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File #: 2507/140059

August 30, 2013

***VIA ELECTRONIC FILING***

Rosemary Chiavetta, Secretary  
Pennsylvania Public Utility Commission  
Commonwealth Keystone Building  
400 North Street, 2nd Floor North  
P.O. Box 3265  
Harrisburg, PA 17105-3265

**Re: PPL Electric Utilities Corp. Proposed Transmission Service Charge (TSC)  
Reconciliation for the 12 Months Ended November 30, 2010  
Docket No. M-2010-2213754**

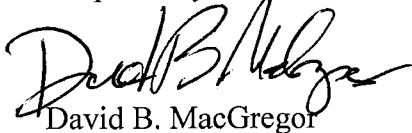
**PPL Electric Utilities Corp. Transmission Service Charge  
Docket No. M-2011-2239805**

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Dear Secretary Chiavetta:

Enclosed please find the Petition of PPL Electric Utilities Corporation for Reconsideration and/or Clarification in the above-referenced proceeding. Copies will be provided as indicated on the Certificate of Service.

Respectfully submitted,



David B. MacGregor

DBM/skr  
Enclosure

cc: Certificate of Service  
Honorable Susan D. Colwell  
Bohdan Pankiw, Esquire

## CERTIFICATE OF SERVICE

I hereby certify that a true and correct copy of the foregoing has been served upon the following persons, in the manner indicated, in accordance with the requirements of 52 Pa. Code § 1.54 (relating to service by a participant).

### VIA E-MAIL AND FIRST CLASS MAIL

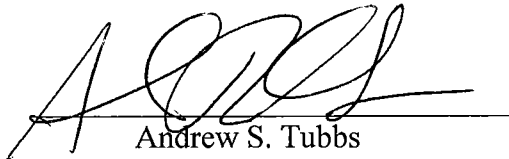
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Date: August 30, 2013



Andrew S. Tubbs

**BEFORE THE  
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

PPL Electric Utilities Corp. Proposed	:	Docket No.	M-2010-2213754
Transmission Service Charge (TSC)	:		
Reconciliation for the 12 months Ended	:		
November 30, 2010	:		
	:		
PPL Electric Utilities Corp. Transmission Service	:	Docket No.	M-2011-2239805
Charge	:		

**PETITION OF PPL ELECTRIC UTILITIES  
CORPORATION FOR RECONSIDERATION AND/OR CLARIFICATION**

**TO THE PENNSYLVANIA PUBLIC UTILITY COMMISSION:**

PPL Electric Utilities (“PPL Electric” or the “Company”), pursuant to Section 5.572 of the Pennsylvania Public Utility Commission’s (“Commission”) regulations, 52 Pa. Code § 5.572, hereby files this Petition requesting reconsideration and/or clarification of the Commission’s Order entered August 15, 2013, in the above captioned proceedings. *PPL Electric Utilities Corp. Proposed Transmission Service Charge (TSC) Reconciliation for the 12 months Ended November 30, 2010* and *PPL Electric Utilities Corp. Transmission Service Charge*, at Docket Nos. M-2010-2213754 and M-2011-2239805 (Order entered August 15, 2013)(“*TSC Order*”). For the reasons explained herein, PPL Electric respectfully requests that the Commission revise and/or clarify its *TSC Order*, to correct the Commission’s determinations that the Company’s historic TSC overcollections are a result of a billing error made by the Company and that the Company therefore should not be permitted to recover costs associated with the refund of its historic TSC overcollections.

In support thereof, PPL Electric states as follows:

## **I. BACKGROUND**

1. PPL Electric is a public utility and an electric distribution company (“EDC”) as defined in Sections 102 and 2803 of the Pennsylvania Public Utility Code, 66 Pa. C.S. §§ 102, 2803. PPL Electric furnishes electric distribution, transmission, and default supply services to approximately 1.4 million customers throughout its certificated service territory, which includes all or portions of twenty-nine counties and encompasses approximately 10,000 square miles in eastern and central Pennsylvania.

2. As part of fulfilling its default service obligations, PPL Electric incurs certain transmission service costs associated with the delivery of default service supply within the PPL Zone of PJM Interconnection, LLC. The Company recovers these transmission costs through a TSC, which is applied to the monthly bill of each customer receiving default service from PPL Electric. The TSC is a Section 1307 automatic adjustment mechanism which is reconciled annually with any undercollections or overcollections charged or credited to default service customers during the next TSC application period.

3. On June 7, 2013, PPL Electric filed a petition for approval of a proposed plan to refund certain historic overcollections of TSCs to eligible large commercial and industrial (“Large C&I”) customers (“TSC Refund Plan”). The historic TSC overcollections, which are the subject of PPL Electric’s proposed TSC Refund Plan are associated with refunds related to a 2008 Federal Energy Regulatory Commission (“FERC”) transmission rate case that was settled for an amount less than presented in the original filing, resulting in refunds and a substantial TSC overcollection in 2009. More specifically, the amount of the TSC overcollection to be refunded in the Company’s TSC Refund Plan reflects the 2009 TSC overcollection, net of intervening under and over collections.

4. Under the Company's Commission-approved TSC mechanism, the TSC overcollections resulting from the FERC settlement were to be refunded to customers in 2010 through Company's TSC E-factor. For residential and small commercial and industrial customers, this overcollection was refunded during the 2010 TSC application period. For Large C&I customers, however, a problem arose as a result of the expiration of PPL Electric's generation rate cap on December 31, 2009. Specifically, PPL Electric's 2010 TSC rates (both the C-factor and E-factor) were based on sales projections that did not accurately forecast the large and unprecedented level of shopping by Large C&I customers during 2010. The high level of Large C&I shopping following the expiration of the Company's generation rate cap created several issues relative to refunding the 2009 TSC overcollection, including: (a) most of the Large C&I default service customers, who paid the 2009 TSC overcollection, would not receive any refund because they began shopping in 2010; and (b) refunding the 2009 overcollection to the few remaining Large C&I default service customers would have significantly distorted the Company's Price to Compare, and would have resulted in a temporary return of shopping customers to default service for reasons unrelated to actual competitive market conditions and would have disrupted the start of significant retail competition in PPL Electric's service territory.

5. Based upon these potential impacts of attempting to refund the 2009 TSC overcollections to the few remaining Large C&I customers on default service, the Commission directed that the Company refile its proposed TSC rates to defer any further refunding of TSC overcollections for Large C&I customers. *PPL Electric Utilities Corporation Transmission Service Charge Effective June 1, 2011*, Docket No. M-2011-2239805 (May 19, 2011) ("2011 TSC Order"). In addition, the Commission, directed PPL Electric to defer any further refunding of TSC overcollections to Large C&I customers and directed that PPL Electric continue these

deferrals, pending resolution of an unrelated issue regarding the method used by PPL Electric to allocate TSC demand costs.

6. The TSC demand allocation issue was resolved in PPL Electric's most recent default service proceeding, and in accordance with the Commission's May 2011 Order, PPL Electric has developed its TSC Refund Plan. As proposed, PPL Electric's TSC Refund Plan would not refund the historic TSC overcollections through the TSC E-factor as the impacts identified above still exist – there are very few Large C&I default service customers left on PPL Electric's system, the TSC overcollections would not go to those Large C&I customers that contributed to the overcollection and to refund through the TSC E-factor would dramatically affect the Company's price to compare and disrupt the retail competitive market for the Large C&I customer class. Instead, the Company has proposed to return the historic TSC overcollections to individual Large C&I customers who were default service customers in 2009 (when the initial overcollection was created) and continue to take delivery service from the Company today.

7. In its *TSC Order*, the Commission agreed in large part with PPL Electric's proposed TSC Refund Plan but, directed that the historic TSC overcollections also be refunded to those Large C&I customers who were default service customers of PPL Electric in 2009 but no longer take distribution service from PPL Electric. *TSC Order*, p. 28. Therefore, the Commission directed the Company to file the necessary schedules and plan to refund the historic TSC overcollections to the Large C&I customers that were default service customers in 2009. In addition, the Commission referred the Company's petition to the Office of Administrative Law Judge to address matters such as: the amount of TSC overcollections to be refunded, timing of

refunds, identify and location of the customers involved, and customers that cannot be found. *TSC Order*, p. 29.

8. In making its determination, the Commission also found that the 2009 TSC overcollection was the result of a “billing error” and that PPL Electric should not be permitted to recover any costs, either principal, interest, or administrative, associated with this refund process. *TSC Order*, p. 28. PPL Electric requests reconsideration and/or clarification of these findings.

## **II. REQUEST FOR RECONSIDERATION AND/OR CLARIFICATION**

9. The Commission’s standards for granting reconsideration following entry of a final order are set forth in *Duick v. Pennsylvania Gas and Water Co.*, 56 Pa. P.U.C. 553, 559 (1982):

A petition for reconsideration, under the provisions of 66 Pa.C.S. § 703(g), may properly raise any matters designed to convince the Commission that it should exercise its discretion under this code section to rescind or amend a prior order in whole or in part. In this regard we agree with the Court in the Pennsylvania Railroad Company case, wherein it was said that ‘[p]arties ..., cannot be permitted by a second motion to review and reconsider, to raise the same questions which were specifically considered and decided against them....’ What we expect to see raised in such petitions are new and novel arguments, not previously heard, or considerations which appear to have been overlooked or not addressed by the Commission.

10. As discussed in detail below, this request for reconsideration and/or clarification satisfies the *Duick* standard, as the Company presents new arguments and considerations which appear to have been overlooked by the Commission in rendering its *TSC Order*.

11. PPL Electric requests that the Commission revise its *TSC Order* to correct and/or clarify the determination that the historic TSC overcollections were attributable to a billing error of the Company. PPL Electric’s proposed TSC Refund Plan, if approved, will refund historic TSC overcollections stemming from the 2009 settlement of the Company’s 2008 FERC transmission proceeding and the large and unprecedented level of shopping of Large C&I

customers in 2010. The 2009 TSC overcollection was not the result of a billing error. However, in its *TSC Order*, the Commission repeatedly states the TSC refunds were due to or directly attributable to a “billing error” made by PPL Electric. *TSC Order*, pp. 25, 26 and 28. The “billing error” referenced by the Commission in its *TSC Order* relates to PPL Electric’s self-reported use of 2008 historical usage, rather than 2009 historical usage, as the basis for estimating 2010 usage in the Company’s 2010 TSC reconciliation proceeding. *TSC Order*, p. 28. However, as noted by the Commission in its *TSC Order*, the Company corrected this error in March 2011 and reflected the correction in the Company’s rider effective June 1, 2011. *TSC Order*, pp. 17-18. Therefore, as detailed in the Company’s June 7, 2013 petition, the settlement of the PPL Electric’s 2008 FERC transmission proceeding and subsequent significant level of Large C&I customer shopping that have resulted in the substantial TSC overcollection are the causes which led to the filing of the Company’s TSC Refund Plan, not PPL Electric’s self-reported correction regarding the historical usage used to estimate 2010 usage.

12. Moreover, the fact that the Company did not refund the TSC overcollections in 2010 was not the result of a billing error. Indeed, PPL Electric’s Commission-approved 2010 TSC was designed to refund 2009 TSC overcollections based upon sales levels that existed prior to the expiration of the Company’s generation rate cap. However, when the rate cap expired on December 31, 2009, a significant number of Large C&I customers began to take supply from electric generation suppliers. As a result, only a small amount of the 2009 TSC overcollection was refunded to the Company’s Large C&I customers in 2010. The alternative, had the Company sought to refund a substantial overcollection to a small percentage of the Company’s customers it would have adversely affected retail competition in its service territory. There is simply no basis for the Commission to conclude that the TSC overcollections that have given



rise to the Company's proposed TSC Refund Plan are the result of a billing error. There 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.

13. As discussed above, there was a billing error, i.e., PPL Electric's self-reported use of 2008 historical usage, rather than 2009 historical usage, as the basis for estimating 2010 usage in the Company's 2010 TSC reconciliation proceeding. However, this error is not the reason for the Company's proposed TSC Refund Plan. Indeed, if this were the only issue, there would be no need for a special refund plan. The Company corrected this error in March 2011, and it was reflected in the Company's TSC effective June 1, 2011. Therefore, absent the Commission directed deferral of TSC refund due to the substantial TSC overcollection caused by the 2009 FERC rate case settlement, the Company's TSC E-factor would have been used in 2010, and this matter would not be currently before the Commission. Therefore, PPL Electric requests that the Commission reconsider and/or clarify the *TSC Order* to revise its determination that the TSC overcollections were attributable to a billing error of the Company.

14. Based upon the Commission's determination that PPL Electric's historic TSC overcollections were a result of a "billing error", the Commission stated 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. PPL has already recovered the principal that forms the suspended funds based on the reconciliation rider effective January 1, 2011, through May 31, 2011, and based on the FERC rates that were implemented pursuant to the investigation and refund.

*TSC Order*, p. 28 . Again, PPL Electric, as directed by the Commission, filed its TSC Refund Plan to address the manner by which to refund the Company's experienced TSC overcollections. As addressed above, the Company's experienced TSC overcollections stem from the settlement

of a FERC transmission proceeding and the large and unprecedented levels of Large C&I customer shopping in 2010. These overcollections were not a result of a billing error. As the TSC overcollections to be refunded through the Company's proposed TSC Refund Plan are not the result of a "billing error", there is no basis for the Commission to prohibit the Company from recovering costs associated with implementing its proposed TSC Refund Plan.

15. PPL Electric agrees with the Commission that it has recovered the principal that forms the suspended TSC overcollection balance and is subject to the Company's proposed TSC Refund Plan. However, the above-cited language from the Commission's *TSC Order* would prohibit PPL Electric from recovering costs associated with implementing its proposed TSC Refund Plan. As the Company's historic TSC overcollections were not a result of a "billing error," PPL Electric requests that the Commission reconsider and/or clarify this determination. This is of particular importance if the Company is subsequently directed to revise its prior TSC reconciliation method associated with the historic TSC overcollections. Therefore, PPL Electric requests that the Commission affirmatively state that PPL Electric is permitted to recover costs associated with refunding or recovering TSC over/undercollections if the Company were ordered to reconcile the suspended TSC overcollections using actual TSC revenues rather than historical estimates.

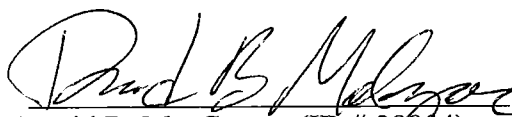
16. As noted by the Commission in its *TSC Order*, this has been a protracted proceeding and PPL Electric requests that the proceeding not be delayed any further. To that end, PPL Electric requests that the Commission grant its Petition for Reconsideration and/or Consideration at its scheduled September 12, 2013 public meeting and amend the *TSC Order* as requested herein. In the alternative, PPL Electric requests that the Commission grant the Company's Petition for Reconsideration and/or Clarification, pending consideration on the

merits, and toll the appeal period. Should the Commission decide to grant the Company's Petition, pending consideration on the merits, PPL Electric requests that the matters previously referred to the Office of Administrative Law Judge in the *TSC Order* not be delayed during the Commission's consideration of this Petition.

### III. CONCLUSION

For the reasons set forth above, PPL Electric Utilities Corporation respectfully requests that the Commission grant this petition for reconsideration.

Respectfully submitted,



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Of Counsel:  
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Date: August 30, 2013

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