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September 9, 2013

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

**VIA ELECTRONIC FILING**

**RE: PPL Electric Utilities Corporation Transmission Service Charge  
Effective June 1, 2011; Docket No. M-2010-2213754**

**PPL Electric Utilities Corp. Transmission Service Charge; M-2011-2239805**

Dear Secretary Chiavetta:

Enclosed for filing with the Pennsylvania Public Utility Commission is the PP&L Industrial Customer Alliance's Answer to Petition of PPL Electric Utilities Corporation for Reconsideration and/or Clarification in the above-referenced proceeding.

As shown by the attached Certificate of Service, all parties to this proceeding are being duly served. Thank you.

Very truly yours,

McNEES WALLACE & NURICK LLC

By   
Adeolu A. Bakare

Counsel to PP&L Industrial Customer Alliance

Enclosures

c: Certificate of Service

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**CERTIFICATE OF SERVICE**

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

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

Counsel to PP&L Industrial Customer Alliance

Dated this 9<sup>th</sup> day of September, 2013, at Harrisburg, Pennsylvania.

**BEFORE THE  
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

PPL Electric Utilities Corp. Proposed Transmission :  
Service Charge (TSC) Reconciliation for the : M-2010-2213754  
12 Months Ended November 30, 2010 :  
  
PPL Electric Utilities Corp. Transmission Service : M-2011-2239805  
Charge

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**PP&L INDUSTRIAL CUSTOMER ALLIANCE'S ANSWER TO  
PETITION OF PPL ELECTRIC UTILITIES CORPORATION  
FOR RECONSIDERATION AND/OR CLARIFICATION**

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Pursuant to Section 5.572(e) of the Pennsylvania Public Utility Commission's ("PUC" or "Commission") Regulations, 52 Pa. Code § 5.572(e), the PP&L Industrial Customer Alliance ("PPLICA") submits this Answer to the Petition for Reconsideration and/or Clarification ("Petition for Reconsideration") filed by PPL Electric Utilities Corporation ("PPL" or "Company") in the above-captioned proceeding. In support thereof, PPLICA avers as follows:

**I. INTRODUCTION**

1. On June 7, 2013, PPL filed a Petition with the Commission, proposing to refund certain Transmission Service Charge ("TSC") overcollections to certain Large Commercial and Industrial ("C&I") customers ("TSC Refund Petition"). Although the TSC is a Section 1307 automatic adjustment rider, PPL requested Commission approval to refund overcollected TSC revenues through a one-time TSC Bill Credit ("TSC Refund Plan").

2. On June 27, 2013, PPLICA filed an Answer supporting the methodology proposed for the TSC Refund Plan, but requesting that the Commission further review PPL's calculation of the overcollection amount to be refunded to PPL's Large C&I customers.

3. On August 15, 2013, the Commission issued a Final Order addressing both an ongoing Investigation into PPL's TSC reconciliation methods and the TSC Refund Petition ("TSC Refund Order").

4. On August 30, 2013, PPL filed a Petition for Reconsideration of the Final TSC Order, requesting that the Commission clarify or reconsider its findings that PPL's 2009 overcollection was the result of a "billing error" and that PPL is prohibited from seeking recovery of costs incurred to implement the TSC Refund Plan.<sup>1</sup>

5. In support of the Commission's findings with regard to the cause of PPL's 2009 TSC overcollection and the appropriate treatment of costs incurred by PPL to implement the TSC Refund Plan, PPLICA hereby exercises its right to respond to the PPL's Petition for Reconsideration by filing this Answer.

## **II. ANSWER**

6. PPL's Petition for Reconsideration asked the Commission to clarify or reconsider two findings set forth in the TSC Order. First, PPL disputed the Commission's assertion that overcollections underlying the TSC Refund Plan arose from a "billing error" committed by the Company. Second, PPL alleged that the Commission inappropriately denied recovery of costs incurred in administering the TSC Refund Plan, including costs of principal and interest associated with refunded revenues and any administrative costs. PPLICA supports the Commission's findings on both issues and submits that the Commission should deny PPL's Petition for Reconsideration.

7. The Commission's characterization of the cause of PPL's 2009 TSC Refund as a "billing error" is appropriate and not properly subject to clarification or reconsideration. As PPL

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<sup>1</sup> PPLICA also filed a Petition for Reconsideration addressing separate issues related to the Commission's approval of the use of estimated transmission demand ("TSCd") usage and costs rather than actual TSCd usage and costs. See PPLICA Petition for Reconsideration and/or Clarification, pp. 4-5.

stated in its Petition for Reconsideration, the Commission may grant a Petition for Reconsideration when petitioner "presents new arguments or considerations which appear to have been overlooked by the Commission."<sup>2</sup> However, the arguments raised by PPL were considered and properly rejected in the TSC Refund Order.

8. PPL acknowledged that its erroneous reconciliation of PPL's 2010 TSC to estimated 2008 TSCd costs and usage was a billing error, but claimed the TSC Refund Plan was necessary only to address only the overcollections arising from the 2009 Federal Energy Regulatory Commission ("FERC") Settlement, which, according to the Company, was not a billing error. PPL argued that its use of 2008 TSCd estimates was corrected in the TSC Rider effective June 1, 2011, and therefore not a cause of the TSC Refund Plan.<sup>3</sup> As stated by PPL, the overcollections caused by use of 2008 estimated TSCd costs and usage remain outstanding solely because the Commission ordered PPL to suspend disbursement of TSC refunds in 2011.<sup>4</sup> This reasoning fails to recognize that the Company's billing error was the initial event forcing the Commission to take the intermediate step of suspending refunds to avoid market distortions.

9. As recounted by the Commission in the TSC Refund Order, the pertinent TSC Rider refunds to be effective June 1, 2011, were suspended due to concerns of market distortion caused by refunding large revenue sums to the small number of PPL's Large C&I customers remaining on default service.<sup>5</sup> Because these overcollections remain suspended and subject to refund, they are as inextricably linked to PPL's proposed TSC Refund Plan as the FERC Settlement overcollections. Accordingly, PPL's use of 2008 TSCd estimates remains a direct cause of at least a portion of the pending overcollections to be refunded through the TSC Refund

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<sup>2</sup> PPL Petition for Reconsideration, p. 5.

<sup>3</sup> Id. at 6.

<sup>4</sup> See Id. at 7.

<sup>5</sup> TSC Refund Order, p. 13.

Plan, therefore fully justifying the Commission's finding that a billing error necessitated the TSC Refund Plan.

10. Additionally, even assuming that only the FERC Settlement overcollections are relevant to the TSC Refund Plan, the Commission could still reasonably attribute the TSC Refund Plan to a billing error. With the FERC proceeding concluded in August 2009, PPL, as the utility that submitted the FERC transmission increase and agreed to the settlement, had full knowledge of the decrease to its original rates and the magnitude of the resulting refunds. PPL had the ability to adjust its TSC in the fall of 2009 to address the substantial overcollection from the Large C&I class, but chose not to do so. PPL should not now benefit through increased cost recovery for a situation that the Company created. PPL's representation that failure to anticipate the impact of competitive shopping upon the refunds arising from the FERC Settlement does not constitute a billing error is not compelling and should be rejected.

11. In its Petition for Reconsideration, PPL plainly stated that "[t]here was no billing error. PPL Electric simply did not anticipate, and therefore did not accurately forecast the amount of Large C&I shopping after December 31, 2009."<sup>6</sup> However, PPL offered no evidence or explanation as to why a failure to apply reasonably accurate forecasts should not be considered a billing error.<sup>7</sup> To the contrary, the TSC Refund Order confirmed that refunds owed to Large C&I customers pursuant to Section 1307(e) of the Public Utility Code were not disbursed because of the Company's failure to anticipate Large C&I shopping.<sup>8</sup> Therefore, the Commission's categorization of PPL's actions as "billing errors" was appropriate and should remain unmodified.

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<sup>6</sup> PPL Petition for Reconsideration, p. 7.

<sup>7</sup> See id.

<sup>8</sup> TSC Refund Order, pp. 12-14; Id. at 6 (confirming that only a "small amount" of the 2009 TSC overcollection was refunded due to the Company's failure to anticipate Large C&I migration to competitive supply in 2010).

12. As to the second issue raised in PPL's Petition for Reconsideration, the Company's request to recover expenses incurred in implementing the TSC Refund Plan must be rejected. Consistent with Section 1307(e) of the Public Utility Code, the TSC Refund Order concluded that "PPL is not permitted to recover any costs, either principal, interest, or administrative, associated with this refund process as it is correcting its billing error and refunding revenues already collected."<sup>9</sup> PPL's Petition for Reconsideration sought reversal of the Commission's directive to execute the TSC Refund Plan without recovering additional revenues from customers, but offered no evidence to support the request for clarification or reconsideration of these findings.<sup>10</sup>

13. As observed by the Commission, PPL has already collected the principal amounts subject to refund through the TSC Refund Plan and has been accruing interest on such amounts for years.<sup>11</sup> PPL conceded that its prior recovery of revenues subject to refund for the FERC Settlement and use of estimated 2008 TSCd costs and usage, but suggested that additional recovery may be necessary if the Commission orders PPL to modify its 2010 TSC Reconciliation to use actual TSCd usage and costs rather than estimated TSCd data.<sup>12</sup> This claim is unfounded because, as illustrated in the TSC Refund Order, PPL collected the full aggregate amount of TSC expenses caused by customers in 2010.<sup>13</sup> The TSC Refund Plan would only issue refunds to correct the reconciliation of the aggregate total TSC revenues.

14. As stated in the TSC Refund Order, PPL was put on notice that revenues collected from each customer class may be subject to refund prior to issuance of a Final Order approving

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<sup>9</sup> PPL Petition for Reconsideration, p. 7.

<sup>10</sup> *Id.* at. 8.

<sup>11</sup> *Id.* at 23. "Neither PPL nor any other Party has asserted that PPL either experienced a shortfall or collected a windfall from customers compared to what it paid PJM for TSCd for 2010." *Id.*

<sup>12</sup> *Id.* at 8.

<sup>13</sup> TSC Refund Order, pp. 18, 23.

the reconciliation.<sup>14</sup> If PPL failed to appropriately account for overcollected and undercollected revenues from each customer class during the Commission's pending Investigation, such an oversight cannot be resolved by allowing the Company to further violate the provisions of Section 1307(e) and recover additional revenues from customers.

15. Finally, with regard to PPL's request for clarification or reconsideration of the TSC Refund Order's prohibition on recovery of administrative costs, PPLICA again requests that the Commission deny the requested relief. PPL's TSC Refund Petition proposed only to reconcile overcollections from PPL's Large C&I customers.<sup>15</sup> The TSC Refund Plan made no mention of recovering any administrative or operational costs related to the refund process. Similarly, because PPL did not raise the issue of recovering administrative costs, there is no record of the potential or projected costs for which the Company would seek recovery. Moreover, PPL has not shown why costs of implementing the TSC Refund Plan are not appropriately and adequately recovered through the Company's existing base rates.

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<sup>14</sup> Id. at 21. "From the inception of our consideration of PPL's 2010 TSC reconciliation in December 2010, PPL and the other parties and the DSP customers have been on notice that this matter, as with all reconciliations, was subject to our review as to accuracy, correctness, justness, and reasonableness." Id.

<sup>15</sup> See TSC Refund Petition, pp. 12-13.



**IV. CONCLUSION**

**WHEREFORE**, the PP&L Industrial Customer Alliance respectfully requests that the Pennsylvania Public Utility Commission deny the Petition of PPL Electric Utilities Corporation for Reconsideration and/or Clarification.

Respectfully submitted,

McNEES WALLACE & NURICK LLC

By 

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Counsel to the PP&L Industrial Customer Alliance

Dated: September 9, 2013


AFFIDAVIT

COMMONWEALTH OF PENNSYLVANIA     )  
   ) ss:  
 COUNTY OF DAUPHIN   )

Adeolu A. Bakare, being duly sworn according to law, deposes and says that he is Counsel to the PP&L Industrial Customer Alliance, and that in this capacity he is authorized to and does make this affidavit for them, and that the facts set forth in the foregoing Answer are true and correct to the best of his knowledge, information and belief.

  
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 Adeolu A. Bakare

SWORN TO and subscribed  
 before me this 9<sup>th</sup> day  
 of September, 2013.

  
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 Notary Public

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| COMMONWEALTH OF PENNSYLVANIA<br>Notarial Seal<br>Mary A. Sipe, Notary Public<br>City of Harrisburg, Dauphin County<br>My Commission Expires March 19, 2017 |
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(SEAL)