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File #: 2507/142658

July 19, 2010

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

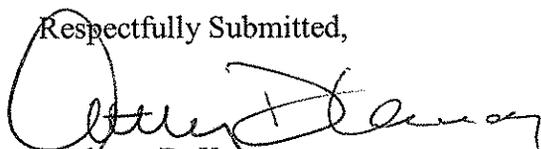
**RE: Petition of PPL Electric Utilities Corporation for Approval of a Smart Meter  
Technology Procurement and Installation Plan  
Docket No. M-2009-2123945**

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Dear Secretary Chiavetta:

Enclosed please find PPL Electric Utilities Corporation's Answer to the Petition of The Office of Consumer Advocate for Reconsideration in the above-referenced proceeding. Copies will be provided as indicated on the Certificate of Service.

Respectfully Submitted,



Anthony D. Kanagy

ADK/skr

Enclosure

cc: Certificate of Service  
Honorable Wayne L. Weismandel

## 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 § 1.54 (relating to service by a participant).

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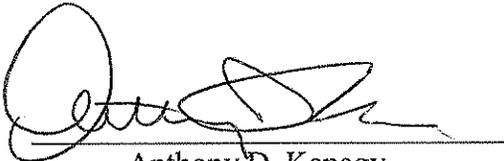
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Date: July 19, 2010



Anthony D. Kanagy

**BEFORE THE  
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

Petition of PPL Electric Utilities :  
Corporation for Approval of a Smart Meter : Docket No. M-2009-2123945  
Technology Procurement and Installation :  
Plan :

**PPL ELECTRIC UTILITIES CORPORATION'S  
ANSWER TO THE PETITION OF THE OFFICE OF  
CONSUMER ADVOCATE FOR RECONSIDERATION**

**I. INTRODUCTION**

PPL Electric Utilities Corporation (“PPL Electric” or the “Company”) hereby files, pursuant to 52 Pa. Code § 5.572(e), this Answer to the Petition for Reconsideration (“Petition”) filed by the Office of Consumer Advocate (“OCA”) on July 9, 2010 in the above-captioned proceeding. In its Petition, OCA requests that the Pennsylvania Public Utility Commission (“Commission”) reconsider its Order entered on June 24, 2010 regarding the allocation of non-direct costs under PPL Electric’s Smart Meter Plan. PPL Electric notes that the Commission granted OCA’s request for reconsideration within the meaning of Pa. R.A.P. 1701(b)(3) pending review of and further consideration on the merits of the Petition. Order entered July 16, 2010. As explained below, PPL Electric supports OCA’s request for reconsideration regarding the allocation of non-direct smart meter costs and requests that the Commission adopt the Company’s original unopposed proposal to allocate non-direct costs to customer classes based upon the ratio of direct costs assigned to the class divided by direct costs for the system.

## II. DISCUSSION

### A. RECONSIDERATION IS APPROPRIATE.

The standards for granting reconsideration are set forth in *Duick v. Pennsylvania Gas and Water Company*, 56 Pa. P.U.C. 553 (1985) (“*Duick*”). Under *Duick*, reconsideration is appropriate where parties raise new or novel arguments, not previously heard, or raise considerations which appear to have been overlooked by the Commission.

As explained by the OCA, no party challenged the Company’s proposal regarding allocation of non-direct costs in this proceeding. For this reason, PPL Electric did not present any arguments regarding why its cost allocation proposal was appropriate in briefs, exceptions or reply exceptions. Therefore, the Company believes that reconsideration of this issue is appropriate.

### B. THE COMPANY’S PROPOSED ALLOCATION OF NON-DIRECT COSTS IS APPROPRIATE BASED UPON THE COMPANY’S SPECIFIC SMART METER PLAN.

As explained in its original filing, the Company already has installed an advanced metering system in its service territory. Therefore, under its Smart Meter Plan, the Company is proposing to conduct a series of pilot programs and evaluations to test and enhance its smart meter capabilities. PPL Smart Meter Plan, p. 1.

Under its Smart Meter Plan, the Company proposed to directly assign all costs to the extent possible. The Company also proposed to allocate non-direct costs to each class based upon the ratio of direct costs for each class divided by direct costs for the entire system. PPL Electric St. No. 3, p. 9. PPL Electric believes that this is a reasonable methodology for allocating non-direct costs based on the specific conditions of PPL Electric’s plan. At this time, PPL Electric is not proposing to replace all of its advanced meters with new models. Rather, PPL Electric is proposing pilot studies and evaluations to determine the best way of complying with

Act 129 by using its existing metering system to the extent possible.<sup>1</sup> Therefore, based on PPL Electric's specific plan and the fact that the Company is not proposing to replace all of its meters, PPL Electric believes that its proposed cost allocation methodology for non-direct costs is a better methodology than allocating non-direct costs on a number of meters basis.

PPL Electric recognizes that in the June 24 Order, the Commission held that PPL Electric needs to expand its metering capabilities to fully meet the requirements of Act 129. June 24 Order, p. 24. During the grace period, PPL Electric intends to evaluate methodologies for enhancing its metering capabilities in a cost-effective manner and without large scale replacement of its metering system. However, in the event that the Commission would require a large scale replacement of the Company's metering system, PPL Electric would be open to re-evaluating how non-direct costs are allocated to customers at that time.

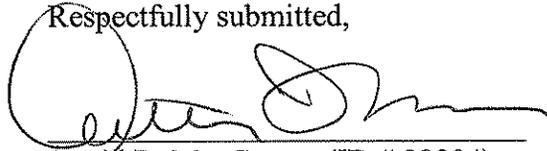
### **III. CONCLUSION**

WHEREFORE, for the foregoing reasons, PPL Electric Utilities Corporation respectfully requests that the Pennsylvania Public Utility Commission grant the Office of Consumer Advocate's request for reconsideration of the June 24, 2010 Order on the merits and allow PPL Electric Utilities Corporation to allocate non-direct costs on the basis of direct costs assigned to each class divided by total direct costs for the entire system.

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<sup>1</sup> Replacing PPL Electric's existing meter infrastructure with new meters and software would impose significant additional costs on customers.

Respectfully submitted,



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