



COMMONWEALTH OF PENNSYLVANIA

April 29, 2015

**E-FILED**

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

**Re: Pennsylvania Public Utility Commission v. PPL Electric Utilities Corporation  
Docket No. R-2015-2469275**

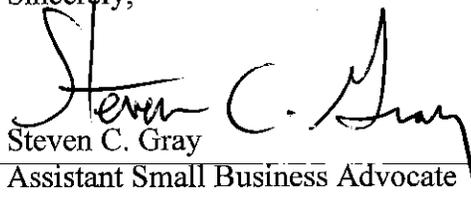
Dear Secretary Chiavetta:

I am delivering for filing today the Prehearing Memo, on behalf of the Office of Small Business Advocate, in the above-captioned proceeding.

True and correct copies have been served today on all known parties in this proceeding. A Certificate of Service to that effect is enclosed.

If you have any questions, please do not hesitate to contact me.

Sincerely,

  
Steven C. Gray  
Assistant Small Business Advocate  
Attorney ID No. 77538

Enclosures

cc: Hon. Susan D. Colwell  
Robert D. Knecht  
Parties of Record

**BEFORE THE  
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

**PENNSYLVANIA PUBLIC UTILITY  
COMMISSION**

v.

**PPL ELECTRIC UTILITIES  
CORPORATION**

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**DOCKET NO. R-2015-2469275**

**PREHEARING MEMORANDUM  
OF THE OFFICE OF SMALL BUSINESS ADVOCATE**

**I. INTRODUCTION**

The Office of Small Business Advocate (“OSBA”) is authorized to represent the interests of small business customers of utility services before the Pennsylvania Public Utility Commission (“Commission”) pursuant to the provisions of the Small Business Advocate Act, Act 181 of 1988, 73 P.S. §§ 399.41 – 399.50 (“the Act”). In order to discharge this statutory duty, the Small Business Advocate deems it necessary to participate as a party to this proceeding. Representing the OSBA in the above-referenced matter is Assistant Small Business Advocate Steven C. Gray. Please address all correspondence in that matter as follows:

Steven C. Gray, Esquire  
Assistant Small Business Advocate  
Office of Small Business Advocate  
300 North Second Street, Suite 202  
Harrisburg, PA 17101  
(717) 783-2525  
(717) 783-2831 (fax)  
[sgray@pa.gov](mailto:sgray@pa.gov)

## **II. FILING BACKGROUND**

PPL Electric Utilities Corporation (“PPL” or the “Company”) filed Supplement No. 179 to Tariff – Electric Pa. P.U.C. No. 201 on March 31, 2015. The proposed Tariff, if approved by the Commission, would increase the retail distribution rates of PPL by \$167.5 million per year. The OSBA filed a Complaint on April 20, 2015.

## **III. IDENTIFICATION OF WITNESS AND TENTATIVE ISSUES**

Assisting in the development and presentation of the OSBA’s case in this proceeding will be:

Mr. Robert D. Knecht  
Industrial Economics Incorporated  
2067 Massachusetts Avenue  
Cambridge, MA 02140  
(617) 354-0074  
(617) 354-0463 – Fax  
[rdk@indecon.com](mailto:rdk@indecon.com)

The OSBA will participate in this proceeding to assure that the interests of small business customers are adequately represented and protected.

After an initial review of the materials submitted by PPL, the OSBA has identified the following list of issues that it will evaluate in this proceeding:

1. Whether the Company’s proposal will result in an inequitable double recovery of meters costs in base rates and in a smart meter charge.
2. Whether the Company’s proposal for large increases in indirect services costs is just and reasonable. The potential impact of PPL’s divestiture of its energy division on these costs will also be examined.

3. Whether the Company's proposed cost allocation methodology is consistent with cost causation principles and Commission precedent.

4. Whether the Company's proposed allocation of the rate increase is consistent with the principle of moving rates significantly more into line with allocated costs.

5. Whether the Company's proposed changes to the tariff structure for Rates GS-1, GS-3, and GH-2 are consistent with sound regulatory principles and the results of a reasonable cost allocation study.

6. Whether the Company's proposed rate design reasonably continues the phase-out and elimination of the grandfathered GH-2 class.

7. Whether the Company's proposal to roll the Merchant Function Charge and Purchase of Receivables discounts into base rates for small commercial and industrial customers is just and reasonable.

8. Whether the expansion of net metering customers will have a material impact upon the Company's revenue requirement, and whether the Company has taken reasonable steps to ensure that ratepayers in general and small businesses in particular are not unduly burdened by the expansion of net metered customers.

9. Whether the Company's proposed treatment of legacy environmental costs as regulatory assets is just and reasonable.

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The OSBA reserves the right to pursue additional issues as they arise throughout the proceeding. For example, if PPL's petition to increase the Company's distribution system improvement charge ("DSIC") rate cap is consolidated with this proceeding, the OSBA will evaluate whether the proposed increase is just and reasonable.

**IV. SERVICE OF DOCUMENTS**

The OSBA requests that all parties serve a hard copy of any document filed upon the OSBA and the OSBA witness identified above. In addition to hard copies of pleadings and briefs, the OSBA requests hard copies of responses to discovery propounded by the OSBA or any other party.

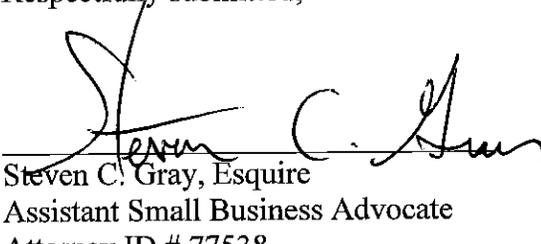
**V. SETTLEMENT**

The OSBA notes its willingness to enter into settlement discussions at the appropriate phase of this proceeding.

**VI. HEARING AND BRIEFING SCHEDULE**

At the time of this writing, the OSBA has been working with the other parties to develop a procedural schedule. The OSBA respectfully requests that the evidentiary hearings take place in Harrisburg.

Respectfully submitted,

  
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Steven C. Gray, Esquire  
Assistant Small Business Advocate  
Attorney ID # 77538

Office of Small Business Advocate  
300 North Second Street, Suite 202  
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(717) 783-2525  
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Dated: April 29, 2015

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PENNSYLVANIA PUBLIC UTILITY COMMISSION**

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**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).

Hon. Susan D. Colwell  
Administrative Law Judge  
PA Public Utility Commission  
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Harrisburg, PA 17105-3265  
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**(E-mail and Hand Delivery)**

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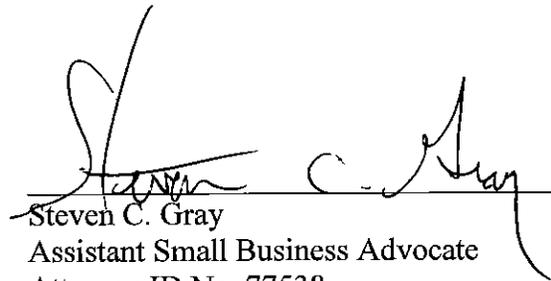
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April 29, 2015

  
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