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File #: 2507/140064

October 2, 2009

James J. McNulty  
Secretary  
PA Public Utility Commission  
Commonwealth Keystone Building  
400 North Street, 2nd Floor North  
PO Box 3265  
Harrisburg, PA 17105-3265

**RE: Petition of PPL Electric Utilities Corporation for Approval of a Rate Mitigation Plan - Docket No. P-2009-2091280**

Dear Secretary McNulty:

This letter is in response to the "Petition of the Office of Small Business Advocate for Reconsideration of Order" dated August 27, 2009 and filed in the above captioned proceeding ("OSBA Petition"). This correspondence is being submitted on behalf of PPL Electric Utilities Corporation ("PPL Electric") in lieu of an answer to the OSBA Petition.

OSBA seeks reconsideration of the Pennsylvania Public Utility Commission's (the "Commission") order in this proceeding, *Petition of PPL Electric Utilities Corporation for Approval of a Rate Mitigation Plan*, Docket No. P-2009-2091280 (Order entered August 13, 2009) ("RMP Order"). In the RMP Order, the Commission approved the Joint Settlement filed in this proceeding, but modified it to include a tracking requirement associated with uncollectible expenses. OSBA specifically objects to the Commission's determination that if the uncollectible expenses associated with the RMP are significant, the Commission will in a future proceeding, address the appropriateness of their recovery. RMP Order, p. 6. The Commission also stated that, "[i]f recovery is found to be appropriate, the Commission shall address whether all customers should be required to pay for the increased expense associated with deferred payments under the RMP." *Id.*

In its petition, OSBA argues that if it had realized that the Commission would allow the Company to request reconciliation, it would have adjudicated the issue. OSBA Petition, p. 4. OSBA also objects to the Commission's conclusion that if recovery is appropriate, it may require "all customers" to pay for the increased expense associated with deferred payments under the RMP. RMP Order, p. 6. The OSBA avers that it is inappropriate for the Commission to permit

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recovery of the cost of the RMP from those customers who chose not to participate. OSBA Petition, p. 4.

In response to the concerns raised by OSBA, PPL Electric reiterates, as stated in the Joint Petition for Settlement filed on July 12, 2009, that it anticipates no need for any after-the-fact reconciliation. The Joint Petition for Settlement provides that:

The RMP will not require individual customer reconciliation. The RMP credits and charges will be set on a per month basis and will not be affected by fluctuations in customer use or changes in generation rates. The Company, therefore, will know precisely how much customers in each stratum deferred during the course of the RMP. The recovery period will vary by rate strata. However, the monthly surcharges are designed to complete recovery of deferred amounts (plus accumulated interest) by December 31, 2012. Because the likelihood of over-collection or under-collection is very small, there is no need for any after-the-fact reconciliation.

Joint Petition for Settlement, para. 30.

PPL Electric will comply with the Commission's directive in the RMP Order to "track uncollectible expenses associated with the costs that customers elect to defer under the RMP." RMP Order, p. 6. PPL Electric anticipates that the RMP, however, consistent with the Joint Settlement quoted above, will not require individual customer reconciliation. The monthly surcharges are designed to complete recovery of deferred amounts (plus accumulated interest) and due to the very small likelihood of over-collection or under-collection there is no need for any after-the-fact reconciliation.

PPL Electric requests that the Commission give due consideration to this response when reviewing the OSBA Petition, on the merits.

As indicated by the attached certificate of service, a copy of this correspondence is being served upon all parties of record.

Respectfully Submitted,



David B. MacGregor

DBM/skr

cc: Certificate of Service

## CERTIFICATE OF SERVICE

I hereby certify that a true and correct copy of the foregoing has been served upon the following persons, in the manner indicated, in accordance with the requirements of § 1.54 (relating to service by a participant).

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Date: October 2, 2009

  
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