



COMMONWEALTH OF PENNSYLVANIA  
PENNSYLVANIA PUBLIC UTILITY COMMISSION  
P.O. BOX 3265, HARRISBURG, PA 17105-3265

IN REPLY PLEASE  
REFER TO OUR FILE

May 24, 2012

Hon. Susan D. Colwell  
Pennsylvania Public Utility Commission  
Office of Administrative Law Judge  
P.O. Box 3265  
Harrisburg, PA 17105-3265

Re: Pennsylvania Public Utility Commission v.  
PPL Electric Utilities Corporation  
Docket No. R-2012-2290597

Dear Judge Colwell:

Enclosed please find an original of the Bureau of Investigation and Enforcement's (I&E) **Prehearing Memorandum** in the above-captioned proceeding.

Copies are being served on all active parties of record as evidenced in the attached Certificate of Service. If you have any questions, please feel free to contact me at (717) 783-6155.

Sincerely,

Regina L. Matz  
Prosecutor  
Bureau of Investigation and Enforcement  
PA Attorney I.D. #42498

Enclosure  
RLM/edc

cc: Secretary's Bureau  
Certificate of Service



## **II. BACKGROUND**

On March 30, 2012, PPL Electric Utilities Corporation (PPL or “Company”) filed Supplement No. 118 to Tariff Electric - Pa. P.U.C. No. 201 (“Supplement No. 118”). Supplement No. 118 contained rates, rules, and regulations designed to increase the Company’s distribution rates by approximately \$104.6 million. The requested revenue increase equates to an approximate 13% increase over existing distribution rates.<sup>1</sup> Supplement No. 118 proposes an effective date of January 1, 2012, and is based on a future test year ending December 31, 2012.

Pursuant to 66 Pa.C.S. § 1308(d), the Commission at Public Meeting on May 24, 2012, suspended the filing by operation of law and assigned it to the OALJ for the development of an evidentiary record including a Recommended Decision. The Bureau of Investigation and Enforcement filed its Notice of Appearance on April 10, 2012. A Prehearing Conference is scheduled for May 31, 2012.

## **III. ISSUES**

Based upon a preliminary review of the filing, I&E has identified initial areas of inquiry that are listed below. This preliminary identification of areas of inquiry represents the potential issues in this proceeding at this time only. I&E specifically reserves the right to modify this list or address other issues as necessary:

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<sup>1</sup> The average bill impact is an increase of approximately 2.9% when including distribution, transmission, and generation charges.

## **Rate of Return**

Overall Rate of Return  
Cost of Debt and Common Equity  
Capital Structure

## **Rate Structure**

Cost of Service  
Customer Charges  
Rate Design  
Revenue Allocation

## **Rate Base**

Post Test Year Plant Additions  
Depreciation  
Capital Budgets  
Cash Working Capital

## **Revenues and Expenses**

Present Rate Distribution Revenue  
Payroll and Benefits  
Rate Case Expense  
Uncollectible Accounts Expense  
Income Taxes  
Gross Receipts Taxes  
Storm Related Claims  
Outside Services  
Miscellaneous Revenues  
Reconnection Charges  
Revenues from Customer Penalties  
Customer Assistance Programs  
Consumer Education Proposals  
Pension Expenses  
Affiliate Support  
Purchase of Receivables  
Merchant Function Charge  
Tariff Riders

When necessary or appropriate, issues raised by I&E will be supported by the testimony of an I&E witness in his or her area of responsibility. However, there may be issues of Commission policy or legal interpretation that are not properly the subject of testimony; or there may be factual issues that are clear on the record and need not be supported by testimony. I&E reserves the right to dispense with testimony when, in its opinion, an issue can be adequately addressed in brief.

#### **IV. WITNESSES AND EVIDENCE**

It is currently expected, without being limited thereto, that I&E may call the following expert witnesses who will testify to the identified subject matter:

Amanda Gordon Fixed Utility Financial Analyst Supervisor	Customer Assistance Programs
Dorothy Morrissey Fixed Utility Financial Analyst	O&M Expenses
Emily Sears Fixed Utility Financial Analyst	Rate of Return
Jeremy Hubert Fixed Utility Valuation Engineer	Rate Structure/Rate Base/Revenues

I&E witnesses may be reached at the contact information provided above for the I&E Prosecutor.

I&E timely commenced review of the Company's filing, propounding its first sets of data requests to the Company on April 17, 2012. The discovery process remains ongoing at this time. Accordingly, the above listing is provided without the benefit of

completed discovery with respect to I&E's preliminary positions and without any analysis of the positions of any other party to this proceeding. I&E therefore reserves the right to call additional witnesses and/or delete witnesses listed above as review and analysis of the case proceeds. All active parties will be notified of any changes to the I&E witness list.

I&E expects to present written direct, rebuttal, and surrebuttal testimony and accompanying exhibits as necessary to support its case at the evidentiary hearing. Moreover, I&E intends to rely on the Company's filing, answers to data requests and interrogatories, annual reports and other documents submitted to the Commission, other relevant Commission filings, any other relevant Commonwealth agency letters or reports, general financial market information sources and other public documents and reports.

#### **V. SCHEDULE AND SERVICE OF DOCUMENTS**

I&E agrees with the following litigation schedule set forth on page 3 of the ALJ's May 17, 2012 Prehearing Conference Order.

While the Company and the public advocates had previously discussed this schedule, the parties did not address time and manner of service. I&E proposes that all due dates be considered in-hand. With the exception of discovery, which is addressed separately below, I&E will accept electronic delivery of documents for purposes of satisfying in-hand service requirements so long as electronic service is accomplished so

that it is received *before* 4:00 p.m., with follow-up hard copies provided by first class mail.

## **VI. DISCOVERY**

I&E at this time does not propose modifications to the Commission's existing regulations regarding discovery and is willing to work with parties to facilitate the exchange of information. I&E will accept electronic delivery of discovery as in-hand service on the date electronically served. However, I&E requests that for purposes of determining the due date for answers and any responsive pleadings, discovery served after noon on a Friday (or after noon on any business day that immediately precedes a state holiday), shall be deemed to have been served on the next applicable business day.

## **VII. SETTLEMENT**

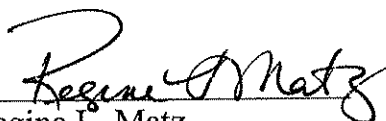
I&E intends to participate in any settlement discussions and is willing to attempt to reach a resolution of any or all issues. However, a discussion of issues that may be settled is not possible until discovery is complete and the positions of the other parties are known.

## **VIII. CONCLUSION**

The Bureau of Investigation and Enforcement welcomes the opportunity to provide evidence and argument to the Administrative Law Judge and the Commission

that it believes will support a fair and reasonable resolution of issues presented in this matter in a manner that best serves the public interest.

Respectfully submitted,

  
Regina L. Matz  
Prosecutor  
PA Attorney I.D. #42498

Bureau of Investigation and Enforcement  
Pennsylvania Public Utility Commission  
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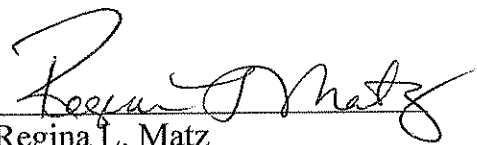
Dated: May 24, 2012





Kenneth L. Mickens, Esquire  
316 Yorkshire Drive  
Harrisburg, PA 17111

Eric Joseph Epstein  
4100 Hillsdale Road  
Harrisburg, PA 17112

A handwritten signature in black ink, appearing to read "Regina L. Matz", written over a horizontal line.

Regina L. Matz  
Prosecutor  
Bureau of Investigation and Enforcement  
PA Attorney I.D. #42498