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File #: 163476

March 7, 2016

VIA ELECTRONIC FILING

Rosemary Chiavetta, Secretary
Pennsylvania Public Utility Commission
Commonwealth Keystone Building
400 North Street, 2nd Floor North
P.O. Box 3265
Harrisburg, PA 17105-3265

**Re: Petition of PPL Electric Utilities Corporation for Approval of a Default Service Program and Procurement Plan for the Period June 1, 2017 through May 31, 2021
Docket No. P-2016-2526627**

Dear Secretary Chiavetta:

Enclosed please find the Prehearing Memorandum on behalf of PPL Electric Utilities Corporation in the above-referenced proceeding. Copies will be provided as indicated on the Certificate of Service.

Respectfully submitted,



Christopher T. Wright

CTW/skr
Enclosure

cc: Honorable Susan D. Colwell
Certificate of Service

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).

VIA E-MAIL AND FIRST CLASS MAIL

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Date: March 7, 2016



Christopher T. Wright

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

Petition of PPL Electric Utilities :
Corporation for Approval of a Default : Docket No. P-2016-2526627
Service Program and Procurement Plan for :
the Period June 1, 2017 through May 31, :
2021 :

**PREHEARING MEMORANDUM OF
PPL ELECTRIC UTILITIES CORPORATION**

TO ADMINISTRATIVE LAW JUDGE SUSAN D. COLWELL:

PPL Electric Utilities Corporation (“PPL Electric” or the “Company”), pursuant to 52 Pa. Code § 5.222(d), and in compliance with the First Prehearing Order issued by Administrative Law Judge Susan D. Colwell on February 2, 2016, hereby files this Prehearing Memorandum in the above-captioned matter, and states as follows:

I. PROCEDURAL HISTORY

1. On January 29, 2016, PPL Electric filed a Petition requesting Commission approval of its fourth Default Service Program and Procurement Plan (“DSP IV Program”) to establish the terms and conditions under which PPL Electric will acquire and supply Default Service or provider of last resort service (“Default Service”), from June 1, 2017 through May 31, 2021 (the “DSP IV Program Period”). As explained in the Petition, the DSP IV Program, *inter alia*, consists of a proposal for competitive procurement of Default Service supply and related Alternative Energy Credits (“AECs”) during the DSP IV Program Period; an implementation plan; a proposed rate design, including a Time-of-Use (“TOU”) rate option for Default Service during the DSP IV Program Period; a proposal to continue the Company’s current Standard Offer Referral Program; a proposal to allow customers enrolled in PPL Electric’s Customer

Assistance Program (“CAP”) to shop; and a contingency plan for the DSP IV Program. Copies of a *pro forma* Default Service Supply Master Agreement (“Default Service SMA”) and a *pro forma* Request for Proposals (“RFP”) Process and Rules were included with the Petition. The filing also contained *pro forma* tariff pages to implement rates under the DSP IV Program.

2. Together with the Petition, PPL Electric filed the direct testimony of three witnesses in support of the DSP IV Program. Therein, PPL Electric more fully explained the details of the proposed DSP IV Program, and why the Company believes that the proposed DSP IV Program includes and/or addresses all of the elements prescribed by Section 2807(e) of the Public Utility Code, the Commission’s regulations, and the Commission’s policies for a Default Service plan.

3. As of the date of this Prehearing Memorandum, the following persons or entities filed petitions to intervene or notices of appearance, as applicable, in the above captioned proceeding:

- Bureau of Investigation and Enforcement of the Pennsylvania Public Utility Commission - Notice of Appearance filed February 18, 2016.
- NextEra Energy Power Marketing, LLC - Petition to Intervene filed February 26, 2016.
- Office of Consumer Advocate - Notice of Intervention and Answer filed February 29, 2016.
- Office of Small Business Advocate – Notice of Intervention and Answer filed February 29, 2016.
- Sustainable Energy Fund of Central Eastern Pennsylvania - Petition to Intervene filed February 29, 2016.
- PP&L Industrial Customer Alliance - Petition to Intervene filed February 29, 2016.
- Noble Americas Energy Solutions LLC - Petition to Intervene filed February 29, 2016.

- Coalition for Affordable Utility Services and Energy Efficiency in Pennsylvania - Petition to Intervene filed March 2, 2016.
- Exelon Generation Company, LLC - Petition to Intervene filed March 3, 2016.
- Retail Energy Supply Association - Petition to Intervene filed March 4, 2016.

II. SERVICE OF DOCUMENTS

4. PPL Electric requests that all documents be served on:

Michael W. Hassell
Post & Schell, P.C.
17 North Second Street
12th Floor
Harrisburg, PA 17101-1601
Phone: 717-612-6029
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5. PPL Electric agrees to receive service of documents electronically in this proceeding. Further, to the extent that materials are available electronically, it is requested that copies be served upon:

Paul E. Russell - perussell@pplweb.com
Kimberly A. Klock - kklock@pplweb.com
David B. MacGregor - dmacgregor@postschell.com
Christopher T. Wright - cwright@postschell.com

6. PPL Electric's attorneys are authorized to accept service on behalf of the Company in this proceeding. PPL Electric requests that the Commission and all parties of record serve copies of all discovery requests and answers, correspondence, Commission Orders, and any other documents issued in this proceeding on its attorneys in Harrisburg, Pennsylvania.

III. DISCOVERY

7. The Company has received and timely responded to discovery requests from certain parties. PPL Electric encourages the use of informal discovery processes to expedite discovery.

8. Based upon past experience, PPL Electric believes that a protective order may be appropriate with regard to discovery in this proceeding. PPL Electric will coordinate with the other parties of record to agree upon and submit a motion for a protective order that appropriately limits the disclosure of trade secrets or other confidential information. PPL Electric anticipates that the form of protective order to be used in this proceeding will be substantially similar to the protective order used in PPL Electric's last default service proceeding.

IV. LITIGATION SCHEDULE

9. With one minor correction noted below, PPL Electric agrees to the schedule set forth in Paragraph 8 of the First Prehearing Order dated February 2, 2016:

January 29, 2016	PPL Electric DSP IV Petition Filed
March 9, 2016	Pre-Hearing Conference
April 20, 2016	Opposing Party Testimony
May 23, 2016	Rebuttal Testimony
June 3, 2016	Surrebuttal Testimony
June 15-17, 2016	Oral Rejoinder and Hearings
July <u>8</u> , 2016 ¹	Initial Briefs
July 19, 2016	Reply Briefs

10. PPL Electric understands that the above-described schedule is acceptable to the majority of the parties to this proceeding.

11. All dates are for in-hand delivery. The Company proposes that electronic mail for receipt and distribution of testimony and exhibits will satisfy in-hand service dates, with follow-up hard copies provided by first class mail.

¹ The date for the Initial Briefs set forth in the First Prehearing Order was Saturday, July 9, 2016. PPL Electric suggests that the Initial Brief date be revised to reflect a due date of Friday, July 8, 2016.

12. PPL Electric also proposes that hearings be held in Harrisburg, Pennsylvania.

V. WITNESSES AND ISSUES

13. The names and positions of witnesses that PPL Electric expects to call and the subject matter of their testimony are as follows:

Statement No.	Witness	Topics Addressed
1	James R. Rouland, Supervisor of Energy Procurement, Settlement & Scheduling PPL Electric Utilities Corporation Two North Ninth Street Allentown, PA 18101	<ul style="list-style-type: none"> • Describe the background of, and essential elements of, the DSP IV Program; • Describe the <i>pro forma</i> RFP Rules and the <i>pro forma</i> Default Service SMA; • Explain the TOU Program; • Describe compliance with AEPS Act and Procurement of AEPS Credits; • Describe changes proposed for the SOP; • Explain selection of the independent third-party manager; • Describe compliance with RTO requirements; and • Describe the CAP shopping proposal.
2.	A. Joseph Cavicchi, Executive Vice President Compass Lexecon 200 State Street Boston, MA 02109	<ul style="list-style-type: none"> • Describe and evaluate the competitive procurement program proposed in the DSP IV Program; • Describe the DSP IV product portfolio for each customer group; • Evaluate the proposed DSP IV and explain why the plan is a reasonable approach to procuring default service supply in a manner that is consistent with the requirements of Act 129 and the Commission’s Orders; and • Address why the product portfolio constitutes a “prudent mix” that will ensure “least cost over time” to non-shopping customers while continuing to support the competitive retail market.
3.	Michael S. Wukitsch, Customer Relations Specialist PPL Electric Utilities Corporation 827 Hausman Rd. Allentown, PA 18104	<ul style="list-style-type: none"> • Describe the statistics and data related to CAP shopping within PPL Electric’s service territory, • Describe the impact that CAP shopping has on CAP credits and the CAP program costs borne by other customers; and • Describe the CAP shopping collaborative.

14. The primary issue in this proceeding is whether the DSP IV Program as proposed by PPL Electric is reasonable and appropriate.

15. PPL Electric's direct case consists of PPL Electric's DSP IV Petition and the three Attachments thereto: Attachment A - Request for Proposals Process and Rules; Attachment B - Default Service Supply Master Agreement; and Attachment C - *Pro Forma* Tariff provisions for the Generation Supply Charge-1, the Generation Supply Charge-2 and the Transmission Service Charge. PPL Electric requests that the DSP IV Petition and Attachments thereto be marked for identification and referenced as PPL Electric Exhibit 1.

16. PPL Electric's direct case also consists of the three statements of direct testimony and related exhibits filed in support of the DSP IV Petition: PPL Electric Statement No. 1 - the Direct Testimony of James R. Rouland; PPL Electric Statement No. 2 - the Direct Testimony of A. Joseph Cavicchi; and PPL Electric Statement No. 3 - the Direct Testimony of Michael S. Wukitsch.

VI. SETTLEMENT

17. At this time, the parties have not discussed the possibility of settlement. PPL Electric has a substantial track record of resolving matters by reaching a settlement with the involved parties and will use every effort to reach a settlement in this proceeding.

Respectfully submitted,



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Dated: March 7, 2016

Attorneys for PPL Electric Utilities Corporation