



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

IN REPLY PLEASE
REFER TO OUR FILE

May 1, 2015

Secretary Rosemary Chiavetta
Pennsylvania Public Utility Commission
P.O. Box 3265
Harrisburg, PA 17105-3265

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

Dear Secretary Chiavetta:

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

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) 787-8754.

Sincerely,

Richard A. Kanaskie
Deputy Chief Prosecutor
Bureau of Investigation and Enforcement
PA Attorney I.D. #80409

Gina L. Lauffer
Prosecutor
Bureau of Investigation and Enforcement
PA Attorney I.D. #313863

Kenneth R. Stark
Prosecutor
Bureau of Investigation and Enforcement
PA Attorney I.D. #312945

RAK/GLL/KRS/sea
Enclosure

cc: Certificate of Service

BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION

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

CERTIFICATE OF SERVICE

I hereby certify that I am serving the foregoing **Prehearing Memorandum** dated May 1, 2015, in the manner and upon the persons listed below, in accordance with the requirements of § 1.54 (relating to service by a party):

Served via Electronic and First Class Mail

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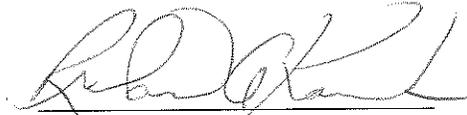
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PA Attorney I.D. #312945

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

PENNSYLVANIA PUBLIC UTILITY COMMISSION	:	
	:	
v.	:	DOCKET NO.
	:	R-2015-2469275
PPL ELECTRIC UTILITIES CORPORATION	:	
	:	
	:	

**PREHEARING MEMORANDUM
OF THE
BUREAU OF INVESTIGATION AND ENFORCEMENT**

TO ADMINISTRATIVE LAW JUDGE SUSAN D. COLWELL:

In accordance with the First Prehearing Conference Order issued on April 22, 2015, the Bureau of Investigation and Enforcement (“I&E”) hereby submits this Prehearing Memorandum. The I&E prosecutors assigned to this proceeding are Richard A. Kanaskie, Gina L. Lauffer and Kenneth R. Stark. Mr. Kanaskie, Ms. Lauffer and Mr. Stark may be contacted as follows:

By Mail: Richard A. Kanaskie
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I. BACKGROUND

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”). Supplement No. 179 contained rates rules and regulations designed to increase its Distribution rates by \$167.5 million. The requested revenue increase equates to approximately 18.5% over existing distribution rates. Overall rates which include distribution, transmission, generation and transition charges will increase approximately 3.9% under the Company’s proposed filing. Supplement No. 179 also proposed an effective date of June 1, 2015.

At Public Meeting on April 23, 2015, the Commission stated that pursuant to 66 Pa.C.S. §1308(d), the filing will be suspended by operation of law until January 1, 2016 unless permitted by Commission Order to become effective at an earlier date. The case was subsequently assigned to the Office of Administrative Law Judge (“OALJ”) for the development of an evidentiary record including a Recommended Decision. The OALJ assigned the suspended proceeding to Administrative Law Judge (“ALJ”) Susan D. Colwell for investigation and scheduling of hearings to consider the lawfulness, justness and reasonableness of the Company’s Rate increase request. A Prehearing Conference has been scheduled for May 7, 2015. The Bureau of Investigation and Enforcement filed its Notice of Appearance on April 7, 2015. On April 6, 2015 a Notice of Appearance

and Formal Complaint was filed by the Office of Consumer Advocate. The Office of Small Business Advocated filed its Notice of Appearance and Formal Complaint on April 20, 2015. In addition to the statutory advocates, intervention petitions were submitted by the following entities; On April 20, CAUSE-PA filed its Petition to Intervene, on April 29, 2015 Clean Air Council filed its Petition to Intervene, on April 9, 2015 the Commission on Economic Opportunity filed its Petition to Intervene while a Petition to Intervene was filed by Eric Joseph Epstein on April 30, 2015. It is I&E's understanding that rulings on these interventions are pending. I&E does not oppose any of the Petitions to Intervene.

II. ISSUES

Based upon a preliminary review of the filing, I&E has identified certain areas of inquiry. The following statement of areas of inquiry represents the potential issues in this proceeding at this time. However, I&E specifically reserves the right to address such other issues when those issues arise:

- a) Overall Rate of Return;
Cost of Debt;
Cost of Common Equity;
Capital Structure;
- b) Rate Structure/Rate Design;
Cost of Service;
Proposed Rates;
Scale Back of Rates;
Customer Charge;
- c) Rate Base;
Plant in Service;
Accrued Depreciation;
Net Plant and Cash Working Capital;

- d) Operation and Maintenance Expense Claims including:
 - Salaries, Wages and Benefits;
 - Incentive Compensation and Bonus Plans;
 - Rate Case Expense;
 - Uncollectible Accounts Expense;
 - Federal Income Taxes;
 - Outside Services;
 - Professional Services;
 - Pension and Other Post-Employment Benefits;
 - Tree Trimming Expense;
 - Services Expense;
 - Administrative and General Expenses;
 - Miscellaneous Expense;
 - Equipment Lease Expense;
 - Injuries and Damages;
- e) Cost Allocation;
- f) Annual Depreciation Expense;
- g) Present Rate Revenue;
- h) Number of Customers;
- i) Miscellaneous Revenue;
- j) Affiliate Assistance Expenses and Revenues;
- k) DSIC Increase;
- l) PPL Services;
- m) PPL EU Services;
- n) Environmental Remediation;
- o) Storm Rider.

Most of the issues raised by I&E will be supported by the Direct Testimony of an I&E witness in his or her area of responsibility. However, there may be

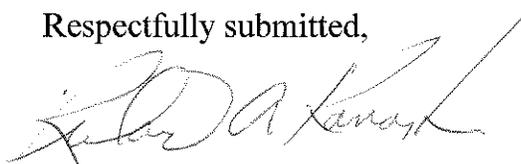
V. SETTLEMENT

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

VI. DISCOVERY

I&E does not recommend modification of the Discovery Rules in this proceeding. However, I&E will not object to modifications offered by the intervening parties that substantially replicate the modifications approved in PPL's prior Base Rate Case.

Respectfully submitted,



Richard A. Kanaskie
Deputy Chief Prosecutor
Bureau of Investigation and Enforcement
Pennsylvania Public Utility Commission

Dated: May 1, 2015

APPENDIX A

May 7, 2015	First Prehearing Conference
June 23, 2015	Intervening Party Direct Testimony
July 20, 2015 (Best efforts by Noon)	Rebuttal Testimony
July 31, 2015	Surrebuttal Testimony
August 6,7,10,11, 2015	Evidentiary Hearings
September 1, 2015	Main Briefs
September 11, 2015	Reply Briefs