

PENNSYLVANIA PUBLIC UTILITY COMMISSION
HARRISBURG, PENNSYLVANIA 17120

GENERATION SUPPLY
CHARGE-2 FOR PPL ELECTRIC
UTILITIES CORPORATION,
EFFECTIVE JUNE 1, 2012

Public Meeting May 24, 2012
2302829-AUD
Docket No. M-2012-2302829

STATEMENT OF
CHAIRMAN ROBERT F. POWELSON

Before the Commission today for consideration is a Bureau of Audits report of PPL Electric Utilities Corporation's (PPL) revised Generation Supply Charge-2 (GS-2) rate, which is to become effective June 1, 2012.

In this case, PPL's GSC-2 rate is being reduced by over 50%. This change is driven by recovery in the previous period of a very significant undercollection. In fact, the amount the rate is being reduced (\$0.02043) is larger than the rate that is going into effect (\$0.01667). This, unfortunately, is a function of Pennsylvania's EDCs', and PPL's in particular, difficulty in accurately projecting default service costs. This leads to default service rates that often do not reflect a rational market price. This has many negative effects, including distorting the retail electricity market.

While I remain concerned about large swings in all surcharge correction factors, accuracy is especially important when a surcharge affects customer decisions to choose an alternative energy supplier. PPL's GS-2 rate going into effect June 1st contains only a small over recovery, which will have a minimal effect on customer bills. I encourage all utilities to put extra effort into the design of these surcharges so that correction factors remain a small component of surcharges.

DATE: May 24, 2012


ROBERT F. POWELSON
CHAIRMAN