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April 3, 2014

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 for a Distribution System Improvement Charge; Docket No. P-2012-2325034

Dear Secretary Chiavetta:

Pursuant to the Orders issued by Administrative Law Judge Kandace F. Melillo on March 6, 2014 and March 14, 2014 in the above-captioned proceeding, please find attached for filing with the Pennsylvania Public Utility Commission ("PUC" or "Commission") the Affidavit of Richard A. Baudino on behalf of the PP&L Industrial Customer Alliance ("PPLICA").

As evidenced by the attached Certificate of Service, all parties to the proceeding are being served with a copy of this document.

Respectfully submitted,

McNEES WALLACE & NURICK LLC

By

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

Adeolu A. Bakare

Counsel to PP&L Industrial Customer Alliance

/lmc

Enclosure

c: Certificate of Service (via e-mail and First Class Mail)
Honorable Kandace F. Melillo (via e-mail and First Class Mail)

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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).

VIA E-MAIL AND FIRST CLASS MAIL

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Adeolu A. Bakare

Counsel to PP&L Industrial Customer Alliance

Dated this 3rd day of April, 2014, at Harrisburg, Pennsylvania.

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

Petition of PPL Electric Utilities Corporation :	
For Approval for a Distribution System Improvement Charge :	Docket No. P-2012-2325034
	:
	:
Office of Consumer Advocate :	C-2012-2346390
Alan D. Whitehouse :	C-2013-2345750
Pamela Mosconi :	C-2013-2346375
John E. Hoag :	C-2013-2345729
James Weaver :	C-2013-2351090

AFFIDAVIT

I, Richard A. Baudino, being duly sworn according to law, upon oath depose and say:

1. I am a consultant with Kennedy and Associates. I am authorized to execute this affidavit on behalf of the PP&L Industrial Customer Alliance ("PPLICA").

2. The Commission Order entered on May 23, 2013, in the above-captioned proceeding, directed parties to address, inter alia:

If revenues associated with the Company's Act 129 Compliance Rider (ACR), Smart Meter Rider, Universal Service Rider, Net Metering Rider, and Competitive Enhancement Rider in PPL Electric's tariff are properly included as distribution revenues.

3. Prior to issuance of the May 23 Order, PPLICA propounded initial discovery to PPL Electric Utilities Corporation ("PPL") on March 13, 2013, including PPLICA I-1, which asked the Company to "list all riders and/or surcharges generating revenue included as 'distribution service revenue' for purposes of calculating the 5% DSIC cap." See PPLICA Statement No. 1, Exhibit __ (RAB-4).

4. On April 1, 2013, PPL provided the following response to PPLICA I-1:

A.1. The following riders are included as "distribution service revenue" for purposes of calculating the 5% DSIC cap"

USR = Universal Service Rider

ACR = Act 129 Compliance Rider

SMR = Smart Meter Rider

CER = Competitive Enhancement Rider

See id. As indicated above, the response to PPLICA I-1 made no reference to the Net Metering Rider.

5. On July 19, 2013, PPL served Supplemental Direct Testimony further addressing the riders to be included in its 5% DSIC cap calculation. On this subject, PPL's Witness Bethany L. Johnson testified that "PPL Electric has included only those clauses and riders that apply to distribution service customers, including the Smart Meter Rider, Act 129 Rider, Universal Service Rider, and Competitive Enhancement Rider." PPL Electric Statement No. 3-S, pp. 4-5.

6. On August 15, 2013, I sponsored Direct Testimony on behalf of PPLICA. My Direct Testimony cited to PPL's response to PPLICA I-1 and stated that "PPL has included its Universal Service Rider ("USR"), Act 129 Compliance Rider ("ACR"), Smart Meter Rider ("SMR"), and Competitive Enhancement Rider ("CER") in its calculation of the 5% DSIC cap." PPLICA Statement No. 1, p. 6. Based on PPL's response, I recommended that the ACR and CER be excluded from the Company's 5% DSIC cap calculation because neither rider recovers expenses for distribution-related services. *Id.* at 6-7.

7. Following submission of testimony, parties to the DSIC proceeding agreed to waive cross-examination of witnesses at the evidentiary hearing scheduled for October 29, 2013, and proceed to address legal issues through briefs.

8. On October 29, 2013, after the evidentiary hearing held on the same day, PPL filed an additional Affidavit identified as PPL Electric Exhibit BLJ-1-RJ. In the additional Affidavit, PPL Witness Bethany L. Johnson averred as follows:

I hereby state that PPL Electric has included in its current calculation of the Distribution System Improvement Charge ("DSIC") cap, the four riders indicated on page 4 and 5 of my Supplemental Direct Testimony. Those riders are:

1. Smart Meter Rider
2. Act 129 Rider
3. Universal Service Rider
4. Competitive Enhancement Rider

The Company does not have an automatically adjusting Net Metering Rider. The Commission's Order of May 23, 2013 appears to refer to the tariff rider directed at Net Metering for Renewable Customer-Generators. **Distribution revenues associated with these customers are included in the base distribution dollars which have been identified in this proceeding.** Net Metering for Renewable Customer-Generators does not have a 1307(e) report and adjustment associated with it, and as a result, the Company does not separate those revenues out in the same manner as it does with the other 1307(e) riders identified in my Supplemental Direct Testimony.

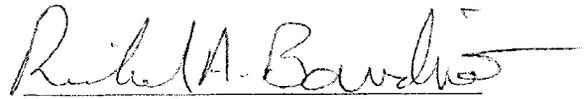
PPL Statement No. BLJ-1-RJ, pp. 1-2 (Emphasis added). Contrary to the prior response to PPLICA I-1, the October 29 Affidavit disclosed that the Net Metering Rider impacts PPL's distribution revenues.

9. Because PPL had previously and consistently indicated that only the UCR, ACR, SMR, and CER revenues were included in its 5% DSIC cap calculation, the statements in BLJ-1-RJ contradicted PPL's prior averments that the Net Metering Rider is not included in distribution revenues for purposes of the 5% DSIC cap calculation. Specifically, the statement suggested that revenues associated with Net Metering customers are incorporated into base distribution revenues and thereby included in PPL's 5% DSIC cap calculation.

10. I state that the information set forth herein is true and correct to the best of my knowledge, information, and belief and that if asked orally at a hearing in this matter my answers would be the same as set forth herein.

11. I understand that the statements herein are made subject to the penalties of 18 Pa.C.S. § 4904 relating to unsworn falsification to authorities.

Dated: 4/2/2014



Richard A. Baudino
Consultant
Kennedy and Associates