



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

Adeolu A. Bakare  
Direct Dial: 717.237.5290  
Direct Fax: 717.260.1744  
abakare@mwn.com

January 23, 2012

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

**VIA Electronic Filing**

**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 please find for filing with the Pennsylvania Public Utility Commission ("PUC" or "Commission") the original Reply Brief of the PP&L Industrial Customer Alliance ("PPLICA") concerning 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 Reply Brief, and kindly return them for our filing purposes. Thank you.

Very truly yours,

McNEES WALLACE & NURICK LLC

A handwritten signature in black ink, appearing to read 'A. Bakare', is written over a horizontal line.

By

Adeolu A. Bakare

Counsel to PP&L Industrial Customer Alliance

Enclosures

c: Administrative Law Judge Susan D. Colwell (via E-mail and Hand Delivery)  
Certificate of Service

**www.mwn.com**

HARRISBURG, PA • LANCASTER, PA • STATE COLLEGE, PA • HAZLETON, PA • COLUMBUS, OH • WASHINGTON, DC

**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**

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](mailto:abeatty@paoca.org)  
[tmccloskey@paoca.org](mailto:tmccloskey@paoca.org)

Anthony D. Kanagy, Esq.  
Christopher T. Wright, Esq.  
Post & Schell, P.C.  
17 North Second Street  
12<sup>th</sup> Floor  
Harrisburg, PA 17101-1601  
[akanagy@postschell.com](mailto:akanagy@postschell.com)  
[cwright@postschell.com](mailto:cwright@postschell.com)

Richard A. Kanaskie, Esq.  
Bureau of Investigation and Enforcement  
Pennsylvania Public Utility Commission  
P.O. Box 3265  
Harrisburg, PA 17105-3265  
[rkanaskie@state.pa.us](mailto:rkanaskie@state.pa.us)

Daniel Clearfield, Esq.  
Deanne M. O'Dell, Esq.  
Eckert Seamans Cherin & Mellott, LLC  
213 Market Street, 8<sup>th</sup> Floor  
Harrisburg, PA 17101  
[dclearfield@eckertseamans.com](mailto:dclearfield@eckertseamans.com)  
[dodell@eckertseamans.com](mailto:dodell@eckertseamans.com)

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

Craig A. Doll, Esq.  
P.O. Box 403  
25 West Second Street  
Hummelstown, PA 17036  
[CDoll76342@aol.com](mailto:CDoll76342@aol.com)

Todd S. Stewart, Esq.  
Hawke, McKeon, Sniscak & Kennard, LLP  
100 N. 10<sup>th</sup> Street  
Harrisburg, Pa 17101  
[tsstewart@hmslegal.com](mailto:tsstewart@hmslegal.com)

Holly Rachel Smith  
Holly Rachel Smith, PLLC  
Hitt Business Center  
3803 Rectortown Road  
Marshall, VA 20115  
[holly@raysmithlaw.com](mailto:holly@raysmithlaw.com)



\_\_\_\_\_  
Adeolu A. Bakare

Counsel to PP&L Industrial Customer Alliance

Dated this 23<sup>rd</sup> day of January, 2012, at Harrisburg, Pennsylvania.

BEFORE THE  
PENNSYLVANIA PUBLIC UTILITY COMMISSION

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

---

**REPLY BRIEF OF THE  
PP&L INDUSTRIAL CUSTOMER ALLIANCE**

---

Pamela C. Polacek (I.D. No. 78276)  
Adeolu A. Bakare (I.D. No. 208541)  
McNees Wallace & Nurick LLC  
100 Pine Street  
P.O. Box 1166  
Harrisburg, PA 17108-1166  
Phone: (717) 232-8000  
Fax: (717) 237-5300

Counsel to PP&L Industrial Customer Alliance

Dated: January 23, 2012

## TABLE OF CONTENTS

	Page
I. INTRODUCTION.....	1
II. SUMMARY OF ARGUMENT.....	3
III. ARGUMENT.....	4
A. The Proposed RR is Not Necessary For Recovery of PPL's Default Service Expenses.....	4
B. PPLICA has Provided Evidence Distinguishing the Transmission Component of the CTR from the Generation Component .....	7
C. Any Reconciliation of Transmission Related Variances for the Large C&I Customers Should Separate Large C&I Primary and Large C&I Transmission Related Variances Consistent with the Current TSC.....	9
D. Recommendation for Simultaneous Resolution of All Pending Dockets Relating to PPL's TSC.....	11
IV. CONCLUSION .....	13

## I. INTRODUCTION

On August 3, 2011, PPL Electric Utilities Corporation ("PPL" or "Company") filed a Petition for Approval to Implement a Reconciliation Rider ("RR") for Default Supply Service ("Initial Petition"). Shortly afterwards, On August 25, 2011, PPL filed an Amended Petition to Implement a Reconciliation Rider and Competitive Transition Rider ("CTR") for Default Supply Service ("Amended Petition" or "Petition"). The RR and CTR would reconcile undercollections and overcollections associated with PPL's current Transmission Service Charge ("TSC"), Generation Supply Charge-1 for small business and residential customers ("GSC-1"), and Generation Supply Charge-2 for large commercial and industrial customers ("GSC-2"). The RR would reconcile undercollections and overcollections for periods after May 31, 2012. The CTR would recover the historic undercollection and overcollection balances existing as of May 31, 2012. PPL proposed both riders seeking to more accurately recover undercollections and overcollections related to the provision of generation supply and transmission service. This following comprises a brief summary of the procedural history following PPL's initial filing. A thorough procedural history was provided in PPLICA's Main Brief.

PPLICA filed an Answer to the Initial Petition on August 25, 2011 and an Answer to the Amended Petition on September 19, 2011. PPLICA is an ad hoc association of energy-intensive commercial and industrial customers receiving electric service in PPL's service territory. PPLICA members purchase service from PPL primarily under Rate Schedules LP-4, LP-5, LP-6, IS-P and IS-T, as well as available riders.<sup>1</sup> These Rate Schedules make up the Large Commercial and Industrial ("Large C&I") class.

---

<sup>1</sup> Some PPLICA members also have accounts on Rate Schedules GS-1 and GS-3.

Multiple other parties intervened in the proceeding. The Office of Small Business Advocate ("OSBA") filed a Notice of Intervention, Public Statement, and Answer on August 18, 2011. The Office of Consumer Advocate ("OCA") filed a Notice of Intervention and Public Statement on August 23, 2011. The Retail Energy Supply Association ("RESA"), filed an Answer on August 23, 2011, followed by an Answer to the Amended Petition on September 14, 2011. Dominion Retail, Inc. d/b/a Dominion Energy Solutions ("Dominion") filed an Answer on August 23, 2011, and an Answer to the Amended Petition on September 14, 2011. The Richards Energy Group, Inc. ("REG") filed a Petition to Intervene on August 29, 2011. Finally, Wal-Mart Stores East, L.P. and Sam's East, Inc. ("Walmart") filed a Petition to Intervene on September 23, 2011.

The Commission subsequently assigned the proceeding to Administrative Law Judge ("ALJ") Susan D. Colwell. Each party submitted a prehearing memorandum pursuant to the Prehearing Order issued on August 29, 2011.

The prehearing conference was held on October 5, 2011. At the prehearing conference, ALJ Colwell granted the Petitions to Intervene submitted by PPLICA, RESA, REG, Dominion, and Walmart. Additionally, the ALJ adopted a litigation schedule submitted by PPL and agreed to by all parties. The litigation schedule and other matters addressed at the prehearing conference were memorialized in a Scheduling Order also issued on October 5, 2011.

Pursuant to the litigation schedule adopted in the Scheduling Order, evidentiary hearings were held on December 5, 2011. With the exception of I&E Statements Nos. 1 and 1-SR, all testimony statements offered into the record were admitted by the ALJ.<sup>3</sup>

---

<sup>3</sup> At the December 5 evidentiary hearing, PPL made an oral Motion to Strike portions of I&E Statements No. 1 and 1-SR.

Following the evidentiary hearings, parties submitted main briefs on January 9, 2012. In accordance with the Scheduling Order, PPLICA now submits this Reply Brief.

## **II. SUMMARY OF ARGUMENT**

First, PPLICA recommends that the Commission deny the RR. The RR would recover future experienced undercollections and overcollections for periods after May 31, 2012. Although PPL has experienced volatile undercollections and overcollections in the recent periods, record evidence indicates that future volatility is not expected. Accordingly, while PPLICA recognizes that PPL is entitled to full recovery of expenses incurred in providing default service, PPLICA concludes that the RR is not necessary to effect such recovery.

Second, PPLICA recommends that the Commission deny the generation component of the CTR. PPLICA finds recovery of historical default service expenses from customers that did not take default service during the relevant application period to be unjust and unreasonable. As the CTR would recover default service expenses from every Large C&I customer, with no regard for shopping history, PPLICA opposes adoption of the generation component of the CTR.

Third, PPLICA does not oppose implementation of the transmission component of the CTR. In contrast to the generation component, the transmission component of the CTR would reconcile historic default service undercollections and overcollections that predate customer migration to shopping, PPLICA finds that such variances are appropriately recoverable by all Large C&I customers. As a result, PPLICA does not generally oppose implementation of the CTR for recovery of historical transmission variances.

Fourth, if the Commission approves any rider in this proceeding, PPLICA requests that the Commission attach a condition requiring PPL to segregate the Large C&I Primary and Large C&I Transmission customer classes for purposes of reconciling TSC undercollections and overcollections. This request preserves the current Commission-approved rate structure for the

TSC and reconciliations, which relies on a cost-based allocation of projected transmission costs between the Large C&I Transmission and Large C&I Primary customers, and then charges the Large C&I Transmission customers a retail transmission rate that approximately tracks the PJM transmission rate design. There is no valid reason to regress from a more precise and cost-of-service based approach to one that combines the two Large C&I classes for reconciliation purposes, especially with respect to the CTR, which is designed to refund or recoup undercollection or overcollection balances that have been tracked separately for the two groups.

Fifth, PPLICA recommends that the Commission resolve all pending dockets related to PPL's TSC within a reasonably contiguous timeframe. A concurrent resolution of each pending controversy or investigation affecting PPL's TSC represents the most equitable and efficient process for restoring stability to PPL's TSC rates.

### **III. ARGUMENT**

#### **A. The Proposed RR is Not Necessary For Recovery of PPL's Default Service Expenses**

The proposed RR is unnecessary and should be denied by the Commission. Approval of the RR is solely within the Commission's discretion, no precedent or statute binds the Commission to approve a migration rider. However, while PPL has experienced volatile historic undercollections and overcollections related to its GSC and TSC riders, the record shows that the generation variances have stabilized. As for TSC variances, the underlying reconciliation methodologies are currently under review by the Commission. Accordingly, the TSC variances will likely be addressed through modifications to PPL's reconciliation practices. For the above reasons, PPLICA recommends denying the proposed RR.

The precedents cited by PPL are nonbinding upon the Commission. PPL references the Commission's approval of a migration rider for PECO Energy Company ("PECO") in support of

its proposed RR. See PPL Main Brief, p. 16. PPLICA notes that the migration rider currently in PECO's tariff was achieved through a comprehensive settlement agreement and cannot provide any meaningful support for the merits of a subsequent proposal in a litigated proceeding. Petition of PECO Energy Company for Approval of Its Default Service Program and Rate Mitigation Plan, Docket No. P-2008-2062739 (Order entered June 2, 2009). PPL also cites to Pa Power Co. v. Pa. PUC, 932 A.2d 300, 307 (Pa. Cmwlth. 2007) stating that the Commonwealth Court rejected the argument that proposed reconciliation methods should be denied when the balances to be recovered are small. PPL Main Brief, p. 41. However, the Commonwealth Court did not specifically address the size of recovered balances in its Order. See generally Pa Power Co., 932 A.2d 300. Importantly, the Commonwealth Court also concluded that all reconciliation methods are discretionary, as "there are no provisions in the Competition Act or in the Public Utility Code that explicitly require use of a reconciliation mechanism to ensure an EDC recovers fully all reasonable provider of last resort costs." Pa Power Co., 932 A.2d, at 307. Here, in consideration of the diminished volatility of generation variances since January 2010 and the PUC's ongoing review of PPL's TSC reconciliation methodologies, PPLICA submits that implementation of the RR is not necessary to ensure recovery of PPL's default service expenses.

PPLICA's Main Brief established that the volatile GSC undercollections recently experienced by PPL are unlikely to recur. In 2010, PPL experienced significant undercollections related to the GSC-2. See PPLICA Main Brief, p. 8; see also PPLICA Cross-Examination Ex. No. 1, p. 7. The GSC undercollections arose primarily from effects of the December 31, 2009 expiration of generation rate caps upon January 2010 variances. See PPLICA Main Brief, citing PPL Stmt. No. 1, 13-14. The January 2010 undercollections resulted from a half-month lag between billed revenues and incurred costs arising from the Company's utilization of a proration

billing method. See PPLICA Main Brief, pp. 6-7. However, as evidenced from a review of the GSC-2 undercollections and overcollections since January 2010, the variances have stabilized. See PPLICA Main Brief, p. 8, note 4. With no expectation of future volatility for GSC variances, PPLICA finds little justification for implementing the RR.

Additionally, the volatile undercollections and overcollections associated with PPL's TSC are already the subject of ongoing Commission proceedings. The Commission is currently conducting investigations of both PPL's TSC reconciliation and the TSC reconciliation practices of all EDCs across the Commonwealth.<sup>4</sup> The purpose of the TSC Investigation is to determine whether PPL's current reconciliation methodology should be modified to more accurately align expenses with revenues.<sup>5</sup> Accordingly, the outcome of the TSC Investigation will likely reduce future undercollections and overcollections of PPL's transmission-related default service expenses.

The RR should be denied for the foregoing reasons. Approval of the proposed RR is solely within the discretion of the Commission and not required by statute. In consideration of the stabilization of GSC variances after January 2010 and the Commission's active investigations related to PPL's TSC reconciliation methodology, PPLICA finds little indication that PPL will experience volatile TSC undercollections and overcollections in future application periods. Accordingly, PPLICA recommends that the Commission deny the RR.

---

<sup>4</sup> See generally PPL Electric Utilities Corp. Proposed Transmission Service Charge (TSC) Reconciliation for the Twelve Months Ending November 30, 2010, Docket No. M-2010-2213754 (Order entered May 19, 2011) [TSC Investigation Order]; Investigation re Transmission Reconciliation Service Charge (TSC) Reconciliation Methods, Docket No. M-2011-2239714 (Order entered May 19, 2011) [Statewide Investigation Order].

<sup>5</sup> Referencing PPL's use of historic demand allocators, the Commission observed that "Staff review of this matter indicates that using 2009 demand allocators may have resulted in a misalignment between certain costs and cost causers and may have created inter-class subsidies." TSC Investigation Order, p. 3.

**B. PPLICA has Provided Evidence Distinguishing the Transmission Component of the CTR from the Generation Component**

PPLICA generally recommends denying PPL's proposal, but does not oppose recovery of TSC variances through the CTR because all Large C&I ratepayers contributed to overcollections preceding the expiration of generation rate caps on December 31, 2009. In its Main Brief, PPL references PPLICA's opposition to the generation-related CTR and non-opposition to the transmission-related CTR, concluding that PPLICA's position is "inconsistent on its fact and self serving." PPLICA's Main Brief resolves the alleged inconsistency by setting forth the analysis associating the currently deferred TSC overcollection with the TSC balance recorded as of December 31, 2009. As further discussed in PPLICA's Main Brief, the transmission component of PPL's proposed CTR represents the only element of PPL's proposal incorporating variances that predate the expiration of generation rate caps. PPLICA's arguments distinguishing the transmission component of the CTR from the generation component were fully set forth in its Main Brief and are briefly summarized below.

PPLICA applied the same analysis to the generation and transmission components of the CTR, but reached independent conclusions based on the history of the underlying variances. With regards to the GSC component of the CTR. PPLICA found that PPL's historic generation variances arose principally from January 2010 undercollections following the expiration of generation rate caps. As such, the variances are entirely attributable to periods following customer migration to shopping occurring after December 31, 2009. PPLICA Main Brief, p. 14. Contrarily, PPL's transmission variances, from December 2009 through November 2011, indicate that the currently deferred Large C&I overcollection is attributable to default service customers taking service in December 2009, prior to customer migration to competitive retail supply. PPLICA Main Brief, pp. 18-22.

The relationship between the December 2009 TSC overcollection from the Large C&I class and the current overcollection forms the critical nexus differentiating the proposed CTR's generation and transmission components and supporting PPLICA's dual analysis. PPLICA agrees with OSBA that "imposing the CTR on all shopping customers without any clear showing that they contributed to the over- or under- collection is inequitable and distorts competition." OSBA Main Brief, p. 22. It is for precisely this reason that PPLICA does not oppose recovering TSC variances through the CTR. Act 129 entitles an electric supplier to full and current recovery of default service expenses; but, as stated in PPLICA's Main Brief, "it is patently unjust and unreasonable to recover generation-related undercollections for default service supply variances from customers who have not taken default service during the application period." PPLICA Main Brief, p. 14. Conversely, the "currently deferred TSC overcollection is largely attributable to periods during which virtually all of PPL's Large C&I customer base remained on default service." PPLICA Main Brief, p. 17. PPLICA has provided a clear showing that all Large C&I shopping customers contributed to the overcollected TSC in December 2009 and that significant portions of this balance have yet to be appropriately recovered from all Large C&I ratepayers. PPLICA Main Brief, pp. 18-22. No such showing can be made for the generation variances proposed for recovery through the CTR.

PPL also attempts to discredit PPLICA's arguments by characterizing PPLICA's position as "apparently self-serving." However, as described above, PPLICA's positions regarding PPL's proposed CTR derive solely from cost causation principles.

For the reasons discussed above and further substantiated in PPLICA's Main Brief, the Commission should reject the contention that PPLICA's position in this proceeding is inconsistent. As discussed above, the transmission component of the CTR addresses variances

occurring before customers began migrating to competitive supply in January 2010. As neither the RR nor the GSC component of the CTR share this quality, differentiating these recovery mechanisms from the TSC component of the CTR is hardly "inconsistent". Further, the allegations that PPL's positions are "self-serving" ignore the evidence provided in support of PPLICA's arguments. Accordingly, PPLICA recommends that the Commission reject the proposed RR and generation component of the proposed CTR, but does not object to implementation of the transmission component of the CTR, as modified by PPLICA's rate structure recommendation.

**C. Any Reconciliation of Transmission Related Variances for the Large C&I Customers Should Separate Large C&I Primary and Large C&I Transmission Related Variances Consistent with the Current TSC**

For both the RR and CTR, PPL proposes to net undercollections and overcollections of GSC variances and TSC variances for each customer class. As addressed above, recovery of generation-related variances incurred in the provision of default service from customers taking competitive service during the relevant application period is not authorized by Section 2807(e) of the Competition Act and unjust and unreasonable under Section 1301 of the Public Utility Code. As such, PPLICA opposes any recovery of generation-related variances through the CTR because, unlike the RR, such charges apply to all Large C&I customers, regardless of whether the customer actually contributed to PPL's generation-related default service costs. Additionally, while not directly stated in its Main Brief, PPL's proposal to net generation and transmission variances modifies the current rate structure applied to reconcile TSC variances, and regresses to a reconciliation that is less reflective of cost-of-service principles.

Currently, PPL separately reconciles TSC variances for Large C&I Primary and Large C&I Transmission customers. PPLICA Main Brief, p. 9. However, for recovery of TSC variances through the RR and CTR, PPL proposes aggregate the Large C&I Primary and

Transmission customers into one Large C&I customer class. See PPLICA Main Brief, p. 11; see also PPL Main Brief, p. 23 (citing PPL Ex. 1, App. F). This proposal departs from PPL's current tariff rate structure for the TSC reconciliation and should be denied by the Commission.

PPLICA's Main Brief extensively addressed the statutory and case law supporting the current segregation Large C&I Primary and Large C&I Transmission customers for purposes of recovering transmission variances.<sup>6</sup> The segregated reconciliation was developed to accurately reflect cost of service and avoid interclass subsidies. PPLICA Main Brief, pp. 10-11. The entirety of PPLICA's argument supporting retention of the current segregated reconciliation was provided in PPLICA's Main Brief and hereby incorporated by reference. PPLICA Main Brief, pp. 9-12. If the Commission approves any Rider in this proceeding, PPLICA requests that the Commission require PPL to segregate the Large C&I Primary and Large C&I Transmission customers for purposes of reconciling TSC variances.

The segregation of the Large C&I Transmission and Large C&I Primary classes is most important with respect to any historic TSC variances that the Commission allows PPL to address through the CTR. These variances are based on TSC rates for each class that were paid under the current structure where any overcollection or undercollection remained within the same class. See PPLICA Main Brief, p. 11. Changing this assumption "mid-stream" is unjust and unreasonable and will result in cross-subsidization between these classes.<sup>7</sup> These balances have been tracked on a segregated basis, and any CTR should return to each class the appropriate overcollection balances.

---

<sup>6</sup> Large C&I Primary customers take service through low-voltage distribution lines whereas Large C&I Transmission customers bypass the distribution system and take service directly from high-voltage transmission lines. See PPLICA Main Brief, p. 12. The Large C&I Primary class consists of rate schedules LP-4 and IS-P; Large C&I Transmission customers primarily take service through rate schedules LP-5, LP-6, and IS-T. See Supplement No. 102 to Tariff Electric-Pa. P.U.C. No. 201, Fifth Revised Page No. 19Z.

<sup>7</sup> See PPLICA Main Brief, p. 11 citing Pa. Pub. Util. Comm'n v. PPL Elec. Utilities Corp., Recommended Decision, Docket Nos. R-20049255 et al. (June 29, 2007), approved in Pa. Pub. Util. Comm'n et al. v. PPL Elec. Utilities Corp., Docket Nos. R-00049255 et al. (Order entered July 25, 2007).

**D. Recommendation for Simultaneous Resolution of All Pending Dockets Relating to PPL's TSC**

PPLICA respectfully requests that the Commission simultaneously resolve the various pending dockets related to PPL's reconciliation methodologies. In its Main Brief, PPL disagrees with PPLICA's recommendation. However, a concurrent resolution of the various dockets currently before the Commission will provide rate certainty and avoid unnecessary use of Commission resources.

PPLICA has faced tremendous rate uncertainty regarding the TSC for the Large C&I class. The uncertainty dates back to December 2009 when generation rate caps expired.<sup>8</sup> PPLICA's January 2010 Complaint was not assigned to an Administrative Law Judge until April 15, 2011, representing a lapse in excess of one year. See Complaint Order, p. 3. PPLICA withdrew the Complaint to avoid duplicative litigation, resolving to address the relevant issues within the context of the TSC Investigation. See Complaint Order, p. 4. However, the TSC Investigation is still pending.<sup>9</sup> As detailed in PPLICA's Main Brief, the TSC Investigation may adjust PPL's method of calculating peak load contribution for purposes of reconciling transmission variance.<sup>10</sup> See PPLICA Main Brief, p. 19. The outcome of the TSC Investigation could significantly alter the TSC data previously submitted in this proceeding. See PPLICA Main Brief, p. 21. PPL's TSC reconciliation methods are also subject to modifications arising

---

<sup>8</sup> On January 19, 2010, PPLICA filed a Complaint requesting, *inter alia*, that PPL refund the Large C&I TSC overcollections from December 2009 to both shopping and default service customers as the entire Large C&I customer base contributed to the overcollections prior to customer migration to shopping in January 2010. The Complaint was withdrawn without prejudice following the Commission's commencement of its Investigation into PPL's TSC reconciliation methodology. See Pa. Pub. Util. Comm'n v. PPL Elec. Utilities Corp., Docket No. C-2010-2153656 (Order entered January 12, 2012) [Complaint Order].

<sup>9</sup> See generally TSC Investigation Order.

<sup>10</sup> In its TSC Investigation, the Commission will determine whether PPL's should calculate demand using current monthly demand data rather than historical demand data for purposes of reconciling Large C&I transmission variances.

from the Statewide Investigation.<sup>11</sup> Finally, Large C&I customers continue to face uncertainty related to TSC overcollections following the Commission's May 25, 2011 Order requiring PPL to defer refunds associated with the Large C&I TSC. See PPLICA Main Brief, p. 20.

Separate resolution of the three pending TSC dockets risks introducing further uncertainty and complexity to future reconciliations.<sup>12</sup> The pending TSC dockets are inextricably linked. The calculation of any TSC variances to be recovered or recouped through implementation of the proposed RR and CTR would change if the Commission finds that PPL must apply current monthly demand allocators to calculate transmission expenses. PPLICA Main Brief, p. 21. As documented above, PPLICA has endured lengthy delays in seeking just and reasonable treatment of PPL's TSC variances. Concluding the TSC Investigation in isolation of the instant proceeding, or vice versa, only further delays the establishment of accurate and reliable TSC rates. The same reasoning applies to the resolution of the Statewide Investigation.

Finally, resolving the TSC dockets across any considerable length of time would likely result in duplicative filings and inefficient proceedings at the Commission. If the Commission cannot resolve this proceeding, the TSC Investigation, and the Statewide Investigation within a reasonably contiguous timeframe, parties will be forced to contend with uncertain TSC charges until resolution of the last docket. The Commission and PPL may be required to adjust formerly approved rates. By that time, customers who paid the original TSC rates and reconciliations may leave the territory while new customers may enter. The longer issues such as this remain unresolved, the more likely it becomes that customers may move or load patterns may change, which makes it more difficult to ensure that the customers who were originally harmed receive

---

<sup>11</sup> See generally Statewide Investigation Order.

<sup>12</sup> PPLICA notes that, per the terms of the Commission's May 25, 2011 Order, PPL must submit a plan for refunding the currently deferred Large C&I TSC refunds within 30 days of the issuance of an Order in the TSC Investigation proceeding, at which time other parties would have 15 days to submit comments. PPLICA Main Brief, pp. 20-21. Notwithstanding the necessity to conclude this process, PPLICA recommends that the Commission resolve the instant proceeding concurrently with the TSC Investigation and the Statewide Investigation.

their appropriate recompense. While the Commission reserves discretion to determine an appropriate timeframe for concluding the proceedings, PPLICA respectfully submits that concurrent resolution of the TSC dockets is necessary to provide a meaningful result.

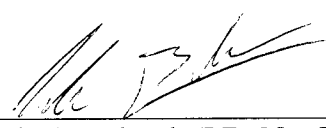
**IV. CONCLUSION**

**WHEREFORE**, the PP&L Industrial Customer Alliance respectfully requests that the Commission deny the proposed Reconciliation Rider and the generation component of the proposed Competitive Transition Rider. Should the Commission approve any Rider in this proceeding, PPLICA requests that the Commission attach a condition requiring that Large C&I Primary and Large C&I Transmission classes remain separate for purposes of reconciling transmission-related default service expenses.

Respectfully submitted,

McNEES WALLACE & NURICK LLC

By

  
\_\_\_\_\_  
Pamela C. Polacek (I.D. No. 78276)  
Adeolu A. Bakare (I.D. No. 208541)  
McNees Wallace & Nurick LLC  
100 Pine Street  
P.O. Box 1166  
Harrisburg, PA 17108-1166  
Phone: (717) 232-8000  
Fax: (717) 237-5300

Counsel to PP&L Industrial Customer Alliance

Dated: January 23, 2012