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May 1, 2015

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

VIA ELECTRONIC FILING

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

Dear Secretary Chiavetta:

Attached please find for filing with the Pennsylvania Public Utility Commission the Prehearing Memorandum of the PP&L Industrial Customer Alliance ("PPLICA") in the above-reference proceeding.

As shown on the attached Certificate of Service, all parties to this proceeding are being duly served. Thank you.

Very truly yours,

McNEES WALLACE & NURICK LLC

By

A handwritten signature in black ink, appearing to read 'Adeolu A. Bakare', written over a horizontal line.

Adeolu A. Bakare

Counsel to the PP&L Industrial Customer Alliance

Enclosures

c: Administrative Law Judge Susan D. Colwell (via e-mail and First-Class Mail)
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).

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Adeolu A. Bakare

Counsel to PP&L Industrial Customer Alliance

Dated this 1st day of May, 2015, at Harrisburg, Pennsylvania.

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

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

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

As requested by Administrative Law Judge ("ALJ") Susan D. Colwell in the Prehearing Conference Order dated April 22, 2015, the PP&L Industrial Customer Alliance ("PPLICA") hereby submits this Prehearing Memorandum.

I. HISTORY OF THE PROCEEDING

On March 31, 2015, PPL Electric Utilities Corporation ("PPL" or "Company") filed with the Pennsylvania Public Utility Commission ("PUC" or "Commission") Supplement No. 179 to Tariff Electric Pa. P.U.C. No. 201 ("Supplement No. 179") proposed to become effective on June 1, 2015. Through this filing, PPL requests a distribution rate increase of approximately \$167.5 million, or 18.5% over the Company's present annual distribution revenues, and a proposed Return on Equity ("ROE") of 10.95%. If approved, the Company's distribution rate increase request would produce a rate increase for Large General Service at 12,470 Volts ("LP-4") customers, a significant rate increase for Power Service to Electric Propulsion ("LPEP") customers and a rate decrease for Large General Service At Secondary Voltage ("GS-3") and Large General Service at 69,000 Volts or Higher ("LP-5") customers. Moreover, PPL developed a modified rate design for all base distribution rate schedules, which would convert the monthly customer charges to daily customer charges. PPL also requested authority to increase the cap on

its Distribution System Improvement Charge ("DSIC") recovers from 5% to 7.5% of billed distribution revenues. In support of Supplement No. 179, PPL filed and served supporting testimony that purports to validate the Company's claim for a \$167.5 million distribution rate increase and the other elements of its proposal.

On April 23, 2015, the Commission suspended PPL's proposed filing by operation of law until January 1, 2016, and instituted an investigation into the Company's proposed Supplement No. 179.

Concurrently with this Prehearing Memorandum, PPLICA filed a Complaint in this proceeding. A description of PPLICA is set forth in Paragraph 7 of PPLICA's Complaint. A Prehearing Conference has been scheduled in this proceeding for May 7, 2015.

II. ANTICIPATED ISSUES AND SUB-ISSUES

PPLICA's preliminary review of the Company's filing indicates a need for Commission investigation into at least 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 and LP-5;
- e) Whether the 10.95% ROE proposed by PPL results in a fair Rate of Return ("ROR");
- f) Whether PPL's claimed cost of service is accurate, legitimate and appropriately allocated; and
- g) Whether PPL's proposal to increase the cap on its DSIC revenues from 5% to 7.5% of billed distribution revenues is appropriate, just, reasonable, and not unduly discriminatory.

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.

III. PROPOSED WITNESSES

PPLICA is in the process of evaluating whether it will sponsor testimony in this proceeding. In the event that PPLICA decides to sponsor testimony, it will inform the parties and the ALJ as soon as possible of the intended witness(es) and topics of testimony. PPLICA also intends 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, as necessary.

IV. PROPOSED SCHEDULE AND DISCOVERY RULES

PPLICA does not oppose the schedule set forth in the Prehearing Order and will cooperate with the ALJ and the parties at the Prehearing Conference to finalize an appropriate procedural schedule and discovery rules in accordance with the Commission's regulations and any directives issued by the ALJ.

V. 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 

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Dated: May 1, 2015