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File #: 2507/140056

December 1, 2011

Rosemary Chiavetta
Secretary
Pennsylvania Public Utility Commission
Commonwealth Keystone Building
400 North Street, 2nd Floor North
P.O. Box 3265
Harrisburg, PA 17105-3265

RE: William R. Lloyd, Jr., Small Business Advocate v. PPL Electric Utilities Corporation
Docket No. C-2011-2245906

PPL Electric Utilities Corporation Proposed Generation Supply Charge-1 for the period June 1, 2011 through August 31, 2011
Docket No. M-2011-2243137

Dear Secretary Chiavetta:

Enclosed please find PPL Electric Utilities Corporation's Answer to Office of Small Business Advocate's Motion to Open the Record and For Admission of Late-Filed Exhibits in the above-referenced proceeding. Copies will be provided as indicated on the certificate of service.

Respectfully Submitted,

Anthony D. Kanagy

ADK/skr
Enclosure
cc: Honorable Susan D. Colwell
Certificate of Service

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BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION

William R. Lloyd, Jr. Small Business Advocate, Complainant	:	
	:	Docket Nos. C-2011-2245906 M-2011-2243137
v.	:	
PPL Electric Utilities Corporation, Respondent	:	

PPL ELECTRIC UTILITIES CORPORATION'S ANSWER TO OFFICE OF SMALL BUSINESS ADVOCATE'S MOTION TO OPEN THE RECORD AND FOR ADMISSION OF LATE-FILED EXHIBITS

PPL Electric Utilities Corporation ("PPL Electric" or the "Company") hereby Answers the Motion of the Office of Small Business Advocate ("OSBA") to Re-Open The Record and For Admission of Late Filed Exhibits ("Motion") filed on November 23, 2011, in the above-captioned proceeding. In its Motion, the OSBA requests that the record be reopened to admit PPL Electric's Generation Supply Charge-1 ("GSC-1") filing made on November 18, 2011 ("OSBA Exhibit F") and the associated tariff filing ("OSBA Exhibit G"). In summary, PPL Electric does not object to the late admission of OSBA Exhibit F and OSBA Exhibit G. In its Answer, the OSBA argues that these Exhibits contradict PPL Electric's argument that small commercial and industrial ("C&I") GSC-1 rates have stabilized. PPL Electric disagrees with the OSBA's argument. To the contrary, those Exhibits demonstrate: (1) that PPL Electric has fully recovered the initial undercollection amount from 2010 that was caused by proration, and (2) that quarterly reconciliation can cause significant fluctuations in the Price to Compare ("PTC").

In response to the OSBA's Motion, PPL Electric states as follows:

1. As explained above, PPL Electric does not oppose reopening the record in the above-captioned proceeding to admit OSBA Exhibit F and OSBA Exhibit G. However, PPL Electric disagrees that these Exhibits are further evidence of the instability of PPL Electric's GSC-1 rates as a result of the "Company's flawed reconciliation accounting method and other unexplained factors." See Motion, ¶ 1.

2. To the contrary, these Exhibits demonstrate that PPL Electric has fully recovered its undercollection from 2010, including the amount of the undercollection related to proration. As Mr. Kleha explained in his Rejoinder Testimony, the GSC-1 is working as intended. PPL Electric St. No. 1-RJ, p. 3.

3. Moreover, these Exhibits further demonstrate the problems with quarterly reconciliation. Quarterly reconciliation can cause large E factor rates. See PPL Electric MB, pp. 21-23. The E factor rate impacts would be much lower if PPL Electric were permitted to adopt annual reconciliation.

4. The Company has clearly demonstrated in this proceeding that its reconciliation methodology is consistent with Commission practice and the practice of other utilities. The OSBA's argument that the Company's reconciliation methodology is flawed is contrary to over 30 years of precedent. See PPL Electric MB, p. 17.

WHEREFORE, the foregoing reasons, PPL Electric Utilities Corporation does not object to the late admission of OSBA Exhibits F and G into the record in this proceeding.

Respectfully submitted,

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Of Counsel:

Post & Schell, P.C.

Dated: December 1, 2011

Attorneys for PPL Electric Utilities Corporation

CERTIFICATE OF SERVICE

I hereby certify that true and correct copies of the foregoing have 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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