

COMMONWEALTH OF PENNSYLVANIA



OFFICE OF CONSUMER ADVOCATE

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Consumer Advocate

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November 23, 2011

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

RE: Petition of PPL Electric Utilities
Corporation For Authorization To Defer,
For Accounting Purposes, Certain
Unanticipated Expenses Relating to Storm
Damage
Docket No. P-2011-2270396

Dear Secretary Chiavetta:

Enclosed please find the Office of Consumer Advocate's Answer, in the above-referenced proceeding.

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

Respectfully Submitted,

A handwritten signature in cursive script, appearing to read "Darryl A. Lawrence".

Darryl A. Lawrence
Assistant Consumer Advocate
PA Attorney I.D. # 93682

Enclosure

cc: Administrative Law Judge
Office of Special Assistants
Certificate of Service

150538

BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION

Petition of PPL Electric Utilities Corporation :
for Authorization to Defer, for Accounting : Docket No. P-2011-2270396
Purposes, Certain Unanticipated Expenses :
Relating to Storm Damage :

ANSWER OF THE OFFICE OF CONSUMER ADVOCATE
TO THE PETITION OF PPL ELECTRIC UTILITIES
CORPORATION FOR AUTHORIZATION TO DEFER, FOR
ACCOUNTING PURPOSES, CERTAIN UNANTICIPATED
EXPENSES RELATING TO STORM DAMAGE

On November 1, 2011, PPL Electric Utilities Corporation (PPL or Company) filed a Petition for Authority to Defer, for Accounting Purposes, Certain Unanticipated Expenses Relating to Storm Damage (Petition). In its Petition, PPL requests authorization to defer, for accounting and financial reporting purposes, certain costs incurred due to Hurricane Irene that occurred in August, 2011. Petition at 1-2. The Petition provides that the total storm damage costs are not yet known, although it is likely that such costs will be approximately \$15 to \$20 million. Petition at 4. The Petition further provides that the Company is uncertain at this time whether insurance coverage proceeds will be available to cover these expenses, as total storm damage costs for calendar year 2011 may well exceed PPL's storm damage insurance coverage. Petition at 4.

The Company is requesting authority from the Commission to defer, for accounting purposes only, the expenses associated with its repair of the storm-related damages.

The Company is not requesting the Commission to make a final determination at this time as to the recovery of said losses. Rather, PPL is requesting that the Commission address the issue of recovery for this storm damage expense, and address the issue of a proper amortization period for this expense in its next general rate increase proceeding pursuant to Section 1308(d) of the Public Utility Code. Petition at 4-9. PPL is also requesting the ability to make a claim in its next base rate case for the entire amount of its storm costs, in the event that the Commission does set an amortization schedule in this proceeding. Petition at 1-2.

The Office of Consumer Advocate (OCA) submits that if the Commission decides to grant this Petition, the following conditions, at a minimum, should apply:

1. That the authorization granted to PPL here for deferred accounting treatment carries no assurance of future rate recovery;
2. That PPL be directed to claim its deferred losses at the first available opportunity;
3. That any authorization for deferred accounting treatment be limited to actual operations and maintenance costs, net of any insurance recovery, and not extend to straight time and capitalized costs; and,
4. That any opinion and order in this matter will in no way limit the ability of any party to a future rate case to oppose rate recovery of any of the costs deferred pursuant to the limited authorization granted herein.

The OCA submits that if PPL's Petition is to be granted, these conditions are essential.

WHEREFORE, the Office of Consumer Advocate respectfully requests the Commission to consider its comments herein should the Commission decide to grant PPL's Petition.

Respectfully Submitted,



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Consumer Advocate

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Dated: November 23, 2011

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CERTIFICATE OF SERVICE

Petition of PPL Electric Utilities :
Corporation For Authorization To Defer, :
For Accounting Purposes, Certain : Docket No.: P-2011-2270396
Unanticipated Expenses Relating to Storm :
Damage :

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

Dated this 23rd day of November 2011.

SERVICE BY E-MAIL and INTEROFFICE MAIL

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SERVICE BY E-MAIL and FIRST CLASS MAIL

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