



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

IN REPLY PLEASE
REFER TO OUR FILE

May 24, 2010

Rosemary Chiavetta, Secretary
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-2010-2161694

Dear Secretary Chiavetta:

Enclosed please find a copy of the **Prehearing Memorandum** of the Office of Trial Staff (OTS). As evidenced by the enclosed Certificate of Service, copies have been served on all active parties.

If you have any questions, please contact me at (717) 783-6155.

Sincerely,

Richard A. Kanaskie
Senior Prosecutor
Office of Trial Staff
PA Attorney I.D. #80409

Enclosure
RAK/edc
cc: Parties of Record

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**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

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**PENNSYLVANIA PUBLIC UTILITY
COMMISSION**

v.

**PPL ELECTRIC UTILITIES
CORPORATION**

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**DOCKET NO.
R-2010-2161694**

**PREHEARING MEMORANDUM
OF THE
OFFICE OF TRIAL STAFF**

TO THE HONORABLE SUSAN D. COLWELL:

In accordance with the Prehearing Order issued by Your Honor dated May 17, 2010, the Office of Trial Staff ("OTS") hereby submits this Prehearing Memorandum. The OTS prosecutors assigned to this proceeding are Lawrence F. Barth and Richard A. Kanaskie. Mr. Barth and Mr. Kanaskie may be contacted as follows:

By Mail: Lawrence F. Barth
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I. BACKGROUND

On March 31, 2010, PPL Electric Utilities Corporation (“PPL” or “Company”) filed with the Pennsylvania Public Utility Commission (“PUC” or “Commission”) Supplement No. 83 to Tariff Electric – Pa. P.U.C. No. 201 (“Supplement No. 83”). Supplement No. 83 contained rates rules and regulations designed to increase its Distribution rates by \$114.7 million. The requested revenue increase equates to approximately 16.5% over existing distribution rates. Overall rates which include distribution, transmission, generation and transition charges will increase approximately 2.4%. Supplement No. 83 also proposed an effective date of June 1, 2010. The Company’s claim is based on a future test year ending December 31, 2010.

At Public Meeting on May 20, 2010, the Commission stated that pursuant to 66 Pa.C.S. §1308(d) the filing will be suspended by operation of law and 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 26, 2010. The Office of Trial Staff filed its Notice of Appearance on May 21, 2010.

II. ISSUES

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

- a) Overall Rate of Return – Included in this review will be the Company's claimed cost of debt and common equity;
- b) Capital Structure;
- c) Customer Charges;
- d) Present Rate Distribution Revenue;
- e) Operation and Maintenance Expense Claims including:
 - Payroll and Benefits;
 - Rate Case Expense;
 - Uncollectible Accounts Expense;
 - Income Taxes;
 - Outside Services;
 - Advertising;
 - Demonstrating and Selling Expense;
- h) Cash Working Capital;
- i) Customer Assistance Programs;
- j) Affiliate Support;
- k) Post Test Year Plant additions;
- l) Depreciation;
- m) Rate Design;
- n) Cost of Service;
- o) Allocation and

- o) Late Payment Revenue.

Most of the issues raised by OTS will be supported by the Direct Testimony of an OTS witness in his or her area of responsibility. However, there may be issues of Commission policy or legal interpretation that are not properly the subject of testimony; or there may be factual issues that are clear on the record and need not be supported by testimony. OTS reserves the right to dispense with testimony when, in its opinion, an issue can be adequately addressed in brief.

III. WITNESSES

It is currently expected that OTS may call any or all of the following witnesses without being limited thereto:

Michael Gruber	Fixed Utility Valuation Engineer
Jeremy Hubert	Fixed Utility Valuation Engineer
Robert Plonski	Fixed Utility Financial Analyst
Christine S. Wilson	Fixed Utility Financial Analyst

OTS reserves the right to call additional witnesses and/or delete witnesses listed above. The above listing is provided without analysis of the positions of all parties to this proceeding and without the benefit of completed discovery. All active parties will be notified of any additions or deletions to the OTS witness list.

IV. SCHEDULE

Attached, as Appendix "A", is a proposed procedural schedule.

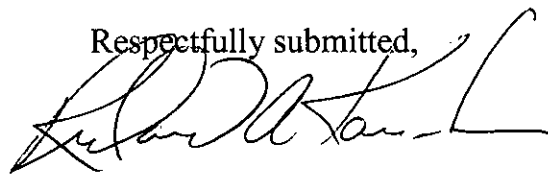
V. SETTLEMENT

OTS 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

OTS does not recommend modification of the Discovery Rules in this proceeding.

Respectfully submitted,



Lawrence F. Barth
Prosecutor

Richard A. Kanaskie
Prosecutor

Office of Trial Staff
Pennsylvania Public
Utility Commission

Dated: May 24, 2010

APPENDIX A

May 26, 2010	First Prehearing Conference
June 29, 2010	Opposing Party Direct Testimony
July 27, 2010	Rebuttal Testimony
August 5, 2010	Surrebuttal Testimony
August 9-13, 2010	Evidentiary Hearings
September 2, 2010	Main Briefs
Sept.13, 2010	Reply Briefs

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

CERTIFICATE OF SERVICE

I hereby certify that I am serving the foregoing **Prehearing Memorandum** dated May 24, 2010, either personally, by first class mail, electronic mail, express mail and/or by fax upon the persons listed below:

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