

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

Docket No. R-2010-2161694

PPL ELECTRIC UTILITIES CORPORATION

Statement No. 8

Direct Testimony of Oliver G. Kasper

1 **Direct Testimony of Oliver G. Kasper**

2 **Q. Please state your full name and business address.**

3 A. Oliver G. Kasper, Two North Ninth Street, Allentown, Pennsylvania, 18101.

4
5 **Q. By whom are you employed and in what capacity?**

6 A. I am employed by PPL Electric Utilities Corporation (“PPL Electric” or the
7 “Company”) in the Regulatory Compliance group as Manager-Pricing and Contract
8 Administration.

9
10 **Q. What are your principal duties and responsibilities as Manager-Pricing and
11 Contract Administration?**

12 A. I am responsible for the overall Tariff Administration functions of the Pricing and
13 Contract Administration section of the Regulatory Compliance group, which
14 involves the development of PPL Electric’s retail tariff rules and regulations, and
15 ensuring their uniform administration throughout the Company. I also direct the
16 development of the Company’s rate design function and supervise the cost of
17 service function.

18
19 **Q. What is your educational background?**

20 A. I graduated from Michigan Technological University in 1973 with a Bachelor of
21 Mechanical Engineering. I am a Registered Professional Engineer in the
22 Commonwealth of Pennsylvania.

23

1 **Q. Please describe your professional experience.**

2 A. I was employed by Westinghouse Electric Corporation in 1973 and served in the
3 Marketing Department of the Steam Turbine Division as an Application Engineer.
4 During this period, I was involved with all aspects of the initial design and proposal
5 preparation for large steam turbine generator sets. I also was the technical license
6 contact for two foreign manufacturers of Westinghouse turbine generators.

7 In 1976, I joined PPL Electric's predecessor, Pennsylvania Power & Light
8 Company, as a construction engineer for the Susquehanna Steam Electric Station.
9 In this position I was responsible for long-term storage and maintenance for all
10 equipment during construction, and assembly of the Unit 1 and Unit 2 turbine
11 generator sets.

12 In 1978, I was named Energy Management Engineer in PPL Electric's
13 Energy Conservation Department in the former Northern Division. My
14 responsibilities included energy conservation, service coordination, and marketing
15 with PPL Electric's large industrial and commercial customers in that division.

16 In 1982, I was promoted to Senior Engineer-Research and Technical
17 Services; later the department was renamed Industrial and Commercial (I&C)
18 Marketing Programs. My responsibilities included residential thermal storage
19 heating systems research, commercial and industrial HVAC and process
20 heating/cooling applications, research and development, commercial and industrial
21 lighting design, and educating PPL Electric's staff and customers about
22 cogeneration.

1 In 1989, I was promoted to the position of I&C Marketing Manager in PPL
2 Electric's Lancaster Division. My responsibilities included managing a staff that
3 provided direct service and marketing contacts for all industrial and commercial
4 customers in that Division. I was promoted to Manager-Pricing and Contract
5 Administration in 1991, the position I now hold.

6 In my current position, I have been the Company's primary witness in the
7 rate design and tariff language areas for both electric and gas service before the
8 Pennsylvania Public Utility Commission ("PUC" or the "Commission"). I provided
9 testimony in PPL Electric's 1994 base rate proceeding (Docket No. R-00943271),
10 its restructuring proceeding (Docket No. R-00973954), its 2004 base rate
11 proceeding case (Docket No. R-00049255), and its 2007 base rate proceeding
12 (Docket No. R-00072155). I also have appeared as a witness in several formal
13 complaint actions by customers involving interruptible service, and the Rate
14 Schedule RTS. I also recently testified on behalf of PPL Electric in Safe Harbor
15 Power Corporation's Application to Abandon its Certificates of Public Convenience
16 (Docket No. A-2008-2078319).

17 For PFG Gas, Inc./North Penn Gas Company, I provided rate design and
18 tariff language support for their annual Purchased Gas Clause filings (Section
19 1307(f)) from 1999 through 2002. I also provided written testimony and rate design
20 exhibits in the PFG Gas, Inc./North Penn Gas Company's base rate proceeding
21 (Docket No. R-00005277).

1 In 2002, I provided rate design and written testimony before the Federal
2 Energy Regulatory Commission (FERC Docket No. ER02-597-000) regarding
3 changes to the PJM OATT for certain sub-transmission charges.
4

5 **Q. Mr. Kasper, are you sponsoring any exhibits in this proceeding?**

6 A. Yes. I am sponsoring Exhibit OGK 1, which is Supplement No. 83 to Tariff -
7 Electric Pa. P.U.C. No. 201 ("Tariff 201"), Exhibit OGK 1A, which is a black-lined
8 version of Tariff 201, Exhibit OGK 2, Digest of Changes to PPL Electric's Tariff 201,
9 and Exhibit OGK 3, the Bill Frequency Analysis. I also sponsor certain responses
10 to the Commission's filing requirements. Each response identifies the witness
11 sponsoring it. I also have provided three attachments to my testimony. Attachment
12 A provides the calculation of the pro forma Universal Service Rider ("USR") to
13 reflect the impact of the proposed distribution rate increase. Attachment B
14 provides the adjustment to base distribution rates for the application of the USR
15 and Act 129 charges. Attachment C illustrates the Company's proposed allocation
16 of the proposed rate increase to the various rate classes.
17

18 **Q. Mr. Kasper, what is the purpose of your testimony?**

19 A. My testimony addresses six subjects: (1) the effects of the revenue adjustments to
20 historic test year book revenues and future test year budget revenues; (2) the
21 allocation of the proposed increase among rate classes; (3) rate design; (4) other
22 proposed tariff changes; (5) bill frequency analysis; and (6) proof of revenues.
23

1 **Adjustments to Historic and Future Test Year Revenues**

2 **Q. Mr. Kasper, please describe the purpose of Schedule D-3 to Exhibits**
3 **Historic 1 and Future 1.**

4 A. Schedule D-3 of Exhibit Historic 1 shows ratemaking adjustments to book
5 operating revenues for the historic test year ended December 31, 2009. Schedule
6 D-3 of Exhibit Future 1 shows similar adjustments to budget revenues for the future
7 test year ending December 31, 2010. The overall purpose of the Schedule D-3
8 adjustments is to state the Company's revenues at present and proposed rates on
9 a distribution-only basis, annualized to reflect test year-end conditions.

10
11 **Q. Will you please describe the adjustments shown on Schedule D-3 of Exhibit**
12 **Historic 1?**

13 A. Page 1 of Schedule D-3 of Exhibit Historic 1 contains a summary statement of the
14 various adjustments made to operating revenues for the test year ended
15 December 31, 2009, which are as follows:

16 Column 1 presents total revenues per books as supplied by Mr. Banzhoff
17 (Statement No.3). Column 2 removes the revenues from cost recovery
18 mechanisms/clauses, including those related to Provider of Last Resort ("POLR")
19 service, the recovery of costs through the Competitive Transition Charge ("CTC"),
20 Transmission Service Charge ("TSC"), Universal Service Rider ("USR"), Act 129
21 Compliance Rider ("ACR"), Merchant Function Charge ("MFC"), and Remand
22 Riders 1 and 2. Column 3 sets forth the combined base rate T&D Operations
23 revenues per books. Column 4 is the sum of all adjustments proposed to adjust

1 the book revenues to the pro forma ratemaking level shown in column 5. Line 2 of
2 column 4 adjusts distribution revenues to reflect the annualization of sales and
3 revenues at December 31, 2009. All revenues in column 5 are pro forma at
4 present rates. Total pro forma operating revenues for the year ended December
5 31, 2009 appear on line 17 of column 5.

6
7 **Q. Please describe the adjustments shown on Schedule D-3 of Exhibit Future 1.**

8 A. Page 1 of Schedule D-3 of Exhibit Future 1 contains a summary of the various
9 adjustments made to operating revenues budgeted for the year ending December
10 31, 2010, which are as follows:

11 Column 1 presents total budget revenues as supplied by Ms. Cunningham.
12 Column 2 removes the revenues from automatic adjustment mechanisms,
13 including the mechanism for POLR service and revenues related to the recovery of
14 the CTC, TSC, USR, ACR, MFC, and the Rate Schedule SE credit approved by the
15 Commission at Docket No. P-2008-2021776. Column 3 sets forth the budgeted
16 revenues for the combined T&D Operations. Column 4 is the sum of all
17 adjustments proposed to bring the budgeted revenues to the pro forma ratemaking
18 level found in column 5. Line 2 of column 4 adjusts revenues to reflect the
19 annualization of budgeted sales and revenues at December 31, 2010. All
20 revenues in column 5 are pro forma at present rates. Total pro forma operating
21 revenues at present rates for the year ending December 31, 2010 appear on line
22 17 of column 5.

23

1 **Q. Please continue your explanation of Schedule D-3.**

2 A. Page 2 of Schedule D-3 of Exhibits Historic 1 and Future 1 shows the details of the
3 number of customers by rate schedule at year-end (column 3), KWH sales
4 (column 4) and revenue by each rate component (Distribution-column 5,
5 Transmission-column 6, CTC-column 7, Energy and Capacity-column 8) and
6 STAS-columns 10. The Total Revenue by rate schedule at present rates is shown
7 in column 11.

8 Page 3 of Schedule D-3, line 27, for the historic test year and future test
9 year, sets forth the total annualization adjustment to show distribution revenues at
10 test year-end conditions. Page 3 also breaks out the various riders that are
11 included in base rates and a correction related to Rate Schedule SE, which was
12 filed and approved as Supplement 66 to Tariff 201. In addition, Page 3 of
13 Schedule D-3 for Exhibit Historic 1 separates out Remand Riders 1 and 2 in
14 columns 6 & 7, and the Universal Service Rider in column 8. Remand Riders 1
15 and 2 were established by the Commission's approval of a settlement upon
16 remand of the Company's 2004 base rate case. Distribution Present Rate
17 Revenues, excluding revenues from automatic adjustment mechanisms, are shown
18 in column 5.

19 Similarly, on page 3 of Schedule D-3 of Exhibit Future 1, several items were
20 removed from the budget to arrive at the Distribution Present Rate Revenues. The
21 introduction of the MFC resulted in a change in the Distribution uncollectable
22 accounts expense in column 6 (Docket No. P-2009-2129502); In the current
23 budget, Remand Riders 1 and 2 were pro-rated for the month of January 2010, and

1 are removed in column 7; The USR in column 8 was removed from distribution
2 revenues at the budgeted dollars for 2010; the ACR was removed at the budgeted
3 dollars for 2010; the Rate Schedule SE rate credit is shown in column 10. These
4 adjustments result in the Distribution Present Rate Revenue in column 5 for Exhibit
5 Future 1.

6 Page 4 of Schedule D-3 makes several adjustments. First, it removes the
7 revenue effect of shopping customers on the Company's revenues for
8 transmission, and energy and capacity by assuming that all customers are POLR
9 supplied. Second, it adjusts the pro forma revenues for both Exhibit Historic 1 and
10 Future 1, by adjusting revenues from the USR (USR – column 4) , ACR (column 5),
11 TSC (TSC-column 6) for POLR Customers, the CTC (column 7), the Energy &
12 Capacity charges (column 8) to POLR customers, and the STAS values (column
13 10 and 11) based on rates currently in effect. These adjustments to revenues are
14 for calculation purposes only. They do not affect base rate revenues which are the
15 primary subject of this proceeding.

16
17 **Q. Please explain why you are adding back the transmission, and energy and**
18 **capacity, revenues associated with the shopping customers.**

19 A. The Company's computer models for designing rates are based on the assumption
20 that all kWh being supplied by the Company. That is, they are constructed using
21 the assumption that customers are not shopping. As shown in the proof of revenue
22 calculations in response to Exhibit Regs., §53.53, Part IV, Section C, the kWh are
23 constant for all components of the rates, as if no customers are shopping.

1 Accordingly, the Company calculates the summary of total revenues at the bottom
2 of each sheet assuming it provides POLR service to all customers. These
3 adjustments for shopping customers have no effect on the amount of the increase,
4 allocation of the increase or the proposed rate design.

5

6 **Q. Please continue with your discussion of Schedule D-3.**

7 A. Page 5 of Schedule D-3, for both the historic test year and future test year, shows
8 the proposed distribution revenues in column 3. Column 4 shows the USR. The
9 USR is charged only to the residential customers taking service under Rate
10 Schedules RS, RTS, and RTD. Column 5 shows the Act 129 Compliance Rider.

11

12 **Q. Please explain the relationship of the percentage increase shown on page 5,**
13 **column 14 of Schedule D-3, for both the historic test year and future test**
14 **year, and the proof of revenue calculations.**

15 A. The total percentage increases shown by rate schedule in column 14, page 5, of
16 Schedule D-3 are traceable to the response to Exhibit Regs., §53.53, Part IV,
17 Section C, Calculation of Effect of Proposed Rate (Proof of Revenue), for each rate
18 schedule.

19 The distribution rate increase produced by the Company's proposed rate
20 design is found in column 13, line 38, page 5, of Schedule D-3 for both the historic
21 test year and future test year. For the future test year, the increase in distribution
22 revenues resulting from the Company's rate design is \$ 114,676,490.

23

1 **Allocation of the Revenue Increase**

2 **Q. How does the Company propose to allocate the distribution rate increase in**
3 **this proceeding?**

4 A. In order to properly reflect the results of the class cost-of-service study, the
5 increase has been applied only to the residential class, i.e., customers served
6 under Rate Schedules RS, RTS, and RTD. Support for this proposed allocation is
7 provided in the testimony of Mr. Krall (PPL Electric Statement No. 6).

8

9 **Q. Have you prepared a table to show the results of the Company's proposed**
10 **class revenue allocation?**

11 A. Yes. Attachment C attached to this testimony provides the rate of return for each
12 rate schedule at present and proposed rates and the movement toward the cost of
13 providing service on a relative rate of return basis.

14

15 **Q. Are there any significant changes to rates charged for Residential service?**

16 A. In this filing, PPL Electric is proposing to charge the same distribution rate for all
17 residential service provided under Rate Schedules RS and RTD.

18

19 **Rate Design**

20 **Q. Please describe the overall rate design approach in PPL Electric's proposed**
21 **Tariff No. 201, Supplement 83, provided as Exhibit OGK 1.**

1 A. The primary objective of the rate design was to develop rate schedules that would
2 produce the requested revenues when applied to forecasted conditions for the 12
3 months ending December 31, 2010.

4

5 **Q. How was the cost of providing service reflected in the rate design?**

6 A. In the analysis of the cost of providing service for distribution operations, there are
7 only two types of costs, customer and demand. In the presently effective
8 residential rate schedule (Rate Schedule RS) and the small general service rate
9 schedule (Rate Schedule GS-1), a large portion of the distribution revenue is being
10 collected through usage, or kWh charges. In this filing, PPL Electric is proposing to
11 continue movement toward distribution rates that are more demand and customer-
12 dependent and less usage-based. This change is more reflective of how costs are
13 incurred by an electric distribution company.

14

15 **Rate Schedule RS-Residential Service:**

16 **Q What changes are being proposed for the rates under residential Rate**
17 **Schedule RS?**

18 A. The Company is proposing to increase the customer charge from \$8.44 to \$15.40
19 per month to more closely reflect the cost of providing service to these customers,
20 as set forth in Exhibit JMK 3. The kWh charges as proposed are a flat cents per
21 kWh. These rates for Rate Schedule RS also contain the Universal Service Rider
22 charges and the Act 129 charges (See Appendix B to this testimony).

1 In addition, the single meter and two meter residential off-peak water
2 heating provisions will be charged under the standard residential Rate Schedule
3 RS rates for distribution service. For additional details, see Exhibits OGK 1, OGK
4 2, and Exhibits Regs. §53.53 Part IV C through E.

5

6 **Residential Time of Day-Rate Schedule RTD**

7 **Q. What changes are being proposed for time-of-day service under residential**
8 **Rate Schedule RTD?**

9 A. The distribution rate structure and pricing is the same as that for Rate Schedule
10 RS, as described above, because all the benefits of Rate Schedule RTD are
11 generation-related. For additional details, see Exhibits OGK 1, OGK 2, and
12 Exhibits Regs. §53.53 Part IV C through E.

13

14 **Residential Thermal Storage-Rate Schedule RTS**

15 **Q. What changes are being proposed for residential thermal storage service**
16 **under Rate Schedule RTS?**

17 A. The customer charge is the same as for Rate Schedule RS, as described above.
18 The increase in kWh charges was capped to the limit the proposed increase in the
19 distribution rates for Rate Schedule RTS customers. For additional details, see
20 Exhibits OGK 1, OGK 2, and Exhibits Regs. §53.53 Part IV C through E.

21

1 **Small General Service – Rate Schedule GS-1**

2 **Q. What changes are being proposed for small general service under Rate**
3 **Schedule GS-1?**

4 A. The structure of Rate Schedule GS-1 is changed from a kWh-based structure with
5 a customer charge to a demand-based structure with a customer charge. The
6 minimum first 5 kW of the billing demand charge is being eliminated. PPL Electric
7 is proposing to increase the customer charge from \$11.32 to \$14.00 per month
8 (note that this is the same as Rate Schedule RS in Attachment B, without the USR
9 or Act 129 charges), increase the demand charge from \$2.26 per kW to \$4.535 per
10 kW and eliminate all kWh charges, except for the Act 129 charges. PPL Electric
11 currently has demand meters installed on all customers, except for small
12 unmetered constant load accounts (cable TV amplifiers, security cameras, etc.).

13 For additional details, see Exhibits OGK 1, OGK 2, and Exhibits Regs.
14 §53.53 Part IV C through E.

15
16 **Large General Service – Rate Schedule GS-3**

17 **Q. Are there any changes proposed to large general service under Rate**
18 **Schedule GS-3?**

19 A. Yes. In keeping with the general direction of moving toward more customer and
20 demand-based rates, PPL Electric is proposing that Rate Schedule GS-3 rates will
21 recover 100% of the overall distribution revenue through customer charges and
22 demand charges. The present Rate Schedule GS-3 rates currently recover 100%

1 of the overall distribution revenue through demand charges. For additional details,
2 see Exhibits OGK 1, OGK 2, and Exhibits Regs. §53.53 Part IV C through E.

3
4 **Large Power Firm Service at 12,000 Volts – Rate Schedule LP-4**

5 **Q. Are there any changes proposed to large power service under Rate Schedule**
6 **LP-4?**

7 A. Yes. In keeping with the general direction of moving toward more customer and
8 demand-based rates, PPL Electric is proposing that Rate Schedule LP-4 rates will
9 recover 100% of the overall distribution revenue requirement through customer
10 charges and demand charges. The present Rate Schedule LP-4 rates currently
11 recover 100% of the overall distribution revenue through demand charges. For
12 additional details, see Exhibits OGK 1, OGK 2, and Exhibits Regs. §53.53 Part IV
13 C through E.

14
15 **Large Power Interruptible Service at 12,000 Volts – Rate Schedule IS-P**

16 **Q. Are there any changes proposed to large power interruptible service under**
17 **Rate Schedule IS-P?**

18 A. Yes. The distribution rate structure for Rate Schedule IS-P is being changed to
19 the proposed structure for Rate Schedule LP-4. From a delivery perspective,
20 there is no difference between Rate Schedule IS-P customers and any other
21 Rate Schedule LP-4 customer, because the metering, meter reading, billing and
22 service are the same for the two rate schedules. Rate caps expired on
23 December 31, 2009, and most of the customers have migrated to Rate Schedule

1 LP-4. Only 10 customers remain on Rate Schedule IS-P at this time, and that
2 number is expected to decline during the remainder of 2010. For additional
3 details, see Exhibits OGK 1, OGK 2, and Exhibits Regs. §53.53 Part IV C
4 through E.

5

6 **Large Power Service at 69,000 volts - Rate Schedules LP-5, LP-6, IS-T,**

7 **Q. Are there any changes proposed to the distribution rate for large power**
8 **service customers that take service under 69 kV delivery rates?**

9 A. Yes. PPL Electric is proposing a customer charge for distribution service to all 69
10 kV customers. From a delivering perspective, there is no difference in service
11 among these customer classes because the metering, meter reading, billing and
12 service are the same for these three rate schedules. At the present time, there is
13 only one customer remaining on Rate Schedule IS-T and 2 customers remaining
14 on Rate Schedule LP-6. All others have migrated to Rate Schedule LP-5. For
15 additional details, see Exhibits OGK 1, OGK 2, and Exhibits Regs. §53.53 Part IV
16 C through E.

17

18 **Electric Propulsion, Rate Schedule LPEP**

19 **Q. Are there any changes proposed for electric propulsion service under Rate**
20 **Schedule LPEP?**

21 A. No changes are proposed for Rate Schedule LPEP.

22

1 **Commercial Space Heating, Rate Schedules GH-1 and GH-2**

2 **Q. Are there any changes proposed for Rate Schedule GH-1 and GH-2?**

3 A. Yes. In keeping with the general direction of moving toward more customer and
4 demand-based rates, PPL Electric is proposing that Rate Schedules GH-1 and GH-
5 2 rates will recover 100% of the overall distribution revenue requirement through
6 customer charges and demand charges. For additional details, see Exhibits OGK
7 1, OGK 2, and Exhibits Regs. §53.53 Part IV C through E.

8
9 **Tariff Changes**

10 **Q. Would you briefly describe the contents of Exhibit OGK 2?**

11 A. This exhibit, which is entitled “Digest of Proposed Changes Requested in
12 Supplement No. 83 to Tariff – Electric Pa. P.U.C. No. 201,” contains a summary of
13 the Company’s proposed rules and rate changes. A copy of this digest is provided
14 to all PPL Electric employees who have responsibility for administration of the
15 electric service tariff.

16
17 **Q. Is there a comprehensive list of changes that summarizes all the proposed
18 tariff changes?**

19 A. Yes. This list can be found in the summary starting on page 2 of Exhibit OGK 1,
20 Supplement No. 83 to PPL Electric’s Tariff – Electric Pa. P.U.C. No. 201.

21
22 **Elimination of Expired Riders/Clauses and Rate Provisions**

23 **Q. Are there any changes to any of the riders/clauses in Tariff 201?**

1 A. Yes. Many of the expired riders/clauses in Tariff 201 have been eliminated.
2 Economic and Industrial Economic Development, Intangible Transition Charge,
3 Remand Riders 1 and 2, Interruptible Service by Agreement, and the Competitive
4 Rate Rider have all been removed from Tariff 201. All of these riders/clauses
5 expired as of January 1, 2010.

6

7 **Q. Were similar changes made to other specific rate components?**

8 A. Yes. Time-of-Day demand measurement for the commercial and industrial rate
9 schedules expired on January 1, 2010. Also, the Demand Free Day provision
10 under Rate Schedule LP-5 expired on January 1, 2010. The Company is
11 proposing to remove these expired provisions from Tariff 201.

12 A complete list of these changes can be found in Exhibit OGK 1, which is
13 Supplement No. 83 to Tariff - Electric Pa. P.U.C. No. 201, pages 2 through 21.

14

15 **Metering and Billing Credit Rider**

16 **Q. Are there any proposed changes to the Metering and Billing Credit Rider?**

17 A. Yes. The Company is proposing that the Metering, Meter Reading, and Billing and
18 Collection credits be adjusted, based on current cost of service data. The
19 proposed charges are set forth in Exhibit JMK 3.

20

21 **Universal Service Rider**

22 **Q. How was the USR impacted by this proposed increase?**

1 A. The USR is stated as a percent of distribution revenues. Appendix A provides a
2 pro forma recalculation of the USR to reflect the impact of the proposed distribution
3 rate increase. All else equal, if the full rate increase were approved, the USR
4 would be reduced from the current level of 10.47% to 9.00%.

5

6

Market Function Charge Rider

7 **Q. How was the MFC impacted by this proposed increase?**

8 A. The MFC for the Residential customer class will change from 1.32% to 1.804%,
9 and for small C&I customers from 0.12% to 0.007%. This change is explained in
10 by Mr. Kleha (Statement No. 7).

11

12 **Q. What changes is the Company proposing to make to Net Metering for**
13 **Renewable Customer-Generators?**

14 A. The Company is proposing to make several changes to that provision to coordinate
15 it with the Alternative Energy Portfolio Standards Act and the Commission's
16 regulations implementing that Act. First, the billing provisions are revised to
17 provide for annual payments for excess generation at PPL Electric's Price to
18 Compare. Second, a section has been added to set forth the conditions under
19 which shopping customers can qualify and participate in the Company's net
20 metering program.

21

1 **Bill Frequency Analysis**

2 **Q. Mr. Kasper, please explain the methods used to calculate the annual revenue**
3 **effects of the proposed rates.**

4 A. A summary of the bill distributions and other summaries of billing quantities for all
5 rates are provided in Exhibit OGK 3 for the 12 months ended December 31, 2009.
6 Both present and proposed rates were applied to the calculated billing quantities.
7 The results of these calculations were then used to obtain adjusted rate class
8 revenue for the period ended December 31, 2009, and for the budgeted rate class
9 revenue for the period ending December 31, 2010. In this way, the Company
10 derived the total annual revenue effect and the effect by rate classes. Increases
11 also were assigned to the late payment charge and to the annualized revenue
12 adjustment.

13

14 **Proof of Revenue**

15 **Q. Please explain the proof of revenue or bill frequency analysis.**

16 A. The response to Exhibit Regs., §53.53, Part IV, Section C contains a bill frequency
17 analysis which details, by rate class, the billing units for each type of charge in PPL
18 Electric's existing and proposed tariff. Column 2 provides a summary of the annual
19 billing units for each class. This summary includes total customer bills, total kW, or
20 total kWh in the specific block. Column 3 contains the price per unit at current
21 rates. Column 4 shows the total revenue for that block. The percentage increase
22 in proposed rates over current rates is at the bottom of each page. This
23 percentage is used to calculate the dollar revenue increase for all classes. The

1 results of the proof of revenue can be found on Schedule D-3, page 5, of Exhibits
2 Historic 1 and Future 1.

3

4 **Q. Have you compared customer bills before and after the proposed increase?**

5 A. Yes, bill comparisons for selected rate schedules can be found in response to
6 Exhibit Regs., §53.53, Part IV, Section D. Various bill comparisons were
7 completed utilizing average usage and a selected range of residential and general
8 service usage.

9

10 **Q. Does this conclude your testimony?**

11 A. Yes, it does.