

**BEFORE THE  
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

**Docket No. P-00062227**

**PPL Electric Utilities Corporation**

**Statement No. 2-R**

**Rebuttal Testimony of Joseph Cavicchi**

1 Q. Please state your full name and on whose behalf you are testifying in this  
2 proceeding.

3 A. My name is Joseph Cavicchi. I previously submitted Direct Testimony  
4 (Statement No. 2) on behalf of PPL Electric Utilities Corporation ("PPL Electric"  
5 or the "Company") that describes and supports the competitive procurement  
6 program proposed by PPL Electric in its Request for Approval of a Competitive  
7 Bridge Plan ("CBP") filed with the Pennsylvania Public Utility Commission ("PUC"  
8 or the "Commission") on August 2, 2006.

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10 Q. What is the subject matter of your rebuttal testimony in this proceeding?

11 A. My rebuttal testimony responds to Direct Testimonies filed by witnesses on  
12 behalf of Dominion Retail, Inc., Direct Energy Services, LLC, Reliant Energy,  
13 Inc., and the Office of Trial Staff. In particular, I address claims that PPL  
14 Electric's proposal will not allow for increased retail competition; that the resulting  
15 prices under PPL Electric's procurements will not be prevailing market prices;  
16 and, that the use of a load cap for the auction is unnecessary.

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18 **PPL ELECTRIC'S PROPOSAL WILL ALLOW FOR INCREASED RETAIL**  
19 **COMPETITION**

20

21 Q. Please describe parties' concerns regarding PPL Electric's proposed plan and its  
22 impact on retail competition.

1 A. Witnesses for various Electric Generation Suppliers ("EGSs") suggest that the  
2 structure of the CBP procurement process will limit retail competition. For  
3 example, Direct Energy Services argues that PPL Electric's CBP is so-called  
4 "point-in-time" default pricing that "is completely antithetical to the development of  
5 robust competitive markets" and that the CBP will leave consumers with no  
6 choice in either rising price or falling price markets.<sup>1</sup> Reliant Energy indicates  
7 that the CBP's proposal to obtain provider of last resort ("POLR") supply through  
8 a series of acquisitions over a three-year period in order to reduce price volatility  
9 in default service to smaller consumers and to provide an optional fixed-price  
10 service to larger customers will "not result in a robust, sustainable competitive  
11 market."<sup>2</sup> Dominion Retail states that "PPL's proposal will have the undeniable  
12 affect of ensuring that competition does not develop in its market in 2010 and  
13 probably beyond..."<sup>3</sup> Although stated concerns vary, the basic argument  
14 contained in the various testimonies is that both large and small consumers in  
15 the PPL Electric service territory should be provided POLR service at prices  
16 which are as volatile as possible. That is, in most cases parties opposing the  
17 CBP proposal advocate some form of POLR pricing for smaller consumers that  
18 at a minimum varies monthly, while larger consumers' POLR service should be  
19 priced hourly.

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<sup>1</sup> Direct Energy Services Direct Testimony at 5:8-10 and 8:10-12.

<sup>2</sup> Reliant Energy Direct Testimony at 8:15-18 and 9:3-4.

<sup>3</sup> Dominion Retail Direct Testimony at 10:2-4.

1 Q. Is it necessary for POLR service pricing to be volatile in order to allow for retail  
2 competition?

3 A. No. POLR service that mitigates price volatility does not, in and of itself,  
4 discourage retail competition. PPL Electric believes that the CBP's POLR  
5 service will provide retail competitors opportunities to obtain customers.  
6 Consistent with expectations that large commercial and industrial customers can  
7 proactively manage their energy expenditures, the CBP offers these customers  
8 the option of a transitional fixed-price POLR service during the term of the CBP,  
9 or the alternative of a real-time hourly POLR service, both of which shift these  
10 customers' POLR service to reasonable market-based prices providing  
11 opportunities for retail competitors. For smaller customers, retail competitors will  
12 have the opportunity to offer both a product similar to POLR service, or products  
13 that take into account the ability to use detailed consumer consumption data  
14 made available to the market by PPL Electric to integrate energy conservation,  
15 demand-side management, etc., into a competitive product offering. What is  
16 most important is that PPL Electric's POLR service is an appropriately priced  
17 market-based service, which it will be under the CBP.

18  
19 Q. Please explain how retail suppliers will be able to offer innovative products.

20 A. In contrast with many U.S. utilities, PPL Electric has been implementing an  
21 Advanced Metering Infrastructure project that will provide all of its customers with  
22 hourly demand monitoring. This metering system, described more fully in the  
23 Rebuttal Testimony of Mr. Krall, will make available to all PPL Electric customers

1 detailed information on instantaneous and cumulative usage. Subject to  
2 appropriate authorization by individual customers, PPL Electric plans to make  
3 these data available to potential EGSs. Having these data available will allow  
4 retail suppliers to evaluate alternative product offerings that combine demand-  
5 side management and energy conservation with commodity supply offerings.  
6 Importantly, the demand-monitoring capabilities allow for straightforward  
7 verification that benefits associated with demand reductions and energy  
8 conservation are being achieved. It is expected that these bundled products  
9 would be very attractive to smaller consumers and ultimately more interesting  
10 than PPL Electric's plain vanilla POLR service.

11  
12 Q. What is driving the concerns about the CBP's impact on retail competition?

13 A. The primary issue is how POLR pricing for residential and small commercial  
14 customers will be established, and if the adopted approach will itself preclude  
15 retail competition. On the one hand, retail suppliers generally prefer volatile  
16 prices that arguably create more frequent opportunities for them to solicit  
17 customers.<sup>4</sup> On the other hand, consumer representatives prefer less volatile  
18 POLR service prices which either require some form of portfolio procurement  
19 approach overseen by the utility, or require procurements to be carried out  
20 considerably in advance of the beginning of the delivery period. PPL Electric's  
21 CBP proposal represents a reasonable middle ground between these two

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<sup>4</sup> Although, Dominion Retail indicated in its Direct Testimony that a three-to-five-year fixed-price product for smaller customers would be acceptable so long as the price was established during the year 2009 (4:9-10 and 5:13-6:16).

1 positions. That is, PPL Electric's CBP adopts a POLR service product definition  
2 for residential and small commercial customers that is widely available in the  
3 marketplace and for which considerable supplier competitiveness has been  
4 demonstrated. At the same time, PPL Electric's proposal is designed to limit  
5 price volatility by relying on both longer- and shorter-term forward purchases.  
6 Although it is impossible to predict the outcome for customers in advance of the  
7 procurements, the design itself benefits both the wholesale and the retail  
8 markets.

9  
10 Q. Please explain how the marketplace benefits.

11 A. With respect to retail competition, the CBP's laddered procurement (combined  
12 with PPL Electric's commitment to provide hourly customer load data to retail  
13 competitors) will not prevent retail suppliers from offering supply products with  
14 varying terms and conditions. Moreover, to the extent they can develop energy  
15 conservation and demand-side management aspects to the product offering,  
16 retail suppliers will be able to make lower-priced offerings that will be desirable to  
17 customers. During those times where POLR service prices are greater than  
18 offers developed by retail suppliers, there will be opportunities to capture smaller  
19 customers.<sup>5</sup> And when they are competitive, they will likely be capable of

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<sup>5</sup> Dominion Retail suggests it could not accurately price a service offering given the structure of the CBP (Dominion Retail Direct Testimony at 6:7-8), but because its supply offer simply would have to be below the POLR service pricing, its concerns are unclear. PPL Electric's POLR rate will be a simply stated price per kWh for a one-year period, and EGSs will price their products according to the term of service and other details of service that they intend to offer.

1 developing a longer-term relationship with the customer. Contrary to claims that  
2 there will be no means to compete against the POLR service, there will be  
3 opportunities to compete which will be appropriately driven by the forward market  
4 prices, not volatile short-run prices.<sup>6</sup>

5 The likely longer-term relationship will subsequently benefit the wholesale  
6 market by establishing consumer demand in the forward markets. And by using  
7 a three-year ladder approach, the forward time span promotes the  
8 development of forward capacity markets, which serve an important role in  
9 signaling the need for new generation investment. Thus, PPL Electric's plan  
10 provides a balanced approach for providing POLR service that does not  
11 necessarily place any particular party's interests ahead of another party's  
12 interests.

13 And finally, the CBP recognizes that 2010 POLR service pricing  
14 represents a long anticipated transition from administratively established pricing  
15 to market-based pricing. At the time 2010 POLR service pricing takes effect,  
16 PPL Electric's generation rates will have been subject to administratively  
17 determined rate caps for 14 years (1996-2010). Although it is not possible to

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<sup>6</sup> Direct Energy Direct Testimony at 5:10-22 suggests limited retail supplier interest under the CBP and suggests that the proposal is like PJM setting a price for generation and requesting generation suppliers to respond to the set price. First, regardless of how POLR service pricing is established, it will always be a price that customers will consider in evaluating the reasonableness of EGS offers. And second, POLR service prices will not be set arbitrarily, as suggested by the asserted comparison, but will be set through a competitive process, which is exactly how PJM establishes prices currently in its energy markets, and will from time to time set prices in its pending revised capacity market proposal. Thus, Direct Energy's real concern appears to be that the CBP does not produce a volatile price, which Direct appears to believe is more appropriate given its interests.

1 accurately predict future prices and guard against rate shock, PPL Electric's use  
2 of a laddering approach captures the benefits of less volatile forward market  
3 pricing and provides a stepping stone for the transition to 2011 POLR service  
4 pricing. Experience shows that these transitions can be difficult; PPL's CBP  
5 introduces market-based POLR service pricing while taking into account the  
6 various interests of the parties to this proceeding.

7  
8 **PREVAILING MARKET PRICE**

9  
10 Q. Please describe the prevailing market price issue as you understand it.

11 A. The basic issue surrounding the Commonwealth's intention that POLR service be  
12 priced at prevailing market prices is whether the word "prevailing" means that  
13 POLR service prices should be established as near as possible to when  
14 electricity delivery occurs. However, there is no basis to conclude that a one-year  
15 forward price established in 2009 for 2010 will be more reflective of actual market  
16 prices in 2010 than a three-year laddered acquisition. Thus, taken to the  
17 extreme, one could interpret prevailing to mean that all customers' electricity  
18 pricing ought to be hourly. On the other hand, prevailing can be interpreted as  
19 meaning that electricity supplies must be obtained from the wholesale  
20 marketplace at a particular point, or points, in time at then prevailing prices, as  
21 opposed to, for example, from supply sources where future prices are not  
22 specified, but instead are unknown until delivery occurs. An example of this  
23 would be a call-option where the electricity price is not explicitly established, but

1 based on a fuel price index at some time in the future. As I stated in my Direct  
2 Testimony, in my opinion as an economist, supplies obtained at different points in  
3 time, if procured from the wholesale markets at competitively established prices,  
4 constitute service established by prevailing market prices.<sup>7</sup>  
5

6 Q. How can the concerns of other parties in relation to prevailing market prices be  
7 reconciled in this proceeding?

8 A. From an economist's point of view, I believe that the use of the word "prevailing"  
9 should be interpreted to provide a degree of policy flexibility to the Commission  
10 when making decisions regarding POLR service definition. Using this approach  
11 it is possible to view this issue in the context of balancing the interests of the  
12 parties to this proceeding. Several different POLR service pricing proposals  
13 have been suggested as part of this proceeding. But the basis of POLR service  
14 need not be focused on trying to force POLR service customers to switch to  
15 EGSs, or obligating utilities to enter into long-term contracts (e.g., five-to-ten-year  
16 terms) for POLR service that can be out of step with market prices. Instead, an  
17 acceptable approach is to ensure that a reasonably priced, market-based POLR  
18 service is available to those consumers who return to the service, or choose not  
19 to switch in the first place. As long as the pricing methodology is fair and reflects  
20 prevailing market prices at the time of the acquisition, the interests of the parties  
21 can be balanced. And again, PPL Electric's advanced metering system will

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<sup>7</sup> As a contrast, I believe that cost-based prices, or prices established based on a specific generation resource at the time of production, represent examples of prices that are not prevailing market prices.

1 provide EGSs the flexibility to develop distinct product offerings that are not just  
2 simply the POLR-type service at a lower price. Finally, although PPL Electric  
3 acknowledges that electricity consumers desire competitive options, and hopes  
4 to facilitate the market's ability to develop these product offerings, it does not  
5 believe that exposing small customers to short-run volatile prices appropriately  
6 balances parties' interests and promotes the Commonwealth's objectives.

7  
8 **LOAD CAP**

9  
10 Q. What concerns have been raised in relation to PPL Electric's proposed load cap?

11 A. The Office of Trial Staff ("OTS") is concerned that the proposed load cap could  
12 result in an overall higher price being established for POLR service than if the  
13 proposed POLR service auctions did not include a load cap.<sup>8</sup> Although OTS  
14 acknowledges the threat of entry deterrence without a load cap, OTS believes  
15 that by using the 50 MW tranche size small suppliers will be encouraged to  
16 compete, and can in effect be a substitute for the load cap. In contrast, PPL  
17 Electric's position is that the risks of limiting competition among wholesale  
18 suppliers outweigh the hypothetical benefit that one supplier could supply 100%  
19 of the POLR service load at a lower overall cost. Moreover, because there is no  
20 means for accurately assessing if the load cap has materially impacted the  
21 auction, exercising caution, and ensuring as much competition as possible, are  
22 the appropriate choice for the auction design.

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<sup>8</sup> Gruber Direct Testimony at pages 3-7.

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Q. Why does PPL Electric contend that the load cap is appropriate?

A. As PPL Electric has explained, the load cap intends to ensure that entry deterrence does not occur, and that robust competition is encouraged among potential suppliers. Entry deterrence is very difficult to detect, and without the load cap it is likely that there would no means by which to assess if small suppliers had been deterred. For example, smaller suppliers may conclude that the prospects of winning in the auction are low without a load cap that guarantees an opportunity to win a tranche, and elect not to expend those resources necessary to prepare an offer. Smaller suppliers may also find themselves obtaining energy pricing for their auction offers from other larger suppliers also competing in the auction and may believe that the price levels might impede their ability to succeed in the auction. There is no way of monitoring for these possible impacts. By having a load cap all potential suppliers will know in advance that they have a better opportunity to win in the auction. This will encourage competition.

Q. Please explain why the tranche size cannot be relied upon to guard against entry deterrence.

A. The selected size of the tranche is not a substitute for the load cap. Although the decision to make an offer can be influenced by the tranche size as it relates to financial assurances and risk management, it is the knowledge that all suppliers can expect an opportunity to be successful in the auction that will maximize

1 competition. Moreover, it also ensures that larger suppliers have incentives to  
2 price competitively whether they are making offers to other suppliers participating  
3 in the auction, or with respect to offers they are themselves making. Finally,  
4 even though an examination of a particular set of auction results may indicate  
5 that awarding the entire obligation to one supplier would appear less expensive,  
6 it cannot be assumed that the same pricing would have been submitted absent  
7 the load cap. PPL Electric continues to recommend that the auction design  
8 include a load cap.

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10 Q. Does this conclude your rebuttal testimony?

11 A. Yes.

**BEFORE THE  
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

**Docket No. P-00062227**

**PPL Electric Utilities Corporation**

**Statement No. 3-R**

**Rebuttal Testimony of Joseph M. Kleha**



1 Q. With regard to the first issue of your rebuttal testimony, have you reviewed Dr.  
2 Estomin's concerns regarding application of the TSC?

3 A. Yes, Dr. Estomin, testifying on behalf of the Office of Consumer Advocate  
4 ("OCA"), contends that additional clarification is required to identify which  
5 transmission-related costs will be included in the GSC and which will be included  
6 in the TSC.

7

8 Q. Can you provide some background information regarding this apparent  
9 confusion?

10 A. Yes. Currently, PPL Electric must obtain, from PJM, all transmission services,  
11 including ancillary services, associated with its purchase of POLR supply; and the  
12 TSC provides for full recovery of all charges for those services. In its August 2,  
13 2006 Petition, the Company proposed to change this approach and require POLR  
14 suppliers to obtain transmission services, including ancillary services. PPL  
15 Electric also proposed to modify the TSC to permit recovery of transmission  
16 service charges to the extent those charges would be indirectly imposed on it by  
17 a supplier. The Company now appreciates that these proposed changes may  
18 have created some confusion regarding coordination between the TSC and the  
19 GSC, as evidenced by Dr. Estomin's testimony. After it filed the August 2, 2006  
20 Petition, the Company learned that implementation of the various Provider of Last  
21 Resort ("POLR") solicitations proposed in its Competitive Bridge Plan ("CBP")  
22 would not be adversely affected if the Company were to retain the responsibility  
23 for obtaining transmission services, excluding ancillary services. The POLR

1 supplier continues to be the most appropriate entity to obtain ancillary services.  
2 Accordingly, in an effort to reduce confusion and narrow the contested issues in  
3 this case, PPL Electric will modify its CBP to specifically provide that the  
4 Company will obtain directly from PJM the transmission services required to  
5 move POLR supply within PJM; ancillary services will be obtained by the POLR  
6 suppliers. Implementation of these changes to the CBP will require minor  
7 modifications to the Request for Proposals process and the POLR Master Supply  
8 Agreement set forth in PPL Exhibit JC 1. The Company will provide those  
9 modifications in a compliance filing submitted after the Commission enters a final  
10 order in this case. With these changes to the CBP, the Company's proposed  
11 modification to the TSC is no longer necessary and PPL Electric hereby  
12 withdraws that proposal. I believe that this withdrawal of PPL Electric's proposed  
13 modification of the TSC will significantly reduce any confusion regarding the  
14 interplay between the TSC and the GSC.

15  
16 I note that I have been advised by counsel that the issue of the appropriate  
17 allocation of transmission costs to customer classes under the TSC is the subject  
18 of pending litigation in the appellate courts. This modification to the CBP is not  
19 intended to prejudice the rights and remedies of parties to that pending litigation.

20  
21 Q. Are you proposing any other changes to the TSC?

22 A. No. Under the Company's revised proposal, the TSC, as approved by the  
23 Commission in its final order adopted on December 22, 2004, at Docket

1 No. R-00049255, and as currently reflected PPL Electric's tariff, will remain in  
2 place, without modification.

3  
4 Q. Please explain how the TSC and the GSC will operate if the Company's CBP is  
5 approved?

6 A. The GSC will be calculated separately for each customer class and will reflect a  
7 blended cost of obtaining POLR supply for each of those classes through the  
8 various solicitations proposed in the CBP. The resulting rates will reflect all costs  
9 included in the winning suppliers' bids, e.g., cost of energy, cost of capacity, cost  
10 of all ancillary services both within and outside of PJM and cost of transmission  
11 services (if any) to the border of PJM. In addition, the GSC will include PPL  
12 Electric's other costs of administering the various solicitations for POLR supply,  
13 e.g., the costs to undertake the RFP processes, the cost of a third-party  
14 administrator/evaluator and PPL Electric's costs of implementation. On the other  
15 hand, the TSC will include only the transmission costs that PPL Electric incurs  
16 directly from PJM for transmission services within PJM, as those services are  
17 defined in the TSC. As I discuss later in my rebuttal testimony, both the GSC and  
18 the TSC will be fully reconcilable on an annual basis.

19  
20 Q. Does the withdrawal of the Company's proposed modification to the TSC also  
21 address Mr. Gruber's concerns?

22 A. Yes. Mr. Gruber, testifying on behalf of the Commission Office of Trial Staff  
23 ("OTS"), contends that if the successful bidders for wholesale POLR supply are

1 responsible for paying transmission service charges and include them in their bid  
2 prices, there should be no additional transmission charges by PJM. Therefore,  
3 he seems to suggest elimination of the TSC. Mr. Gruber's assumption regarding  
4 additional transmission service charges by PJM may or may not be correct. But,  
5 in any event, his concerns are fully addressed by PPL Electric's withdrawal of its  
6 proposed modification of the TSC. As I explained earlier, GSC charges will  
7 reflect the winning bidders' prices (including ancillary services regardless of  
8 where incurred) and transmission services to the border of PJM. The TSC will  
9 reflect PPL Electric's costs for transmission service within PJM. Accordingly,  
10 there will be a continuing need for the TSC. However, there will be no overlap  
11 between the TSC and the GSC, and there should be no lingering confusion on  
12 this issue.

13  
14 Q. Turning to the second issue of your rebuttal testimony, other than reconciliation,  
15 what concerns have been raised by other parties regarding the GSC?

16 A. Ms. Prezelj, testifying on behalf of FirstEnergy Solutions Corp. ("FES"), testifies  
17 that she does not see a problem with the GSC, but additional details must be  
18 provided regarding its calculation and application.

19  
20 Q. Have some of these details been previously provided by PPL Electric in its CBP  
21 filing?

22 A. Yes. I discussed the calculation and application of the GSC on pages 3-5 of my  
23 direct testimony (Statement No. 3). In addition, a draft tariff provision

1 implementing the GSC was set forth on Original Page No. 19Z.2, in Exhibit  
2 DAK1.

3  
4 Q. Can you provide additional details on these issues?

5 A. Yes. I will use the draft tariff provision as an outline. The GSC will be calculated  
6 separately for each of the following three Customer Classes: (1) Residential;  
7 (2) Small Commercial and Industrial (taking service at secondary voltage level);  
8 and (3) Large Commercial and Industrial (taking service at primary and  
9 transmission voltage levels). The GSC will reflect the total estimated costs by  
10 customer class that I identified above incurred by PPL Electric to acquire  
11 generation supply from any source to meet its POLR obligations. It should be  
12 noted that, generally, the GSC will consist of the actual blended offers resulting  
13 from the solicitations plus the Company's costs to administer the procurement.  
14 Experience to date indicates that the majority of the GSC will be based on the  
15 prices bid by the winning suppliers in the CBP auctions.

16  
17 The GSC rate will be calculated on the basis of the Company's total kWh sales to  
18 POLR customers by customer class projected for the computation year (January  
19 1 through December 31, 2010). The GSC will be grossed up to reflect the  
20 Pennsylvania Gross Receipts Tax rate in effect during the billing month. Finally,  
21 the GSC will include an "E" factor reflecting the actual net over or undercollection  
22 of revenue associated with the acquisition of generation supply for POLR  
23 customers as of the end of the 12-month period ending November 30

1 immediately preceding the computation year. The E-factor will be \$0 for 2010,  
2 and any reconciliation amount for 2010 would be reflected in rates for 2011.

3

4 Q. How will reconciliation of the GSC be administered?

5 A. The Company will file with the Commission, by December 1 of each year, an  
6 annual reconciliation of GSC revenue recovered during the immediately  
7 preceding application period. The reconciliation will become effective for service  
8 rendered on and after January 1 and will remain in effect for a period of one year,  
9 or until new GSC rates are approved by the Commission. Reconciliation of the  
10 GSC will be conducted separately for each of the three Customer Classes. The  
11 reconciliation will include a calculation of the adjustment to the GSC, in cents per  
12 kWh, required to refund or recover previous application period over or  
13 underrecoveries of the annual GSC. The reconciliation will be the difference  
14 between GSC revenue produced by actual usage and GSC revenue estimated  
15 on the basis of projected usage for that previous application period. Any  
16 over/undercollection allocated to an individual rate schedule will be reflected in  
17 the GSC for that rate schedule during the application period, and will be refunded  
18 or recovered in that application period.

19

20 Q. Focusing more specifically on reconciliation, the third issue of your rebuttal  
21 testimony, what concerns have been raised by the other parties regarding  
22 reconciliation?

1 A. Concerns have been identified by Mr. Gruber, testifying on behalf of OTS,  
2 Mr. Ajello, testifying on behalf of Reliant Energy, Inc., and Mr. Butler, testifying on  
3 behalf of Dominion Retail, Inc. Issues raised by these witnesses can be  
4 combined into three major areas. Intervening parties contend that reconciliation  
5 is: (1) anti-competitive, (2) inconsistent with prevailing market price and (3) not  
6 consistent with the Commission's draft regulations or prior decisions.  
7

8 Q. Do you agree with these criticisms?

9 A. No. But, before I respond to each of these three issues, I would like to provide  
10 some background on why the Company is proposing to reconcile the GSC.  
11 Under the Customer Choice Act, PPL Electric is required to provide POLR  
12 service to all of its non-shopping customers. The Company is not proposing to  
13 earn any return or profit on POLR service; and consequently, it should not be  
14 exposed to any risk of loss. In proposing reconciliation of the GSC, the Company  
15 simply is attempting to recover fully all reasonable costs incurred to obtain POLR  
16 supply, as contemplated by the Customer Choice Act. The Company agrees with  
17 the Commission's observation in its October 19, 2006 Joint Motion regarding  
18 Customer Assistance Programs ("CAPs"), that the "full recovery" provisions of the  
19 Competition Act require recovery of costs through a surcharge that is either  
20 reconciled or adjusted frequently to track changes in costs. Finally, PPL Electric  
21 believes that reconciliation of the GSC is necessary to ensure compliance with  
22 the Alternative Energy Portfolio Standards ("AEPS") Act. Under the proposed  
23 CBP, each successful bidder must include, as part of its total supply, sufficient

1 energy from renewable resources to enable the Company to meets its 2010  
2 obligations under the AEPS Act. However, the Act specifically requires that all  
3 costs of compliance, including acquisition of the required level of energy or  
4 credits, are to be recovered through a reconcilable automatic adjustment clause.  
5 Reconciliation of the GSC will ensure compliance with this provision of the Act.  
6 Otherwise, the cost of AEPS compliance energy will have to be separately  
7 identified and recovered through another rate mechanism, which could be  
8 extremely burdensome and time consuming for a one-year transition plan.

9  
10 Q. Will reconciliation of the GSC be anti-competitive?

11 A. No. With the exception of exposures associated with a supplier default, which I  
12 discuss later in my testimony, the Company does not expect reconciliation to  
13 have any significant impact on POLR rates. Reconciliation, therefore, should not  
14 affect customers' shopping decisions. The impact is expected to be minimal  
15 because reconciliation in this instance is not a means for recovering differences  
16 between expected and actual expenditures like fuel clause adjustments or other  
17 expected costs that might be incurred by a utility. Rather, under PPL Electric's  
18 proposed procurement, the cost per kWh will be fixed in advance by the RFP. In  
19 addition, because suppliers will be responsible for providing a percentage of  
20 actual POLR load, most usage risk is borne by the successful bidders. As a  
21 result, most of the reason for variance between revenues and costs will be  
22 related to recovery of the costs of administering the POLR solicitations and  
23 variance between costs and rate recovery resulting from the rate design phase-in

1 proposed by OCA, which Mr. Krall explains in his rebuttal testimony. Moreover,  
2 in any years that reconciliation produces a positive "E" factor, POLR rates will  
3 increase. Under those circumstances, if reconciliation has any effect on  
4 competition, it would encourage additional shopping by the Company's  
5 customers. Finally, reconciliation will not create additional changes in POLR  
6 rates. As proposed by PPL Electric, the GSC will change annually, on January 1,  
7 and that change will reflect both an estimate of future POLR costs and a  
8 reconciliation of past POLR revenue.

9  
10 Q. Will reconciliation cause a mismatch between POLR rates and market prices?

11 A. It may cause a slight mismatch. As I testified earlier, I believe the amount of any  
12 reconciliation is expected to be small and would have only a very minimal impact  
13 upon PPL Electric's POLR rates. For that reason, any mismatch between the  
14 Company's POLR rates and market prices will be negligible.

15  
16 Q. Is reconciliation consistent with past Commission actions?

17 A. In some cases, it is consistent with past Commission actions; in other cases, it is  
18 not. Historically, automatic adjustment clauses approved by the Commission  
19 have been reconciled on an annual basis. Examples include: the Energy Cost  
20 Rate, the Competitive Transition Charge, the Intangible Transition Charge and  
21 the TSC. More recently, the Commission's October 19, 2006 Joint Motion  
22 regarding CAPs, that I referenced earlier, explicitly adopts reconciliation of  
23 automatic adjustment clauses to recover CAP costs. On the other hand, the

1 Commission's draft POLR regulations do not provide for reconciliation and its  
2 order in the recent *Penn Power* POLR case does not permit reconciliation.  
3 However, it must be recognized that the Commission's POLR regulations remain  
4 in draft form. They will not be effective until the Commission concludes the  
5 rulemaking process and issues final form regulations. The *Penn Power* decision  
6 is not precedent and, in fact, the Commission specifically acknowledged that it  
7 has approved different POLR plan designs for different utilities. Moreover, I have  
8 been advised by counsel that the *Penn Power* decision regarding reconciliation  
9 has been appealed. The Commission clearly has full discretion to adopt PPL  
10 Electric's GSC reconciliation proposal, if it determines that the proposal is in the  
11 public interest. I believe that the Company clearly has demonstrated that GSC  
12 reconciliation in this case is in the public interest.

13  
14 Q. How have other states administering POLR type service addressed the  
15 reconciliation issue?

16 A. It is my understanding that other states in the Mid-Atlantic region, e.g.,  
17 Connecticut, Delaware, Maryland, Massachusetts, New Jersey and the District of  
18 Columbia, provide a means by which utility companies can reconcile, or true-up,  
19 revenues to match actual expenditures incurred to provide POLR service. Thus,  
20 there are simple pre-approved mechanisms that allow for an accurate, verifiable  
21 accounting of expenditures for POLR service against the revenues collected from  
22 customers taking that service. Such mechanisms are the norm as opposed to

1 the exception. In other Northeastern states, reconciliation is an integral part of  
2 the POLR service rate structure.

3  
4 Q. Mr. Gruber asserts that PPL Electric waived its right to reconciliation by agreeing  
5 to the restructuring settlement. Do you agree?

6 A. No. I was involved in all aspects of the Company's restructuring proceeding at  
7 Docket No. R-00973954, including the eventual settlement of that proceeding. I  
8 am not aware of any provision in the settlement agreement or any position  
9 advocated by PPL Electric that could be construed as a waiver of its right to  
10 reconciliation of the GSC, as proposed in this case. I have consulted with  
11 counsel on this issue and have been advised that my recollection is correct, that  
12 is, PPL Electric did not waive its right to reconciliation in the restructuring  
13 settlement.

14  
15 Q. Can you describe the potential impact on PPL Electric's POLR rates if the  
16 Commission denies the Company's request to reconcile the GSC?

17 A. Yes. Denial of GSC reconciliation would increase the cost of POLR supply to  
18 PPL Electric's customers, for at least two reasons. First, without reconciliation of  
19 the GSC, the Company's proposed CBP process would need to be revised to  
20 shift all risk of loss or underrecovery to its POLR suppliers. That is, PPL Electric  
21 would indicate to potential suppliers that they would be paid what the Company  
22 bills to customers for POLR service, thereby placing the risk of mismatches on  
23 the supplier, excluding any amounts associated with uncollectible accounts.

1 Presumably, the suppliers would reflect their exposure to those various risks in  
2 higher prices which PPL Electric ultimately would recover through the GSC.  
3 Second, the Company will request that the Commission allow it to earn a return  
4 on its POLR obligation as compensation for any risks that it cannot shift to  
5 suppliers. Absent a commitment from regulators that all costs of providing POLR  
6 service will be recoverable, EDCs face risks that in some respects cannot be  
7 hedged. If the Commission prohibits clearly defined reconciliation, then PPL  
8 Electric must be allowed to charge a risk mitigation adder in its POLR rates. In  
9 the past, this Commission and public service commissions in neighboring states  
10 have allowed jurisdictional utilities to include retail adders in their POLR rates, in  
11 part to compensate the utilities for such risks. Although PPL Electric has not  
12 determined the exact risk premium that it would request in a future filing with the  
13 Commission, the cost of any premium approved by the Commission also would  
14 be reflected in its GSC.

15  
16 Q. Would there be other consequences if the Commission denies PPL Electric's  
17 request to reconcile the GSC?

18 A. Yes. Without reconciliation of the GSC, the Company could not agree to a rate  
19 design phase-in as proposed by the OCA in this case. Any rate design phase-in  
20 would increase the risk that PPL Electric could not fully recover its costs of  
21 obtaining POLR supply for that group of customers. This occurs because any  
22 phase-in approach necessarily means that some usage will be billed at rates  
23 below the average POLR cost for the residential class. Without reconciliation,

1 any increases in that "below cost" usage will result in underrecoveries of PPL  
2 Electric's POLR costs. To avoid this risk, the rate would have to be set at exactly  
3 what suppliers are willing to accept to provide the service. For these reasons, at  
4 an absolute minimum, the Commission should grant reconciliation of the GSC to  
5 address the risks associated with any rate design phase-in.

6  
7 Q. How could PPL Electric address the risk of supplier default without reconciliation  
8 of the GSC?

9 A. Without reconciliation of the GSC, supplier default would become a significant  
10 concern for the Company. It is impossible to estimate PPL Electric's financial  
11 exposure if one of its POLR suppliers defaulted because there simply are too  
12 many variables, e.g., when the default occurs, the sources of replacement power  
13 available at the time of default and the cost of that replacement power. However,  
14 the Company could be forced to acquire replacement power from the spot market  
15 at high hourly prices, and under those circumstances its exposure could be  
16 massive. If the Commission denies PPL Electric's request for reconciliation of  
17 the GSC, it should at least permit the Company to add a supplier default  
18 provision to the GSC which would permit recovery of all costs of replacement  
19 power on a real-time basis. In fact, Mr. Butler, testifying on behalf of Dominion  
20 Retail, Inc., suggested just such an approach with immediate dollar-for-dollar  
21 recovery of additional costs that may be involved in a supplier default.

1 Q. Turning to the final subject of your rebuttal testimony, the GRA, what concerns  
2 regarding the GRA have been raised by other parties in this proceeding?

3 A. Mr. Ajello criticizes the Company's GRA proposal as being inconsistent with the  
4 Commission's draft POLR regulations. Ms. Prezelj states that the GRA is an  
5 unnecessary barrier to shopping.

6  
7 Q. Before responding to these witnesses, can you provide some background  
8 regarding the Company's GRA proposal in this proceeding?

9 A. Yes. Since June 2001, PPL Electric's Commission-approved tariff has included a  
10 GRA. In its August 2, 2006 Petition, the Company proposed to amend the GRA  
11 by adding a paragraph that would apply only to customers in the Large  
12 Commercial and Industrial Customer Class that elect to "opt in" to POLR service  
13 in 2010 and choose to shop during that year. Under the proposed modification,  
14 the customer would pay a net GRA for the period beginning with the billing month  
15 in which the customer begins to purchase its generation supply from an  
16 alternative energy supplier and ending on December 31, 2010. Calculation of the  
17 net GRA amount would be based upon the difference between the Company's  
18 POLR rates and the then-current Locational Marginal Price ("LMP"). In 2010, all  
19 revenue received by PPL Electric from the application of this provision of the  
20 GRA would be remitted to the applicable POLR suppliers.

21  
22 Q. Why did PPL Electric propose this modification to the GRA?

1 A. The Company proposed this modification to the GRA in an effort to moderate, to  
2 the extent possible, the prices it would pay for POLR supply and, ultimately, the  
3 rates it would charge for POLR service to customers in the Large Commercial  
4 and Industrial Customer Class. PPL Electric believed that suppliers would be  
5 hesitant to offer prices for fixed rate POLR service to large commercial and  
6 industrial customers, if those customers were free to switch from POLR service to  
7 alternative suppliers without limits. Under the Company's proposal, customers  
8 who elected fixed price POLR service would be less likely to switch to alternative  
9 suppliers during 2010. Moreover, if a customer did switch during 2010, any  
10 affected supplier would be made whole because it would receive GRA revenues  
11 calculated as the difference between the POLR rate and LMP. With these  
12 protections, PPL Electric believed that suppliers would be willing to offer a price  
13 for fixed rate POLR service to customers in the Large Commercial and Industrial  
14 Customer Class lower than they would otherwise be willing to offer.

15  
16 Q. Has PPL Electric changed its position on this issue?

17 A. Yes. Based on discussions with other parties, the Company has determined that  
18 the proposed modification to the GRA will likely not help to moderate POLR  
19 supply prices to the extent that the Company originally anticipated. In addition,  
20 as indicated by direct testimony filed in this proceeding, the proposed  
21 modification to the GRA created concerns for certain retail marketers.  
22 Accordingly, PPL Electric withdraws its request to modify the GRA, as I described  
23 earlier in my rebuttal testimony.

1

2 Q. Is the Company proposing to modify the GRA in any other way?

3 A. No. The original GRA was approved by the Commission in its Opinion and  
4 Order, entered on October 15, 2001 at Docket Nos. C-00003811 and  
5 R-00006034, following a fully litigated proceeding. The original GRA was  
6 designed specifically to meet the guidelines set forth by the Commission in its  
7 Order, issued on June 22, 2000 at Docket No. M-00960890F0017, wherein the  
8 Commission recognized that "seasonal gaming" was a serious problem, and  
9 authorized EDCs to file one-year service terms for POLR service as a protection  
10 against this identified problem. As such, the original GRA enables PPL Electric  
11 to avoid adverse economic impacts from "seasonal gaming" by compensating the  
12 Company for the difference between market prices and fixed annual POLR  
13 service rates. PPL Electric's GRA provides customers with an opportunity to  
14 switch from POLR service to competitive supply at any meter read date during  
15 the year; whereas the June 22, 2000 Order suggests a timeframe limited to 90  
16 days from the customer's return to POLR service. The original GRA is applied  
17 only to those customers who choose to leave POLR service before the end of a  
18 one-year term, and then only if there is a positive balance in their GRA account.  
19 Moreover, PPL Electric's GRA is based on market prices in order to foster the  
20 development of a competitive market by sending accurate price signals to  
21 customers, and prohibiting customers from using the POLR as the supplier of  
22 "first" resort for seasonal variations, a purpose for which POLR was never  
23 intended. Accordingly, the original GRA should remain in PPL Electric's

1 Commission-approved tariff and be applied by its terms to all non-residential  
2 customers, as needed.  
3

4 Q. Finally, do you have any response to the testimony filed by intervening parties  
5 regarding the Company's proposed amendment to the GRA?

6 A. Because PPL Electric is withdrawing its proposed modification to the GRA, that  
7 testimony has become moot. Nevertheless, several short responses are  
8 appropriate. As to Mr. Ajello's contention that the GRA is inconsistent with the  
9 Commission's draft POLR regulations, I simply would point out that those  
10 regulations have not yet been issued in final form by the Commission and are not  
11 currently effective. As to Ms. Prezelj's contention that the GRA would constitute  
12 a barrier to shopping, I would point out that customers in the Large Commercial  
13 and Industrial Customer Class could choose not to "opt in" to fixed POLR rates in  
14 2010 and, therefore, could shop and return to hourly POLR rates at any time  
15 during 2010. However, to reiterate, PPL Electric is withdrawing its proposed  
16 modification to the GRA which should eliminate these concerns.  
17

18 Q. Are these witnesses also challenging retention of the GRA as it is currently  
19 reflected in PPL Electric's tariff?

20 A. Yes. But I disagree with those challenges. I believe the GRA, as it currently  
21 exists in the Company's tariff, serves an important function by acting as a  
22 deterrent to short-term switches between POLR service and competitive  
23 suppliers. Short-term "gaming" of the market can create uncertainty for all market

1 participants and increase costs for the utility and its non-shopping customers.  
2 The Commission obviously sees a benefit to the GRA because it has approved  
3 similar mechanisms for other EDCs in Pennsylvania. PPL Electric is willing to  
4 withdraw its proposed amendment to the GRA, as I described earlier, but  
5 believes that the existing GRA should not be disturbed. Moreover, any revenues  
6 received in 2010 through application of the original GRA would be remitted to  
7 wholesale suppliers of POLR generation supply, as set forth on page 8 of my  
8 direct testimony, Statement No. 3

9

10 Q. Does this conclude your rebuttal testimony?

11 A. Yes.

**BEFORE THE  
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

**Docket No. P-00062227**

**PPL Electric Utilities Corporation**

**Statement No. 4-R**

**Rebuttal Testimony of Timothy R. Dahl**



1 Operation HELP program. OnTrack is a special payment program for payment-  
2 troubled customers at or below 150 percent of the federal poverty level, and  
3 Operation HELP is a hardship fund that pays home energy bills for qualified  
4 residential customers. PPL Electric works closely with community-based  
5 organizations ("CBOs") to implement both programs. Mr. D'Agostino expressed  
6 concern about the relationship between funding for universal service programs  
7 and energy education for the entire residential rate class.  
8

9 Q. Have you reviewed Mr. Keim's testimony regarding recovery of the costs of  
10 OnTrack and WRAP?

11 A. Yes. Mr. Keim, on behalf of the Office of Trial Staff, expresses concern that PPL  
12 Electric is proposing to use deferred accounting to recover increased costs for  
13 OnTrack and WRAP. In his opinion, a base rate proceeding is the proper forum  
14 for determining the reasonableness of cost recovery for universal service  
15 programs.  
16

17 Q. What is your response to these observations?

18 A. Mr. Keim has misunderstood PPL Electric's position on this matter. PPL Electric  
19 agrees with Mr. Keim that this proceeding is not the proper forum for  
20 investigating and determining the appropriate funding levels for universal service  
21 programs. Contrary to Mr. Keim's assertion, PPL Electric is not proposing to  
22 defer the recommended increases in annual funding for OnTrack and WRAP.  
23 Rather, PPL Electric will propose, in a future filing, to recover the costs of these

1 programs through a reconcilable surcharge, and that recovery mechanism would  
2 operate on a prospective basis, without recovery of any "deferred" costs.

3  
4 Q. Is this approach consistent with the Commission's recent pronouncements  
5 regarding universal service program funding?

6 A. Yes. On December 15, 2005, at Docket No. M-00051923, the Commission  
7 approved an order which initiated a review of CAP funding levels and cost  
8 recovery. On October 19, 2006, the Commission adopted a Joint Motion by  
9 Commissioners Fitzpatrick and Pizzingrilli that allows jurisdictional utilities to  
10 establish a reconcilable surcharge to recover their CAP (i.e., OnTrack) costs.

11 The Motion states that:

12 "Accordingly, the Commission must allow recovery  
13 through a surcharge that is either reconciled or adjusted  
14 frequently to track changes in the level of CAP costs  
15 consistent with the direction given in the Competition  
16 Acts."  
17

18 PPL Electric agrees with the conclusion in the October 19 Motion that the  
19 inclusion of universal service costs in base rates does not provide for full  
20 recovery of those costs. The Electricity Generation Customer Choice and  
21 Competition Act ("Act"), 66 Pa. C.S. §2804(9), states explicitly that utilities have  
22 the right to recover fully their costs incurred in providing universal service  
23 programs. PPL Electric believes that using a reconcilable surcharge complies  
24 with this provision of the Act, while also eliminating Mr. Keim's concerns about  
25 requiring customers to pay in advance for universal service program costs that  
26 have not yet been incurred.

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Q. What are Mr. Keim's observations regarding Operation HELP?

A. Mr. Keim acknowledges that Operation HELP receives funding from PPL Corporation, its employees and customers. Nevertheless, he recommends that the Commission should not provide rate recognition for Operation HELP, because donations to the program are voluntary.

Q. What is your response to these observations?

A. PPL Electric agrees with Mr. Keim's recommendation that the Commission should not provide rate recognition for Operation HELP, because the program receives voluntary funding from a variety of sources. Indeed, since the inception of Operation HELP in 1983, the Company has never requested rate recognition for the program and costs of the program have never been reflected in customer rates. Consistent with this past practice, PPL Electric's Competitive Bridge Plan ("CBP") does not propose rate recovery for this program. Operation HELP currently receives \$700,000 in an annual contribution from PPL Corporation, the parent holding company of PPL Electric. PPL Corporation does propose to increase the corporate contribution by \$100,000 annually from 2008 through 2010, but those contributions involve no ratepayer-provided funds whatsoever.

Q. What are Mr. D'Agostino's criticisms of PPL Electric's proposed consumer education program and universal service program?

1 A. Mr. D'Agostino, on behalf of the Sustainable Energy Fund of Central Eastern  
2 Pennsylvania, states that the consumer education component of PPL Electric's  
3 CBP is insufficient to meet customers' needs. He states that, in order to be a  
4 truly comprehensive education program, funding must be available to educate all  
5 1.4 million of the Company's residential customers. Mr. D'Agostino contends that  
6 it is illogical for PPL Electric to fund its universal service programs, which assist  
7 several thousand low-income customers, with \$27 million, yet only provide  
8 \$875,000 in consumer education funding for all of its residential customers.

9  
10 Q. What is your response to these criticisms?

11 A. Mr. D'Agostino's attempt to link funding for low-income programs, like OnTrack  
12 and WRAP, with a broad-based consumer education program for all residential  
13 customers, regardless of income level, is inappropriate. From the Company's  
14 perspective, this is a classic "apples-to-oranges" comparison. PPL Electric's  
15 universal service programs target specific segments of low-income customers  
16 and include specific and actionable items (e.g., lower payment agreements and  
17 arrearage forgiveness through OnTrack and installation of weatherization  
18 measures through WRAP).

19 Mr. D'Agostino has expressed a concern that PPL Electric would spend  
20 \$27 million to fund universal service programs for several thousand customers,  
21 but only \$875,000 for consumer education. This perspective fails to consider the  
22 number of existing participants in these programs. On page 5 of Exhibit TRD 1,  
23 PPL Electric notes that approximately 25,000 customers will participate in  
24 OnTrack (19,000), WRAP (3,000) and Operation HELP (3,000) during 2006, and

1 that the total expenditure for these programs would be approximately \$27.4  
2 million. Depending on the level of additional funding approved by the  
3 Commission for OnTrack and WRAP, the incremental difference between  
4 proposed funding and the Company's current expenditures for these two  
5 programs (approximately \$26.3 million) would expand participation by several  
6 thousand customers. In addition, increased funding for Operation HELP would  
7 allow the administering agencies to serve more households as well. In summary,  
8 PPL Electric proposes to assist tens of thousands of customers through these  
9 programs, rather than just several thousand.

10 The Company's proposed consumer education program is completely  
11 separate from universal service, and must be evaluated on its own merits. In his  
12 rebuttal testimony, Mr. Krall explains why the Company's consumer education  
13 proposals are appropriate and in the public interest.

14  
15 Q. Did any other parties involved in this proceeding provide comments regarding  
16 PPL Electric's universal service programs?

17 A. Yes, Mr. Kalcic, on behalf of the Office of Small Business Advocate, offered  
18 comments regarding funding for universal service programs.

19  
20 Q. What was the key recommendation offered by Mr. Kalcic?

21 A. Mr. Kalcic recommends that universal service costs continue to be recovered  
22 solely from the residential rate class.

23

1 Q. Do you agree with Mr. Kalcic?

2 A. Yes. Historically, the Company has recovered the costs of its universal service  
3 programs only from residential customers. In the October 19 Motion I discussed  
4 earlier, the Commission decided to "continue its current policy of allocating CAP  
5 costs to the only customer class whose members are eligible for the program –  
6 residential customers." Consistent with past practice and the October 19 Motion,  
7 PPL Electric contemplates continued recovery of all universal service program  
8 costs from residential customers.

9

10 Q. Does this conclude your rebuttal testimony?

11 A. Yes, it does.

## CERTIFICATE OF SERVICE

I hereby certify that a true and correct copies of the foregoing documents have been served upon the following persons, in the manner indicated, in accordance with the requirements of § 1.54 (relating to service by a participant).

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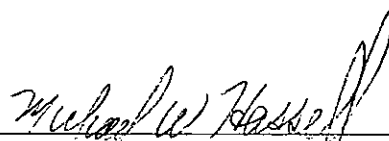
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December 11, 2006

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PA PUBLIC UTILITY COMMISSION  
SECRETARY'S BUREAU

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Secretary  
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400 North Street  
Harrisburg, Pennsylvania 17120

**Re: Pennsylvania Public Utility Commission  
v.  
PPL Electric Utilities Corporation  
Docket No. P-00062227**

Dear Mr. McNulty:

Attached for filing, pursuant to the Commission's regulations, 52 Pa. Code § 5.342(d), is a Certificate of Service identifying responses to interrogatories that PPL Electric Utilities Corporation served today on the active participants in this proceeding.

If you have any questions regarding these responses, please call.

Very truly yours,

Paul E. Russell

Attachment

**BEFORE THE  
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

---

Pennsylvania Public Utility Commission :  
v. : Docket No. P-00062227  
PPL Electric Utilities Corporation :

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**CERTIFICATE OF SERVICE**

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I hereby certify that I have this day served a true copy of the responses of PPL Electric Utilities Corporation to Eric Joseph Epstein's Interrogatories, Set III, Questions 1 through 9, upon the active participants listed below, in accordance with the requirements of § 1.54 (relating to service by a participant):

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*Pro se*

Dated this 11<sup>th</sup> day of December, 2006.



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(610) 774-4254

Counsel for:  
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**Scott J. Rubin**  
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December 12, 2006

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DEC 13 2006

James McNulty, Secretary  
Pa. Public Utility Commission  
P.O. Box 3265  
Harrisburg PA 17105-3265

**PA PUBLIC UTILITY COMMISSION  
SECRETARY'S BUREAU**

Re: Petition of PPL Electric Utilities Corporation for  
approval of a competitive bridge plan  
Docket No. P-00062227

Dear Secretary McNulty:

Enclosed for filing please find an original and three copies of the Petition for Leave to Withdraw of International Brotherhood of Electrical Workers, Local 1600, in the above-referenced matter.

I have served a copy of this document on all parties of record, as shown on the attached Certificate of Service, as well as on the Administrative Law Judge.

I also have enclosed an extra copy of the document that I would appreciate having time-stamped and returned in the enclosed envelope.

Sincerely,

  
Scott J. Rubin

**DOCUMENT  
FOLDER**

Enclosure

cc: Marlane R. Chestnut, Administrative Law Judge  
All parties

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13

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BEFORE THE  
PENNSYLVANIA PUBLIC UTILITY COMMISSION PUBLIC UTILITY COMMISSION  
SECRETARY'S BUREAU

Petition of PPL Electric Utilities :  
Corporation for approval of a competitive : Docket No. P-00062227  
bridge plan :

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MOTION FOR LEAVE TO WITHDRAW  
OF  
INTERNATIONAL BROTHERHOOD OF ELECTRICAL WORKERS  
LOCAL 1600

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Pursuant to the 52 Pa. Code § 5.94, International Brotherhood of Electrical Workers Local 1600 (Local 1600) hereby moves for leave to withdraw its petition to intervene and thereby terminate its participation in this proceeding. In support of this motion, Local 1600 states as follows:

1. Local 1600 is the authorized collective bargaining representative for certain employees of PPL Electric Utilities Corp. (PPL). In addition, Local 1600 is a customer of PPL. Local 1600 filed a Petition to Intervene on August 25, 2006.
2. Local 1600 initially decided to participate in this proceeding to ensure that its interests and the interests of its members, as employees and/or customers of PPL, were fully protected and represented in this matter.
3. Local 1600 has carefully reviewed numerous documents provided by the parties during discovery, as well as the parties' positions as reflected in their pre-filed statements and exhibits. Based on that review, Local 1600 has determined that the parties are not raising issues that directly affect the union's interests as the representative of PPL's unionized work force.

WHEREFORE, Local 1600 respectfully requests leave to withdraw its petition to intervene and thereby terminate its participation in this proceeding.

Respectfully submitted,



Scott J. Rubin  
Pa. Supreme Court ID: 34536  
3 Lost Creek Drive  
Selinsgrove, PA 17870

Counsel for:  
IBEW Local 1600

Dated: December 12, 2006

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CERTIFICATE OF SERVICE

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I hereby certify that I have this day served a true copy of the foregoing upon the following parties to this proceeding by electronic mail and first class mail.

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Scott J. Rubin  
Counsel for IBEW Local 1600

Dated: December 12, 2006