPLICA believes that the Commission erred in approving the design and implementation of the SDER without adopting PPLICA's cost allocation proposal, PPLICA's remedy was to take a timely appeal on this issue, which it failed to do.²

The Commission's SDER Order approved the design and implementation of the SDER, including the allocation of costs. The SDER has not been stayed and, therefore, PPL Electric is required to implement the SDER and the allocation of costs as approved by the Commission. PPLICA's proposals in its November 10, 2014 letter are entirely beyond the design of the SDER approved by the Commission.

The design and implementation of the SDER has already been approved by the Commission. PPLICA's attempt to re-challenge the rate design of the SDER in its letter submitted in response to the SDER tariff supplement filing is untimely and not appropriate. Based on the foregoing, PPL Electric respectfully requests that the Commission reject PPLICA's proposal and permit the SDER tariff supplement to become effective as filed.

Copies of this letter are being served as indicated on the enclosed certificate of service. Should you have any questions concerning this matter, or need any additional data, please contact me or Bethany L. Johnson, PPL Electric's Manager-Regulatory Compliance at 610.774.7011.

Respectfully submitted,



Christopher T. Wright

CTW/jl
Enclosure

cc: Certificate of Service

² PPL Electric notes that the Office of Consumer Advocate has taken a timely appeal of the *SDER Order*. However, the issues pending before the Commonwealth Court for appellate review do not include PPLICA's proposal regarding cost allocation for the Large C&I Customer Classes.

CERTIFICATE OF SERVICE

I hereby certify that true and correct copies of the foregoing 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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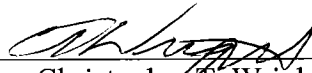
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Date: November 24, 2014



Christopher T. Wright