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May 24, 2010

VIA HAND DELIVERY

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-2010-2161694


Dear Secretary Chiavetta:

Please find enclosed for filing with the Pennsylvania Public Utility Commission ("PUC" or "Commission") the original and three (3) copies of 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 this 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 
Shelby A. Linton-Keddie

Counsel to the PP&L Industrial Customer Alliance

SLK

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 am this day serving a true copy of the foregoing document upon the participants listed below in accordance with the requirements of 52 Pa. Code Section 1.54 (relating to service by a participant).

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Shelby A. Linton-Keddie

Counsel to the PP&L Industrial Customer Alliance

Dated this 24th day of May, 2010, at Harrisburg, Pennsylvania.

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

Pennsylvania Public Utility Commission	:	
	:	
v.	:	Docket No. R-2010-2161694
	:	
Petition of PPL Electric Utilities Corporation	:	

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

Pursuant to the May 17, 2010, 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 31, 2010, PPL Electric Utilities Corporation ("PPL" or "Company") filed with the Pennsylvania Public Utility Commission ("PUC" or "Commission") Supplement No. 83, proposed to become effective on June 1, 2010. In this filing, PPL requests a distribution rate increase of approximately \$114.7 million, or 16.5% over the Company's present annual distribution revenues, and a proposed return on equity of 11.75%. If approved, the Company's distribution rate increase request would produce an overall rate increase of approximately 2.5%. In support of Supplement No. 83, PPL has filed and served supporting testimony that purports to validate the Company's claim for a \$114.7 million distribution rate increase and the other elements of the Company's proposal.

On May 13, 2010, 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 26, 2010.

II. SERVICE LIST

Pursuant to 52 Pa. Code § 1.55, each party is limited to one entry on the service list. Accordingly, for the purpose of this proceeding, please include Shelby A. Linton-Keddie on the Commission's service list. Ms. Linton-Keddie's contact information is as follows:

Shelby A. Linton-Keddie
McNees Wallace & Nurick LLC
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P.O. Box 1166
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PPLICA also requests that all correspondence from other parties in this proceeding include Pamela C. Polacek on the service list.

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 modified, costs to the Large commercial and industrial ("C&I") customers could increase. Accordingly, PPLICA reserves the right to oppose any proposals in this proceeding that are detrimental to Large C&I customers' interests. 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 and IS-P;

- (e) Whether the 11.75% 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 changes to Tariff Rule 4 are appropriate, 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 its 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 
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Dated: May 24, 2010