

COMMONWEALTH OF PENNSYLVANIA



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November 15, 2010

Rosemary Chiavetta
Secretary
Pennsylvania Public Utility Commission
Commonwealth Keystone Building
400 North Street
Harrisburg, PA 17105-3265

RE: Pennsylvania Public Utility Commission
v.
PPL Electric Utilities Corporation
Base Rate Proceeding
Docket No. R-2010-2161694

Dear Secretary Chiavetta:

Enclosed for filing please find the Office of Consumer Advocate's Reply Exceptions to the Recommended Decision of Administrative Law Judge Susan D. Colwell in the above-referenced proceeding.

Copies have been served on the parties of record as indicated on the enclosed Certificate of Service.

Sincerely,

A handwritten signature in cursive script that reads "Aron J. Beatty".

Aron J. Beatty
Assistant Consumer Advocate
PA Attorney I.D. # 86625

Enclosures

cc: Hon. Susan D. Colwell/ALJ
Cheryl Walker Davis/Office of Special Assistants
Parties of Record

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BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION

Pennsylvania Public Utility Commission :
 :
 v. : Docket No. R-2010-2161694
 :
 PPL Electric Utilities Corporation :
 Base Rate Proceeding :

REPLY EXCEPTIONS OF THE
OFFICE OF CONSUMER ADVOCATE

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Dated: November 15, 2010

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I. INTRODUCTION

The Office of Consumer Advocate files these Reply Exceptions in response to the Office of Small Business Advocate's (OSBA) Exceptions to Administrative Law Judge Susan Colwell's Recommended Decision (R.D.) issued October 15, 2010. In its Exceptions, the OSBA argues that ALJ Colwell's allocation of the revenue requirement should be rejected, and that the OSBA's proposals should be adopted. In her R.D., ALJ Colwell adopted the Company's proposal for a proportional scale back of PPL's initial allocation of its requested increase in distribution rates. R.D. at 58. Under the ALJ's recommended allocation of the \$77.5 million revenue increase agreed to in the Settlement, residential customers would pay the entire increase, while small business customers would not pay any of the increase. R.D. at 54, 58.¹

The OSBA proposes that the allocation recommended by the ALJ be rejected in favor of the OSBA's "First Dollar Relief" (FDR) allocation proposal. Under FDR, OSBA proposes to treat the difference between the requested revenue increase (\$114.7 Million) and the Settlement increase (\$77.5 Million) as a source of funding to be used in part to *reduce* rates for some customer classes below current levels. In its Exceptions, the OSBA proposes two alternative "First Dollar Relief" proposals. The OSBA's "preferred" FDR proposal would have residential customers pay \$101.5 Million (out of a \$77.5 Million total increase). OSBA Exc. at 16. The second FDR alternative offered by OSBA would have residential customers pay \$83.6

¹ As detailed in the OCA's Exceptions, the OCA agrees with the ALJ's use of a proportional scale back methodology but submits that the starting point should be the allocation proposed by OCA witness Watkins that was guided by his review of the cost of service studies admitted into evidence in this proceeding.

Under the ALJ's recommended revenue allocation, the OCA submits that the principle of gradualism is afforded inadequate consideration, and an erroneous cost of service study is relied upon too heavily, resulting in a 100% allocation to the Residential class. From the OCA's perspective, the ALJ's recommended allocation represents a swing of the pendulum too far the other way from traditional ratemaking principles and is too reliant on a flawed cost of service study that is materially different from PPL's past studies. As detailed in its Exceptions, the OCA has proposed an alternative allocation that produces just and reasonable rates, based on a review of the reasonable cost of service studies presented in this case and recognizing the principles of gradualism and avoidance of rate shock. See, OCA Exc. at 21-29. Even under the OCA's proposal, it should be noted that residential customers would pay \$60.7 million, or 78.3% of the \$77.5 million increase.

Million (out of a \$77.5 Million total increase). OSBA Exc. at 20. In either case, the result of the OSBA's proposal is that residential customers would pay *more than 100%* of the Company's total increase. The ALJ properly rejected the OSBA proposal, finding it flawed and inconsistent with traditional ratemaking principles. The OCA submits that the ALJ was correct in rejecting the OSBA's proposal to impose even more than 100% of the increase on residential customers. The ALJ's determination on this point should be adopted.

II. EXCEPTIONS

Reply To OSBA Exception 1: The ALJ Correctly Rejected The OSBA "First Dollar Relief" Proposal As Being Inconsistent With Appropriate Ratemaking Principles (R.D. at 53-58; OCA M.B. at 46-49; OCA R.B. at 24-27).

In its Exceptions, the OSBA argues that the ALJ should have adopted its FDR proposal in order to provide rate reductions for certain classes while increasing the residential rate classes' revenue allocation above the total Company increase. The ALJ accurately captured the fatal flaw existing with the OSBA's "First Dollar Relief" proposal. It is impossible to award "relief" to any customer class from a non-existent pool of funds. R.D. at 55, 58. In essence, under FDR the OSBA proposes to treat the difference between the requested revenue increase (\$114.7 Million) and the Commission-approved increase (\$77.5 Million at the Settlement amount) as a source of funding to be used to *reduce* rates for some customer classes below current levels by increasing the rates to other classes by more than the total rate increase granted to the Company. See, OSBA M.B. at 19. In its Exceptions, the OSBA proposes two alternative "First Dollar Relief" proposals. The OSBA's "preferred" FDR proposal would have residential

customers pay \$101.5 Million (out of a \$77.5 Million total increase).² OSBA Exc. at 16. The second FDR alternative offered by OSBA would have residential customers pay \$83.6 Million (out of a \$77.5 Million total increase). OSBA Exc. at 20. In either case, the result of the OSBA's proposal is that residential customers would pay *more than 100%* of the Company's total increase. The difference in the Company's proposed revenue requirement, and that found to be just and reasonable by the Commission, however, is not a source of funding and has no ratemaking value.

The ALJ succinctly detailed the inherent problem contained in the OSBA's FDR methodology, finding as follows:

The basic flaw in OSBA's reasoning is that it assumes that the Company was entitled to the full amount it originally sought, and that, therefore, the amount of the reduction is available for application to existing rates. This is incorrect. Because the Commission has not approved the initial request, neither it nor the reduction amount has any value in determining the allocation of the approved revenue requirement. As OCA points out, "a reduced amount of a rate increase does not provide a source of "funding" as OSBA assumes." OCA Reply Brief at 25. Rather, it is simply nonexistent. Therefore, using it to *reduce* existing rates for classes which were not slated to incur an increase, thus increasing the rates of those which were slated for increases, is inconsistent with traditional ratemaking principles. The OSBA's first dollar reduction proposal is rejected.

² The OCA submits that the OSBA FDR proposal presented in its Second Exception varies from its FDR proposal presented in its Main Brief (at p. 21) and in its Reply Brief (at p. 18). In its Briefs to ALJ Colwell, the OSBA proposed to allocate \$98.3 Million to residential customers. OSBA MB at 21; OSBA RB at 18. In its Second Exception, the OSBA now proposes to allocate \$101.5 Million to residential customers. OSBA Exc. at 16. That is, even though the entire rate increase granted to PPL under the Settlement would be \$77.5 million, OSBA would propose that residential customers pay \$101.5 million of that increase.

R.D. at 55. As the ALJ stated, there is no valid reason to treat any proposed revenue increase above what is just and reasonable as a source of funding for revenue reductions.

The following hypothetical demonstrates the flaw in the OSBA's allocation proposal. In this case, the parties have agreed that a \$77.5 million revenue increase is in the public interest. The parties have come to this number through extensive review of the costs and operations of PPL Electric. What if, however, the Company's original filing was for \$77.5 million, and all other facts remained the same. Had the parties settled at the same \$77.5 million, the \$0 increase proposed to small commercial customers would have resulted in the same movement toward the system average that is contained in the ALJ's R.D. Under this scenario, there would be no "funds" to draw "first dollar relief" from for rate reductions.

As a result, "first dollar relief" would only be beneficial to certain customer classes if the utility is encouraged to request a larger increase than is just and reasonable. The OCA submits that the speed of a class' movement toward the system average return should not be guided by the degree to which a utility seeks to maximize shareholder profit.³ Under "first dollar relief," how a Company "pleads" its case in its initial filing becomes a critical factor in the allocation of any revenue requirement increase. The OCA submits, however, that the manner in which a company makes an initial base rate filing should not affect the allocation of the revenue requirement increase that the Commission ultimately deems to be just and reasonable in accordance with Pennsylvania law.

The OSBA argues that its FDR proposal is supported by the Commonwealth Court's decision in Lloyd v. Pa. PUC, 904 A.2d 1010 (Pa. Commw. 2006) (Lloyd). OSBA Exc. at 7-10. Such an argument turns the facts in Lloyd on its head. In Lloyd, the Commonwealth

³ For example, a corporate decision to file for a 13% Return on Equity, in hopes of achieving an 11% ROE, would allow classes to be moved to system average faster than if that same utility proposed a 12% ROE in hopes of achieving the same 11% ROE result.

Court reviewed a Commission Order that allocated a greater than system average increase to customer classes that were shown to be providing above average system returns. Lloyd at 1016. The Court was critical of the Commission's revenue allocation that relied on the total bill impact of a rate increase (including both transmission and generation service) as a limiting factor. The Court cautioned that the traditional ratemaking principle of gradualism could not be used to trump cost of service in that instance. Lloyd at 1020.

In this case, the Commission is reviewing the allocation of PPL's distribution rate increase in isolation, and there has been no consideration of the "total bill" impact in any allocation proposal on the record. The allocation proposals of the OCA, ALJ, and Company would all give the small commercial customers a 0% increase, well below the system average increase of 11.58%. OCA St. 1 at 27-30. Rather than allowing gradualism to trump cost of service considerations, all customers are moved toward the cost of service. The OCA submits that the proportional scale back of an initial distribution-only allocation that provided classes that were above the system average, *with a below system average increase* (or no increase at all), is entirely consistent with the Lloyd decision.

The OSBA also points to the Commission's decision in Pa. PUC v. PPL Gas Utilities Corp., Docket No. R-00061398 (Order entered February 8, 2007)(PPL Gas) in support of its position in this case. OSBA Exc. at 9, 13, 18. The OSBA argues that this case provides precedent for its position. OSBA Exc. at 13. The Commission's Order in PPL Gas, as the ALJ clearly recognized (R.D. at 54), is easily distinguishable from the present case. The Commission in PPL Gas adopted the OSBA's FDR proposal to rectify an *initial* allocation that moved small commercial customer *farther away* from their cost of service. The Commission found as follows:

A straight scale back... would perpetuate the problem of over-recovery from GS-Small customers and *would actually move the GS-Small class farther away from its cost of service*, since that was the result of *PPL's original proposal*. It is important to note that application of the FDR does not mean that GS-Small will avoid a rate increase entirely. GS-Small will still experience an increase; however, it will concurrently move closer to its cost of service.

PPL Gas, Slip op. at 135 (emphasis added). Moreover, in PPL Gas, the first dollar relief was used to reduce the rate increase to the commercial class, not to reduce those rates below current levels at the expense of other customer classes.

In the present case, the Company has proposed that small commercial customers receive no increase. As a result, under the original allocation, small commercial customers would have moved closer to the system average. Under a proportional scale back of either the Company's proposal or the OCA proposal, small commercial customers would continue to avoid any increase in rates, and would continue to move closer to the system average. R.D. at 54, 58; PPL St. 8-RJ at 9-10. The system average increase would be lower than originally proposed; however certain classes, including the Residential class, would still be required to pay a greater than system average increase and the small commercial customers would continue to receive a 0% increase – well below the system average. Unlike in PPL Gas, where the Commission noted that a straight scale back “would actually move the GS-Small class farther away from its cost of service” (PPL Gas at 135), a straight scale back in this case of either the Company's proposed allocation or the OCA proposal would move the small commercial class closer to its cost of service study under all of the cost of service studies presented.

The OCA submits that the OSBA's FDR proposal is seriously flawed and should not be adopted in this case. The ALJ correctly identified the problems inherent in the OSBA

proposal and properly rejected the approach. The ALJ's decision on this issue should be adopted.

Reply To OSBA Exception 2: The OSBA's Proposed Allocation Of The \$77.5 Million Increase Should Be Rejected And The Allocation Proposed By The OCA Should Be Accepted. (R.D. at 47-58; OCA M.B. at 35-49; OCA R.B. at 19-27).

In addition to filing an Exception to the rationale underpinning its FDR proposal, the OSBA filed an Exception to the allocation of the \$77.5 Million revenue increase recommended for approval by ALJ Colwell. OSBA Exc. at 11-17. The OSBA proposed to apply its FDR methodology to "allocate" the \$37.2 million reduction from the Company's original claim among the customer classes. OSBA Exc. at 14-16. The OCA submits that the OSBA's allocation proposal, besides being flawed for the reasons discussed above, is also technically flawed and must be rejected.

The OSBA initially proposed to allocate the Company's full original request in a manner similar to the Company. The OSBA proposed to change that allocation methodology, however, for any amount lower than that originally requested by the Company. As stated above, under the "First Dollar Relief" proposal, the OSBA would treat the difference between the Company's requested \$115 Million increase, and the final revenue increase that is found by the Commission to be just and reasonable, as a source of funding to eliminate alleged rate class subsidies. OCA witness Watkins explained the details of the OSBA witness Knecht's proposal as follows:

Mr. Knecht's proposed class revenue allocation method consists of a three-step process depending on the overall increase authorized by the Commission. The steps are as follows: if the Commission authorizes the entire \$114.675 million increase requested by PPL, Mr. Knecht recommends that PPL's proposal to assign the entire increase to the Residential class be modified to reduce PPL's proposed Residential increase by \$3.2 million (to \$109.198

million), and increase the LP4/ISP and LP5/LPG classes by \$2.0 million and \$1.2 million respectively. This step is discussed on page 27 of Mr. Knecht's direct testimony. Mr. Knecht's second step is referred to as a First Dollar of Relief such that for the first \$18.135 million overall reduction below that requested by PPL, the GS-1 class would receive a \$6.0 million rate reduction to current rates, the GS-3 class would receive a \$12.0 million rate reduction, and the LPEP class, a \$0.135 million reduction in revenue responsibility. This second step is provided on page 29 of Mr. Knecht's direct testimony. Mr. Knecht's third step will apply to overall authorized increases below \$96.540 million (\$114.675 million - \$18.135 million). This third incremental step (to the first two steps) would reduce the required overall increase to classes in proportion to revenues after steps 1 and 2 (current revenues plus step 1 and step 2 revenue changes).

OCA St. 3R at 5.

OCA witness Watkins provided an example of the impact of the OSBA's recommended revenue allocation at one half the initial request (\$57.338 Million) in comparison to the PPL and OCA allocation proposals.⁴ The results demonstrate the dramatic impact such an allocation would produce:

⁴ OCA witness Watkins's developed his analysis of the OSBA's FDR proposal based on a total revenue increase of half the initial request for illustrative purposes. The parties reached agreement on a \$77.5 Million revenue increase after the submission of Mr. Watkins Rebuttal testimony.

Class Revenue Allocations
 @ \$57.338 Million Distribution Increase

Class	PPL	OCA	OSBA
Resid (RS+RTS)	\$57.301	\$44.900	\$84.523
GS-1	\$0.000	\$0.000	<\$9.490>
GS-3	\$0.000	\$8.083	<\$17.423>
LP-4/ISP	\$0.002	\$3.518	\$0.238
LP-5/LP-6	\$0.035	\$0.145	\$1.114
LPEP	\$0.000	\$0.000	<\$0.151>
GH	\$0.000	\$0.691	<\$0.327>
Lighting	\$0.000	\$0.000	<\$1.147>
Total	\$57.338	\$57.338	\$57.338

OCA St. 3R at 6. When the OSBA's methodology is adjusted to allocate the \$77.5 Million increase contained in the Partial Settlement, residential customers would pay \$101.5 Million out of a \$77.5 Million overall rate increase according to the OSBA's Exceptions. OSBA Exc. at 16. Residential customers would pay not only the entire rate increase to PPL, but an additional \$24 Million per year to permit distribution rate cuts for other rate classes.

Not only would the OSBA allocation produce unreasonable results in absolute dollar terms, but the OSBA allocation is based on a flawed cost of service analysis and would in fact result in the largest customer classes (in terms of distribution revenue) moving farther away from the cost of service. OCA witness Watkins described the impact of the OSBA proposal under his recommended cost of service study, as follows:

Mr. Knecht's revenue allocation proposal is at odds with my class cost allocation findings for several of the largest classes. As an illustration, consider the allocated class rates of return at current rates and those generated under Mr. Knecht's proposed revenue allocation method utilizing an overall authorized increase of half that requested by PPL; i.e., \$57.338 million:

ROR Utilizing OCA CCROSS

At \$57.338 Million Distribution Increase

Class	Current Rates		OSBA Proposed Rates	
	ROR	Indexed ROR	ROR	Indexed ROR
RS	6.13%	97%	9.65%	125%
RTS	-4.74%	-75%	-2.76%	-36%
GS-1	12.89%	204%	10.01%	130%
GS-3	7.01%	111%	4.88%	63%
LP-4	2.09%	33%	2.06%	27%
ISP	-0.02%	0%	1.92%	25%
LP-5/LP-6	-12.10%	-191%	2.46%	32%
LPEP	16.60%	262%	8.66%	112%
GH	3.61%	57%	3.00%	39%
Lighting	1.09%	175%	10.16%	132%
Total	6.33%	100%	7.72%	100%

The largest two classes in terms of distribution revenue are the RS (\$410.3 million) and GS-3 (\$117.9 million) classes. As can be seen above, under Mr. Knecht's class revenue allocation proposal, the RS class moves from a relative (indexed) ROR of about unity (97%) at current rates to 125% under Mr. Knecht's mechanism. Similarly, as a result of Mr. Knecht's rate reduction to GS-3, this class moves from an indexed ROR of 111% to a deficient level of 63%. The GH class relative ROR also would move in the wrong direction under Mr. Knecht's proposal; i.e., from 57% to 39%.

OCA St. 3-R at 7-8 (footnotes omitted). As Mr. Watkins explained, the OSBA's methodology is not reasonable from a cost causation standpoint. The OCA submits that the OSBA's methodology is unreasonable and that the ALJ correctly rejected this proposal.

OCA witness Watkins also explained why the OSBA's proposed allocation is unreasonable from a public policy perspective, as follows:

While allocated cost of service should play an important role in the ratemaking process, it should not be the sole criterion for establishing class revenue responsibility. That is, on an individual case basis, class revenues should move closer to allocated cost of service. However, these movements should be tempered to recognize gradualism, continuity, and the potential for rate shock.

In other words, while allocated cost of service should serve as a guiding light, or polestar, it should not be the sole criterion considered at the exclusion of other recognized ratemaking principles.

OCA St. 3-R at 8-9.

Mr. Watkins further testified as to why providing rate reductions that result from the First Dollar Relief proposal is inequitable. Mr. Watkins testified:

While there may be differences of opinion as to magnitude, I believe it is fair to say that all parties agree that PPL's overall cost of providing distribution service to its customers has increased since its last general rate case. PPL's current rates were established in 2007 and were deemed fair and reasonable at that time. After approximately three years, PPL's costs have increased such that some increase in rates is required in order for PPL to recover its cost of providing service. As a matter of public policy, the collective public interest is not well served by substantially decreasing some rates at the expense of other customer classes when the overall cost of service is found to have increased.

OCA St. 3-R at 9-10.

As detailed above and in its Exceptions, the OCA submits that the Company's proposed revenue allocation and the OSBA FDR allocation produce unreasonable results and must be rejected by the Commission. The OCA's proposed revenue allocation is guided by a reasonable cost of service study, achieves the goals of the prior settlement, respects the principle of gradualism, and is in accord with the Lloyd decision. As such, the OCA's proposed revenue allocation, scaled back to reflect the agreed upon increases of \$77.5 Million should be adopted.

Reply To OSBA Exception 3: The OSBA's Alternative Allocation Of The \$77.5 Million Increase Should Be Rejected. (R.D. at 51-55).

In its Reply Brief and again in its Exceptions, the OSBA proposed an alternative FDR method from the one presented in its testimony that would allocate an \$83.6 Million increase, out of a \$77.5 Million total increase, to the Residential class. OSBA Exc. at 20. The

OCA submits that the alternative FDR method suffers from the same underlying flaws contained in the OSBA's preferred FDR method that was rejected by the ALJ and detailed in these Reply Exceptions. As noted above, the ALJ correctly identified the flaws in this methodology and her R.D. should be adopted on this issue.

In addition to the underlying flaws in FDR, the OSBA's argument in favor of an alternative FDR allocation should be rejected because it was presented for the first time in the OSBA's Reply Brief to the ALJ and has not been thoroughly vetted by the parties. The OSBA provides no evidentiary support for its new alternative. Instead, the OSBA alternative pieces together allocation proposals in the record to come to this result. OSBA Exc. at 19. While the OSBA correctly notes that no party supports an increase to rate class GS-1 (OSBA Exc. at 18), it is equally true that no party advocated, through testimony, to allocate rates in accordance with the OSBA's alternative FDR.⁵

In its Exceptions, the OSBA argues that a \$83.6 Million residential allocation "must satisfy the OCA's interpretation of the principle of gradualism" because the OCA allocated \$89.8 million of the \$115 million original increase to residential customers. OSBA Exc. at 20. The OCA submits that this argument is severely flawed. As is customary, the OCA's allocation developed in Direct Testimony was developed for illustrative purposes and based on the filed claim in this proceeding -- PPL's original request. As the OSBA illustrated in its Direct Testimony, a reduction from the originally filed request of \$115 million was expected. OSBA St. 1 at 30-31. The level of that reduction was not known until the parties reached agreement later in the proceeding. The OCA's underlying rationale and methodology for its proposed allocation and the scale back to the lower awarded amount found to be just and reasonable,

⁵ It is important to note that these Reply Exceptions present the OCA with its first opportunity to respond to the OSBA's "alternative FDR" that was presented in the OSBA's Reply Brief. The OCA has not had an opportunity to review the technical underpinnings of this alternative proposal.

contained in Mr. Watkins' Direct Testimony, governs what the OCA submits is a reasonable allocation of the ultimate Residential increase in this proceeding. The OCA submits that the OSBA's attempt to characterize the OCA as finding a 108% allocation of a utility's revenue increase to residential customers as meeting the "principle of gradualism" is severely flawed and without merit.

The OSBA also tries to support its alternative FDR method by noting that "there is a difference of opinion about the proper [cost of service study] on which to base the revenue allocation in this case." OSBA Exc. at 18. While there has been a difference of opinion regarding the appropriate cost of service studies, the OCA submits that the ALJ correctly found that cost of service studies involve art as much as science and are subjective by their very nature. R.D. at 13. The Company's revenue allocation, the ALJ found, continues to move all classes at or near the full cost of providing service while also moving all classes towards the system average rate of return. R.D. at 13. The OCA submits that there is no study that supports a greater than 100% allocation to residential classes given these considerations. Indeed, when either the OCA's recommended cost of service study, or PPL's 2004/2007 methodology study is used, there is no support for the 100% allocation to residential customer that was recommended by the ALJ -- much less a greater than 100% allocation of the increase.

As the ALJ recognized, PPL has acknowledged in this proceeding that it has made a material change in how it allocates primary distribution plant in its 2010 cost of service study, as compared to prior studies. R.D. at 56. In recognition of this change, the Company has advocated that, if its new 2010 cost of service study methodology is not adopted, an alternative allocation methodology should be utilized. R.D. at 54-55. Under the Company's alternative methodology, PPL proposes that *less than 100%* of the total increase should be assigned to

residential customers. R.D. at 54-55. As a result, the record evidence demonstrates that if a cost of service study other than that preferred by the Company and generally supported by the OSBA is used, then residential customers should be allocated less of the increase, not more. The OCA submits that the OSBA's alternative allocation proposal was properly dismissed by the ALJ and should be rejected.

III. CONCLUSION

The OCA submits that the OSBA's revenue allocation proposal that would allocate \$101.5 Million, out of a \$77.5 Million overall increase, to residential customers is unreasonable and must be rejected by the Commission. The ALJ properly recognized that the OSBA's proposal assumes, incorrectly, that the Company was entitled to the full amount originally sought and that the reduction of the initial request is available for reductions to existing rates. As the ALJ correctly found, there is no ratemaking "value" to this reduction and the OSBA's proposed allocation is not consistent with traditional ratemaking principles. The OSBA's Exceptions on these issues must be denied. The OCA submits that the ALJ properly determined that a proportional scale back is the proper method for adjusting the allocation

proposal adopted in this proceeding. As detailed above and in the OCA's Exceptions, a proportional scale back of the OCA's allocation proposal should be adopted in this proceeding.

Respectfully Submitted,



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Dated: November 15, 2010

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CERTIFICATE OF SERVICE

Pennsylvania Public Utility Commission	:	
	:	
v.	:	Docket No. R-2010-2161694
	:	
PPL Electric Utilities Corporation	:	
Base Rate Proceeding	:	

I hereby certify that I have this day served a true copy of the foregoing document, the Office of Consumer Advocate’s Reply Exceptions, upon parties of record in this proceeding in accordance with the requirements of 52 Pa. Code § 1.54 (relating to service by a participant), in the manner and upon the persons listed below:

Dated this 15th day of November 2010.

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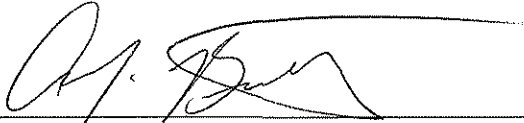
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