



100 Pine Street • PO Box 1166 • Harrisburg, PA 17108-1166
Tel: 717.232.8000 • Fax: 717.237.5300

Patrick L. Gregory
Direct Dial: 717.237.5378
Direct Fax: 717.260.1776
pgregory@mwn.com

August 25, 2011

Rosemary Chiavetta, Secretary
Pennsylvania Public Utility Commission
Commonwealth Keystone Building
400 North Street, 2nd Floor
Harrisburg, PA 17120

VIA HAND DELIVERY

RE: Petition of PPL Electric Utilities Corporation for Approval to Implement a Reconciliation Rider for Default Supply Service; Docket No. P-2011-2256365


Dear Secretary Chiavetta:

Enclosed for filing with the Pennsylvania Public Utility Commission are the original and three (3) copies of PP&L Industrial Customer Alliance's Answer to Petition of PPL Electric Utilities Corporation for Approval to Implement a Reconciliation Rider for Default Supply Service, in the above-referenced proceeding.

As shown by the attached Certificate of Service, all parties to this proceeding are being duly served. Please date stamp the extra copy of this transmittal letter and Answer, and kindly return them to our messenger for our filing purposes.

Very truly yours,

McNEES WALLACE & NURICK LLC

By 
Patrick L. Gregory

Counsel to PP&L Industrial Customer Alliance

PLG/sds

Enclosures

c: Chief Administrative Law Judge Charles E. Rainey, Jr. (via Hand Delivery)
Certificate of Service

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CERTIFICATE OF SERVICE

I hereby certify that I am this day serving a true copy of the foregoing document upon the participants listed below in accordance with the requirements of 52 Pa. Code Section 1.54 (relating to service by a participant).

VIA E-MAIL AND FIRST-CLASS MAIL

Paul E. Russell, Esq.
Associate General Counsel
PPL Electric Utilities, Inc.
Two North Ninth Street
Allentown, PA 18108-1179
perussell@pplweb.com

David B. MacGregor, Esq.
Post & Schell, P.C.
Four Penn Center
1600 John F. Kennedy Boulevard
Philadelphia, PA 19103-2808
dmacgregor@postschell.com

Aron J. Beatty, Esq.
Tanya J. McCloskey, Esq.
Office of Consumer Advocate
555 Walnut Street
Forum Place - 5th Floor
Harrisburg, PA 17101-1921
abeatty@paoca.org
tmccloskey@paoca.org

Christopher T. Wright, Esq.
Post & Schell, P.C.
17 North Second Street
12th Floor
Harrisburg, PA 17101-1601
cwright@postschell.com

Johnnie E. Simms, Esq.
Bureau of Investigation and Enforcement
Pennsylvania Public Utility Commission
P.O. Box 3265
Harrisburg, PA 17105-3265
josimms@state.pa.us

Craig R. Burgraff, Esq.
Todd S. Stewart, Esq.
Hawke McKeon & Sniscak LLP
100 North Tenth Street
P.O. Box 1778
Harrisburg, PA 17105-1778
crburgraff@hmslegal.com
tsstewart@hmslegal.com

Elizabeth Rose Triscari, Esq.
Office of Small Business Advocate
Suite 1102, Commerce Building
300 North Second Street
Harrisburg, PA 17101
etriscari@pa.gov

Daniel Clearfield, Esq.
Deanne M. O'Dell, Esq.
Eckert Seamans Cherin & Mellott, LLC
213 Market Street, 8th Floor
Harrisburg, PA 17101
dclearfield@eckertseamans.com
dodell@eckertseamans.com

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Brian J. Knipe, Esq.
Buchanan Ingersoll & Rooney, PC
17 North Second Street
15th Floor
Harrisburg, PA 17105-1503
brian.knipe@bipc.com

Thomas T. Niesen, Esq.
Charles E. Thomas, III, Esq.
Thomas, Long, Niesen & Kennard
P.O. Box 9500
212 Locust Street, Suite 500
Harrisburg, PA 17108-9500
tniesen@thomaslonglaw.com
cet3@thomaslonglaw.com

Eric J. Epstein
4100 Hillsdale Road
Harrisburg, PA 17112
lechambon@comcast.net

Christopher A. Lewis, Esq.
Christopher R. Sharp, Esq.
Blank Rome LLP
One Logan Square
Philadelphia, PA 19103
Lewis@blankrome.com
Sharp@blankrome.com

Divesh Gupta, Esq.
Constellation NewEnergy, Inc.
Candler Bldg., 7th Floor
111 Market Place
Baltimore, PA 21202
Divesh.gupta@constellation.com

Craig A. Doll, Esq.
P.O. Box 403
25 West Second Street
Hummelstown, PA 17036
CDoll76342@aol.com

Frank Richards
Richards Energy Group
781 S. Chiques Road
Manheim, PA 17545-9135
frichards@richardsenergy.com

Jesse A. Dillon
PPL EnergyPlus LLC
Two North Ninth Street
Allentown, PA 18101-1179
jadillon@pplweb.com

Michelle M. Skjoldal, Esq.
Pepper Hamilton LLP
100 Market Street, Suite 200
P.O. Box 1181
Harrisburg, PA 17108-1181
skjoldalm@pepperlaw.com

Michael A. Gruin, Esq.
Stevens & Lee
17 North Second Street
16th Floor
Harrisburg, PA 17101
mag@stevensless.com


Patrick L. Gregory

Counsel to PP&L Industrial Customer Alliance

Dated this 25th day of August, 2011, at Harrisburg, Pennsylvania.

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

Petition of PPL Electric Utilities Corporation :
for Approval to Implement a Reconciliation : Docket No. P-2011-2256365
Rider for Default Supply Service :

**PP&L INDUSTRIAL CUSTOMER ALLIANCE'S ANSWER TO
PETITION OF PPL ELECTRIC UTILITIES CORPORATION
FOR APPROVAL - TO IMPLEMENT A RECONCILIATION RIDER
FOR DEFAULT SUPPLY SERVICE**

Pursuant to 52 Pa. Code § 5.61, the PP&L Industrial Customer Alliance ("PPLICA") submits this Answer to the Petition of PPL Electric Utilities Corporation ("PPL" or "Company") for Approval to Implement a Reconciliation Rider for Default Supply Service.¹

I. INTRODUCTION

In the Petition, which PPL filed on August 3, 2011, the Company proposes to implement a reconciliation rider related to transmission service and generation supply service. Pursuant to the rider, PPL would refund overcollections to and recoup undercollections from customers who were default service customers when the overcollection or undercollection occurred. PPL's current tariffs reconcile such overcollections and undercollections through use of a transmission service charge ("TSC") and two generation supply charges ("GSC"), the Generation Supply Charge-1 for residential and small commercial and industrial customers and the Generation Supply Charge-2 for large commercial and industrial customers ("Large C&I"). PPLICA was a party to the proceeding that established PPL's Default Service Plan, at Docket No. P-2008-2060309 and PPLICA's members may be affected by the Petition and proposed reconciliation rider.

¹ A list of PPLICA members is attached as Appendix A.

There are multiple proceedings currently before the Pennsylvania Public Utility Commission ("PUC" or "Commission") with respect to the TSC. First, by Order entered May 19, 2011, at Docket No. M-2010-2213754, the Commission raised questions concerning which method PPL should use to reconcile past period overcollections and undercollections in its TSC ("May 19 Order"). Second, by Order entered May 25, 2011, at Docket No. M-2011-2239805, the PUC directed PPL to refile its proposed TSC rates for Large C&I customer groups to be effective June 1, 2011, in order to mitigate potential problems related to existing overcollections from Large C&I customers ("May 25 Order"). In the May 25 Order, the Commission also required PPL to defer all Large C&I TSC reconciliation amounts and to file a plan detailing the best means of refunding any overcollection to Large C&I customers who contributed to such overcollection during the period of January 1, 2010, through May 31, 2011. The PUC directed that such plan be filed within thirty days of issuance of a final Order in the TSC proceeding discussed above at Docket No. M-2010-2213754.

II. ANSWER

PPLICA is still evaluating the mechanics, mechanisms, and time frames outlined in the Petition. As discussed herein, PPLICA believes the Petition raises questions which need to be further explored and explained. First, it remains unclear how existing overcollections and undercollections will be treated while the proposed reconciliation rider is being implemented. There are significant TSC overcollection amounts, yet to be refunded, which were collected from Large C&I customers, and those amounts may grow as a result of the Commission's review at Docket No. M-2010-2213754 of PPL's TSC reconciliation processes. As discussed previously, the May 25 Order directed PPL to file a plan addressing existing TSC overcollections, while the

May 19 Order also addressed existing overcollections. See May 25 Order at 5. PPL should explain, and the PUC should explore, how the Company will address such overcollections.

Second, the Petition raises questions concerning the 2010 GSC. The Petition states that in 2010, PPL "experienced an undercollection of approximately \$8 million for generation supply charges associated with Large C&I default service customers under the 2010 GSC." Petition at 9. PPL claims that this undercollection "resulted primarily from January 2010, when the generation rate caps expired and the generation prices PPL Electric had to pay suppliers in January 2010 were substantially higher than those paid in December 2009 under capped rates." *Id.* at n.5. PPL notes that while many default service bills issued in January 2010 were prorated for usage which occurred in December 2009, "billed revenue under the 2010 GSC for January 2010 reflected only about half of the revenue that typically would be derived from a full, non-prorated billing month." *Id.* Generation supply-related costs incurred for January 2010, however, "reflected a full month of electricity usage," and PPL claims that this difference between prorated billed revenue and actual incurred costs resulted in a significant undercollection for the month of January 2010. *Id.* PPLICA wishes to explore this issue further, as it does not understand how PPL's explanation corresponds with the Company's wholesale contracts and customer billing methods. It is PPLICA's understanding, for example, that PPL was being served via a wholesale supply contract with PPL EnergyPlus through December 31, 2009. As of January 1, 2010, it appears that new wholesale contracts would have taken effect at the higher rates. It is PPLICA's understanding that Large C&I customers who did not have a December 31, 2009 meter read date paid a blended retail rate, which should have meant that the revenues matched PPL's costs with no resulting undercollection. The PUC should further explore this and other issues raised by the Petition.

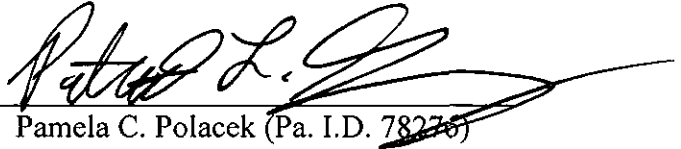
III. CONCLUSION

WHEREFORE, the PP&L Industrial Customer Alliance respectfully requests that the Pennsylvania Public Utility Commission direct the Office of Administrative Law Judge to hold hearings on PPL's proposed reconciliation rider and prepare a Recommended Decision.

Respectfully submitted,

McNEES WALLACE & NURICK LLC

By



Pamela C. Polacek (Pa. I.D. 78276)

Patrick L. Gregory (Pa. I.D. 310548)

100 Pine Street

P.O. Box 1166

Harrisburg, PA 17108-1166

Phone: (717) 232-8000

Fax: (717) 237-5300

ppolacek@mwnc.com

pgregory@mwnc.com

Counsel to the PP&L Industrial Customer Alliance

Dated: August 25, 2011

APPENDIX A

PP&L INDUSTRIAL CUSTOMER ALLIANCE

Air Products and Chemicals, Inc.
Armstrong World Industries, Inc.
General Dynamics-OTS Scranton
Hercules Cement Company
High Industries, Inc.
Lafarge North America
Linde LLC
Rieter Automotive North America, Carpet
SAPA Extrusions, Inc.
The Hershey Company
TIMET North America
Wegmans Food Markets, Inc.

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