



100 Pine Street • PO Box 1166 • Harrisburg, PA 17108-1166
Tel: 717.232.8000 • Fax: 717.237.5300

Adeolu A. Bakare
Direct Dial: 717.237.5290
Direct Fax: 717.260.1744
abakare@mwn.com

May 25, 2012

VIA ELECTRONIC FILING

Rosemary Chiavetta, Secretary
Pennsylvania Public Utility Commission
Commonwealth Keystone Building
400 North Street, 2nd Floor
Harrisburg, PA 17120

RE: Pennsylvania Public Utility Commission v. Petition of PPL Electric Utilities Corporation; Docket No. R-2012-2290597

Dear Secretary Chiavetta:

Please find enclosed for filing with the Pennsylvania Public Utility Commission ("PUC" or "Commission") the Prehearing Memorandum of the PP&L Industrial Customer Alliance ("PPLICA") in the above-referenced proceeding.

As evidenced by the attached Certificate of Service, all parties to the proceeding are being duly served with a copy of the document. Please date stamp the extra copy of this transmittal letter and Prehearing Memorandum, and kindly return them to our messenger for our filing purposes.

Very truly yours,

McNEES WALLACE & NURICK LLC

By 
Adeolu A. Bakare

Counsel to the PP&L Industrial Customer Alliance

AAB/leh
Enclosures

c: Administrative Law Judge Susan D. Colwell (via E-mail and Hand Delivery)
Certificate of Service

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CERTIFICATE OF SERVICE

I hereby certify that I have this day served a true copy of the foregoing document upon the participants listed below in accordance with the requirements of 52 Pa. Code § 1.54 (relating to service by a participant).

VIA E-MAIL AND FIRST CLASS MAIL

David B. MacGregor, Esquire
Post & Schell PC
Four Penn Center
1600 John F. Kennedy Boulevard
Philadelphia, PA 19103
dmacgregor@postschell.com

Michael W. Gang, Esquire
John H. Isom, Esquire
Christopher T. Wright, Esquire
Post & Schell PC
17 North Second Street, 12th Floor
Harrisburg, PA 17101
mgang@postschell.com
jisom@postschell.com
cwright@postschell.com

Paul E. Russell, Esquire
PPL Services Corporation
Two North Ninth Street
Allentown, PA 18101
perussell@pplweb.com

Todd S. Stewart, Esquire
William E. Lehman, Esquire
Hawke McKeon & Sniscak LLP
100 North Tenth Street
Harrisburg, PA 17101
tsstewart@hmslegal.com
welehman@hmslegal.com

Steven Gray, Esquire
Office of Small Business Advocate
Suite 1102, Commerce Building
300 North Second Street
Harrisburg, PA 17101
sgray@pa.gov

Tanya J. McCloskey, Esquire
Candis A. Tunilo, Esquire
Darryl A. Lawrence, Esquire
Office of Consumer Advocate
555 Walnut Street
Forum Place - 5th Floor
Harrisburg, PA 17101-1921
tmccloskey@paoca.org
ctunilo@paoca.org
dlawrence@paoca.org

Regina L. Matz, Esquire
Bureau of Investigation and Enforcement
Pennsylvania Public Utility Commission
Commonwealth Keystone Building
400 North Street, 2nd Floor West
Harrisburg, PA 17120
rmatz@pa.gov

Scott J. Rubin, Esquire
333 Oak Lane
Bloomsburg, PA 17815
scott.j.rubin@gmail.com

Kenneth L. Mickens, Esquire
316 Yorkshire Drive
Harrisburg, PA 17111
kmickens11@verizon.net

Joseph L. Vullo, Esquire
Burke Vullo Reilly Roberts
1460 Wyoming Avenue
Forty Fort, PA 18704
jlvullo@aol.com

Eric Joseph Epstein
4100 Hillsdale Road
Harrisburg, PA 17112
lechambon@comcast.net

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VIA FIRST CLASS MAIL

Dave Kenney
577 Shane Drive
Effort, PA 18330

William Andrews
40 Gordon Avenue
Carbondale, PA 18407

John Lucas
112 Jessup Avenue
Jessup, PA 18434

Helen Schwika
1163 Lakeview Drive
White Haven, PA 18661

Roberta Kurrell
591 Little Mountain Road
Sunbury, PA 17801

Donald Leventry
1145 River Road
Holtwood, PA 17532



Adeolu A. Bakare

Counsel to PP&L Industrial Customer Alliance

Dated this 25th day of May, 2012, at Harrisburg, Pennsylvania.

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

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

**PREHEARING MEMORANDUM
OF THE PP&L INDUSTRIAL CUSTOMER ALLIANCE**

Pursuant to the May 17, 2012, Prehearing Conference Order by Administrative Law Judge ("ALJ") Susan D. Colwell, the PP&L Industrial Customer Alliance ("PPLICA") hereby submits this Prehearing Memorandum in the above-captioned proceeding.

I. HISTORY OF THE PROCEEDING

On March 30, 2012, PPL Electric Utilities Corporation ("PPL" or "Company") filed with the Pennsylvania Public Utility Commission ("PUC" or "Commission") Supplement No. 118, proposed to become effective on June 1, 2012. By this filing, PPL requests a distribution rate increase of approximately \$104.6 million, or 14.3% over the Company's present annual distribution revenues, and a proposed return on equity of 11.25%. If approved, the Company's distribution rate increase request would produce an overall rate increase of approximately 3.0%. In support of Supplement No. 118, PPL has filed and served supporting testimony that purports to validate the Company's claim for a \$104.6 million distribution rate increase and the other elements of the Company's proposal.

Concurrently with this Prehearing Memorandum, PPLICA filed a Complaint in this proceeding. A description of PPLICA is set forth in Paragraph 6 of PPLICA's Complaint. A Prehearing Conference has been scheduled in this proceeding for May 31, 2012.

II. SERVICE LIST

PPLICA is represented in this matter by Pamela C. Polacek and Adeolu A. Bakare. All correspondence, notices, documents, orders, or other communications with respect to this proceeding should be addressed to Adeolu A. Bakare at the following address:

Adeolu A. Bakare
McNees Wallace & Nurick LLC
100 Pine Street
P.O. Box 1166
Harrisburg, PA 17108
Phone: (717) 237-5290
Fax: (717) 260-1712
abakare@mwn.com

In addition, PPLICA requests that any electronic service list also include Pamela C. Polacek at the following address: ppolacek@mwn.com.

III. ANTICIPATED ISSUES AND SUBISSUES

PPLICA is still in the process of evaluating the Company's proposal; however, after a preliminary review, PPLICA is concerned with whether the Company's plan is in the public interest. If the distribution charge is unreasonably modified, costs to the Large Commercial and Industrial ("C&I") customers could increase substantially. Accordingly, PPLICA reserves the right to oppose any proposals in this proceeding that would impose unjust and unreasonable rates upon Large C&I customers. That said, PPLICA submits that this proceeding should, at minimum, address the following issues:

- (a) Whether the size of the requested rate increase is appropriate;
- (b) Whether the expenses claimed by PPL were prudently incurred;
- (c) Whether the allocation of the proposed distribution rate increase between and among customer classes is just, reasonable and non-discriminatory;

- (d) Whether PPL's proposed rate structure and rate design are appropriate, just, reasonable, and not unduly discriminatory, specifically including the proposed rate design changes for customers on Rate Schedules LP-4, IS-P, LP-5, and LP-6;
- (e) Whether the 11.25% return on equity proposed by PPL and other aspects of the Company's proposal result in a fair rate of return;
- (f) Whether PPL's claimed cost of service is accurate, legitimate and appropriately allocated; and
- (g) Whether PPL's proposed Competitive Enhancement Rider is just and reasonable.

PPLICA anticipates pursuing these issues during this proceeding and reserves the right to raise further issues and to respond to all issues raised by other parties.

IV. PROPOSED WITNESSES

PPLICA is still evaluating whether it will present any witnesses in this proceeding. If PPLICA determines that it will present such witnesses, PPLICA will inform the ALJ and the other parties as soon as possible. PPLICA also reserves the right to participate in this proceeding through the submission of discovery, cross-examination of other parties' witnesses, and the submission of briefs, exceptions and reply exceptions, if necessary.

V. PROPOSED SCHEDULE AND DISCOVERY RULES

PPLICA will cooperate with the ALJ and other parties at the Prehearing Conference to develop an appropriate procedural schedule and discovery rules in accordance with the Commission's regulations and any ALJ directives.

VI. POSSIBILITY OF SETTLEMENT

PPLICA is willing to participate in discussions with the other parties to amicably resolve the issues in this proceeding,

Respectfully submitted,

McNEES WALLACE & NURICK LLC

By 

Pamela C. Polacek (Pa. I.D. No. 78276)
Adeolu A. Bakare (Pa. I.D. No. 208541)
100 Pine Street
P.O. Box 1166
Harrisburg, PA 17108-1166
Phone: (717) 237-5368
Fax: (717) 260-1736
abakare@mwn.com
ppolacek@mwn.com

Counsel to the PP&L Industrial Customer Alliance

Dated: May 25, 2012