

COMMONWEALTH OF PENNSYLVANIA
PUBLIC UTILITY COMMISSION

ORIGINAL

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:
PPL Electric Utilities Corporation :
Proposed Final 2007 Transmission Service :
Charge Reconciliation Report and Final :
Calculation of Proposed 2008 Transmission :
Service Charge. :
:
Evidentiary Hearing. :
----- X

Docket No.
R-00061906
R-00072721

DOCUMENT
FOLDER

Pages 1 through 14

Hearing Room 3
Commonwealth Keystone Building
Harrisburg, Pennsylvania

Wednesday, January 30, 2008

Met, pursuant to notice, at 1:42 p.m.

BEFORE:

SUSAN D. COLWELL, Administrative Law Judge

APPEARANCES:

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WITNESS INDEX

<u>WITNESS</u>	<u>DIRECT</u>	<u>CROSS</u>	<u>REDIRECT</u>	<u>RECROSS</u>
Joseph M. Kleha				
By Mr. MacGregor	6	--	--	--
By Ms. Linton-Keddie	--	10	--	--
By Mr. Epstein	--	11	--	--

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P R O C E E D I N G S

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2 ADMINISTRATIVE LAW JUDGE SUSAN D. COLWELL: Let's go
3 on the record.

4 This is the time and the place set for the formal
5 hearing in the case captioned, PPL Electric Utilities
6 Corporation, Proposed Final Transmission Service Charge
7 Reconciliation Report filed at R-00061906.

8 I am Administrative Law Judge Susan Colwell,
9 appointed by the Commission to preside in this matter, and
10 this time I note for the record the attendance of the
11 following counsel: on behalf of PPL Electric Utilities
12 Corporation, David B. MacGregor and Paul E. Russell; on
13 behalf of the Office of Trial Staff, Kenneth L. Mickens; on
14 behalf of the PPL Industrial Customer Alliance, Shelby
15 Linton-Keddie; and appearing pro se, Eric Joseph Epstein.

16 Mr. MacGregor?

17 MR. MacGREGOR: Yes, Your Honor. Our witness in this
18 proceeding is Mr. Joseph M. Kleha. We would like to call
19 him to the stand at this time.

20 Whereupon,

21 JOSEPH M. KLEHA

22 having been duly sworn, testified as follows:

23 JUDGE COLWELL: Go ahead.

24 MR. MacGREGOR: Your Honor, we have previously
25 distributed copies of a document, PPL Electric Utilities

1 Corporation Docket No. R-00061906, it's been pre-marked as
2 Exhibit JMK-1, and the second page, which is the title cover
3 pages, states this is a Final Proposed 2007 Transmission
4 Service Charge Reconciliation Filing. I would ask that it
5 be marked for identification as Exhibit No. JMK-1.

6 JUDGE COLWELL: That's fine.

7 (Whereupon, the document was marked
8 as PPLEUC Exhibit No. JMK-1 for
9 identification.)

10 DIRECT EXAMINATION

11 BY MR. MacGREGOR:

12 Q. Mr. Kleha, please state your business address
13 and position with PPL for the record, please.

14 A. Sure. My business address is Two North Ninth
15 Street, Allentown, Pennsylvania, 18101. I am manager of
16 regulatory projects. I work for PPL Services Corporation
17 and in that capacity I am responsible for all the companies
18 within PPL.

19 Q. And do your responsibilities include preparation
20 and filing of Transmission Service Charge reconciliation
21 filings with the Commission?

22 A. They do.

23 Q. Do you have before you a document that has been
24 marked for identification as Exhibit JMK-1?

25 A. I do.

1 Q. Is the information contained in here prepared by
2 you or under your direct supervision?

3 A. It was.

4 Q. And any changes or corrections to make to this
5 document at this time?

6 A. None.

7 Q. Was this information taken directly from the
8 company's books and records?

9 A. It was.

10 Q. And is the information contained therein true
11 and correct to the best of your knowledge?

12 A. It is.

13 Q. Could you provide us with a brief summary of
14 what's contained in Exhibit JMK-1?

15 A. Yes, I will. Schedule 1 as designated up in the
16 upper right-hand corner is a summary of the reconciliation
17 of PPL's Transmission Service Charge for 2007. It actually
18 covers the period August 1, 2007 to November 30, 2007.

19 And the reason for that shortened period is because
20 in the remand proceeding at Docket R-00049255, if I'm
21 correct on that, in that settlement proceeding in that
22 docket, we agreed, PPL Electric Utilities agreed to change
23 the structure of its Transmission Service Charge to split it
24 up from a kilowatt-hour basis charge to all customers to a
25 four category TSC for residential customers, small

1 commercial and industrial customers, large commercial and
2 industrial customers - primary voltage level, and large
3 commercial and industrial customers - transmission voltage.
4 And those are the four categories that you see on this
5 summary page.

6 That change took place effective August 1st, so this
7 TSC reconciliation covers that period, August 1, 2007
8 through November 30, 2007.

9 Q. And where has the company taken into account
10 over/undercollections for TSC charges prior to August 1,
11 2007?

12 A. The over/undercollections related to the period
13 January 1, 2005 through July 31, 2007 are reflected in the
14 Remand Rider No. 1.

15 Q. Please proceed.

16 A. As shown on this summary page, the company books
17 and records indicate that there's a total undercollection of
18 \$1,966,244 exclusive of gross receipts tax, and broken up by
19 the four groups, that would be an undercollection of
20 \$2,175,903 for the residential customer group; an
21 overcollection of \$132,918 for the small commercial and
22 industrial; an overcollection of \$241,209 for the large
23 commercial and industrial group - primary, and an
24 undercollection of \$164,468 for the large commercial and
25 industrial group - transmission.

1 The line after that line five shows the interest
2 associated with that over or undercollection, and line six
3 shows the net over/undercollection for each of the four
4 groups exclusive of gross receipts tax, and line seven shows
5 the same figures with gross receipts tax included.

6 Schedule 2 is the actual calculation of
7 over/undercollected amounts for each of the months covered
8 here, August through November, 2007.

9 Schedule 3 shows the actual costs that the company
10 incurred. They're shown at the top portion of the sheet,
11 and they are broken down into either demand components or
12 energy components.

13 Beneath that is the assignment of items, the
14 allocators on either a demand basis or an energy basis, and
15 then the dollars associated with that.

16 And Schedule 4 provides the breakdown of the energy,
17 how the energy allocators are derived. The demand
18 allocators do not change. They are the same once they're
19 set for the year they're in place, and so there's no change
20 monthly for the demand allocators.

21 Schedule 5 shows the computation of the interest
22 associated with either the over or undercollections
23 involved.

24 Q. Thank you, Mr. Kleha.

25 MR. MacGREGOR: We would like to move the admission

1 of Exhibit JMK-1 at this time.

2 JUDGE COLWELL: Any objection?

3 (No response.)

4 JUDGE COLWELL: Hearing none, it is admitted.

5 (Whereupon, the document marked as
6 PPLEUC Exhibit No. JMK-1 was
7 received in evidence.)

8 MR. MacGREGOR: Mr. Kleha is available for cross-
9 examination.

10 JUDGE COLWELL: Any questions for Mr. Kleha? Mr.
11 Mickens?

12 MR. MICKENS: No questions, Your Honor.

13 JUDGE COLWELL: Ms. Linton-Keddie?

14 MS. LINTON-KEDDIE: One or two brief questions, Your
15 Honor.

16 JUDGE COLWELL: Go ahead.

17 CROSS-EXAMINATION

18 BY MS. LINTON-KEDDIE:

19 Q. Mr. Kleha, do you recall receiving an
20 interrogatory from PPLICA regarding the Transmission Service
21 Charge reconciliation?

22 A. I do.

23 Q. And do you also recall that the interrogatory
24 requested confirmation that costs associated with what we
25 term PJMCSMA or settlement at FERC have not been included in

1 the reconciliation report?

2 A. I do.

3 Q. And am I correct in stating that your response
4 was that those costs are not included in either calculation?

5 A. That's correct. And if you look at the schedule
6 which shows the expenses, you will see there is no line item
7 associated with that charge.

8 MS. LINTON-KEDDIE: Thank you very much.

9 No other question, Your Honor.

10 JUDGE COLWELL: Mr. Epstein?

11 CROSS-EXAMINATION

12 BY MR. EPSTEIN:

13 Q. Same question, Mr. Kleha. The 7.25 percent
14 interest rate, how was that determined?

15 A. That rate is a monthly rate that is set forth in
16 the Pennsylvania Bulletin and we use the monthly rate as
17 established by the Commission.

18 Q. So if it were today, I think the rate is what, 6
19 percent?

20 A. I don't know what the rate is today.

21 Q. But that's a monthly bulletin?

22 A. Yes. It's in the Pennsylvania Bulletin.

23 MR. EPSTEIN: Okay.

24 JUDGE COLWELL: Mr. MacGregor, anything further?

25 MR. MacGREGOR: No, Your Honor. Thank you.

1 JUDGE COLWELL: Thank you, Mr. Kleha.

2 (Witness excused.)

3 JUDGE COLWELL: Mr. Mickens?

4 MR. MICKENS: Thank you, Your Honor. I've given two
5 copies of OTS Exhibit No. 1 to the court reporter which is a
6 summary of the company's filing at this docket. May it be
7 so identified?

8 JUDGE COLWELL: It may.

9 (Whereupon, the document was
10 marked as OTS Exhibits No. 1
11 for identification.)

12 MR. MICKENS: OTS Exhibit No. 1 is a summary of PPL
13 Electric Utilities Corporation's Transmission Service
14 Charge, TSC, Reconciliation for the period August 1, 2007 to
15 November 30, 2007, Docket No. R-00061906 and R-00072721.

16 Our summary of the filing indicates, Your Honor, that
17 the total amount to be recouped, meaning the total
18 undercollection, excluding gross receipts tax, is
19 \$2,078,081, and this number, Your Honor, coincides with the
20 appropriate number filed by the company.

21 I would note that these numbers remain subject to
22 audit by the Commission and I would move the admission of
23 OTS Exhibit No. 1 at this time.

24 JUDGE COLWELL: Any objection?

25 MR. MacGREGOR: No objection, Your Honor.

1 JUDGE COLWELL: Hearing none, it is admitted.

2 (Whereupon, the document marked as
3 OTS Exhibit No. 1 was received in
4 evidence.)

5 JUDGE COLWELL: Anything from PPLICA?

6 MS. LINTON-KEDDIE: No, Your Honor.

7 JUDGE COLWELL: Mr. Epstein?

8 (No response.)

9 JUDGE COLWELL: All right. Anything further for this
10 record?

11 (No response.)

12 JUDGE COLWELL: Okay. This record is closed.

13 (Whereupon, at 1:53 p.m., the proceedings were
14 concluded.)

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C E R T I F I C A T E

I hereby certify, as the stenographic reporter, that the foregoing proceedings were taken stenographically by me and thereafter reduced to typewriting by me or under my direction, and that this transcript is a true and accurate record to the best of my ability.

COMMONWEALTH REPORTING COMPANY, INC.

By: John A. Kelly

John A. Kelly,
Certified Verbatim Reporter

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