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File #: 143889

May 11, 2011

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

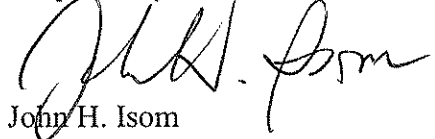
RE: Pennsylvania Public Utility Commission v. PPL Electric Utilities Corporation
Docket No. R-2010-2161694

Dear Secretary Chiavetta:

Enclosed is the Prehearing Memorandum of PPL Electric Utilities Corporation in the above-referenced proceeding.

Copies have been provided to the persons in the manner indicated on the Certificate of Service.

Respectfully Submitted,



John H. Isom

JHI/skr

Enclosures

cc: Certificate of Service
Honorable Susan D. Colwell

CERTIFICATE OF SERVICE

I hereby certify that a true and correct copy of the foregoing has been provided to the following persons, in the manner indicated, in accordance with the requirements of 52 Pa. Code § 1.54 (relating to service by a participant).

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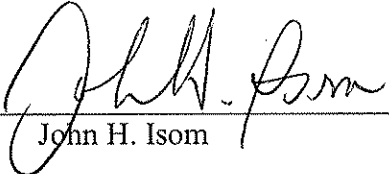
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Stevens, PA 17578

Linda M. Johnson
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East Stroudsburg, PA 18301

Vincent Giglio
32 Appenzell Terrace
Stroudsburg, PA 18360

Date: May 11, 2011



John H. Isom

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

Pennsylvania Public Utility Commission,	:	
	:	R-2010-2161694
v.	:	
	:	
PPL Electric Utilities Corporation.	:	

**PREHEARING CONFERENCE MEMORANDUM OF
PPL ELECTRIC UTILITIES CORPORATION**

TO ADMINISTRATIVE LAW JUDGE SUSAN D. COLWELL:

Pursuant to 52 Pa. Code § 5.224(c) and Administrative Law Judge Susan D. Colwell's First Prehearing Order on Remand, dated April 28, 2011, PPL Electric Utilities Corporation ("PPL Electric" or the "Company") hereby submits this Prehearing Conference Memorandum.

I. SERVICE OF DOCUMENTS

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

John H. Isom (ID # 16569)
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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 at perussell@pplweb.com, David B. MacGregor at dmacgregor@postschell.com, Michael W. Gang at mgang@postschell.com, and Christopher T. Wright at cwright@postschell.com.

II. PROCEDURAL HISTORY.

2. This proceeding was initiated on March 31, 2010, when PPL Electric filed with the Pennsylvania Public Utility Commission (“Commission”) Supplement No. 83 to PPL Electric’s Tariff – Electric Pa. P.U.C. No. 201 (“Supplement No. 83”). Supplement 83, issued to be effective June 1, 2010, proposed changes to PPL Electric’s base retail distribution rates designed to produce an increase in revenues of approximately \$114.7 million, based upon data for a *pro forma* future test year ended December 31, 2010. The filing was made in compliance with the Commission’s regulations and contained all supporting data and testimony required to be submitted by an electric distribution company in conjunction with a tariff change seeking a general rate increase.

3. Supplement No. 83 was suspended by operation of law pursuant to Section 1308(d) of the Public Utility Code, 66 Pa.C.S. § 1308(d), for seven months, or until January 1, 2011.

4. By Order entered May 20, 2010, the Commission initiated an investigation of PPL Electric’s proposed general rate increase. The matter was assigned to the Office of Administrative Law Judge, and ALJ Colwell was assigned to preside over the proceeding.

5. The Office of Trial Staff (“OTS”) filed a Notice of Appearance. Complaints against the proposed rate increase were filed by: the Office of Consumer Advocate (“OCA”), Docket No. C-2010-2171967; the Office of Small Business Advocate (“OSBA”), Docket No. C-2010-2174138; PP&L Industrial Customer Alliance (“PPLICA”), Docket No. C-2010-2176959; Elaine and Clayton Andrews, Jr., Docket No. C-2010-2174117; Ashley A. Buck, Docket No. C-2010-2172723; Eric Epstein, Docket No. C-2010-2171487; Vincent C. Giglio, Docket No. C-2010-2204823; Stephen Goldstein, Docket No. C-2010-2179405; Peter Grieger, Docket No. C-2010-2177233; William P. Hart, Docket No. C-2010-2187127; Linda M. Johnson, Docket No.

C-2010-2177258; Gerard Martin, Docket No. C-2010-2177205; Eugene R. Ruoff, Docket No. C-2010-2179392; George R. Snyder, Docket No. C-2010-2177318; Shannon Stiffler, Docket No. C-2010-2179404; and Township of Whitehall, Docket No. C-2010-2179394.¹ Petitions to Intervene were filed by Richards Energy Group, Inc. (“REG”), Sustainable Energy Fund of Central Eastern Pennsylvania (“SEF”), Commission on Economic Opportunity (“CEO”), Dominion Retail, Inc., Washington Gas Energy Services, Inc., Citizens for Pennsylvania’s Future, International Brotherhood of Electric Workers, Local 1600 and Retail Energy Supply Association (“RESA”). In addition, various customers filed Protests to the requested distribution rate increase.

6. An initial Prehearing Conference was held on May 26, 2010. At the Prehearing Conference, the parties proposed a procedural schedule, which was adopted by the ALJ in the Second Prehearing Order, dated May 27, 2010.

7. On June 29, 2010, parties other than PPL Electric served their direct evidence, including testimony and exhibits. In addition, PPL Electric served supplemental testimony addressing the issues in which the Commission had expressed concern in its Order entered on May 20, 2010. On July 27, 2010, PPL Electric, OTS, OCA, OSBA, and PPLICA served rebuttal testimony and exhibits. The OTS, OCA, OSBA, PPLICA, SEF, and RESA served surrebuttal testimony and exhibits on August 5, 2010. On August 9, 2010, PPL Electric served rejoinder testimony and exhibits.

¹ A complaint also was filed by Donald L. Foreman at Docket No. C-2010-2171268, but was withdrawn on June 28, 2010. A complaint also was filed by Elaine B. Santarelli, Docket No. C-2010-2172729, but was withdrawn on October 6, 2010.

8. The parties held multiple settlement conferences to attempt to resolve amicably the issues in the case. These conferences resulted in a settlement of certain but not all of the issues in this proceeding.

9. On August 26, 2010, the parties filed a Joint Petition for Partial Settlement and various statements in support thereof. As a result of the Settlement, the only issues reserved for litigation involved revenue allocation, non-residential rate design, and certain tariff and competitive issues.

10. An evidentiary hearing was held before the ALJ on August 11, 2010. At the hearing, the parties' respective testimony and exhibits were admitted into the evidentiary record to provide context and support for the Settlement, and to provide an evidentiary basis for the ALJ and the Commission to decide the issues reserved for litigation. In addition, at the hearing on August 11, 2010, customer-complainant Elaine Andrews gave oral testimony. The evidentiary record was closed on August 23, 2010.

11. On September 2, 2010, the parties filed their Initial Briefs in support of their respective positions. On September 13, 2010, the parties filed their Reply Briefs in response to other parties' positions.

12. The Initial Decision was issued with a Secretarial Letter dated August 16, 2010. Therein the ALJ, having received substantial expert and public input testimony and exhibits: (1) recommended that the Commission approve the Joint Petition for Partial Settlement ("Partial Settlement") that was filed on August 26, 2010; and (2) provided a thorough and well-reasoned analysis and proposed resolutions of those issues reserved for litigation.

13. On November 4, 2010, the OCA, OSBA, PPLICA, SEF, RESA, and CEO submitted Exceptions to the Initial Decision. Replies to Exceptions were filed on November 15, 2010 by OTS, OCA, OSBA, PPL Electric, and PPLICA.

14. A Public Meeting was held by the Commission on December 16, 2010, at which time the Commissioners considered this matter. On December 21, 2010, the Commission issued a Final Order that modified in part and adopted in part the Initial Decision of ALJ Colwell, and approved the Joint Petition for Partial Settlement, without modification.

15. On January 5, 2011, PPLICA filed a Petition for Reconsideration, to which PPL Electric timely filed an Answer.

16. On January 13, 2011, the Commission granted PPLICA's Petition for Reconsideration, pending further review of, and consideration on, the merits.

17. A Public Meeting was held by the Commission on March 31, 2011, at which time the Commissioners considered this matter. On April 27, 2011, the Commission issued an Opinion and Order that granted PPLICA's Petition for Reconsideration and remanded certain issues to the Office of Administrative Law Judge for further development of a more complete record on certain issues and the issuance of a Recommended Decision on Remand.

18. On April 27, 2011, a Notice was issued scheduling an Initial Prehearing Conference on Remand in the above-captioned matter at 10:00 a.m. Monday, May 16, 2011, in Hearing Room 1, Commonwealth Keystone Building, 400 North Street, Harrisburg, PA.

19. On April 28, 2011, ALJ Colwell issued the First Prehearing Order on Remand.

III. ISSUES.

20. Pursuant to the Commission's Opinion and Order, dated April 27, 2011, the following issues have been remanded for further development of a more complete record proceedings and the issuance of a Recommended Decision:

- (a) Whether a special rate should be created for Donsco, Inc. ("Donsco")?
- (b) If so, what rate options should be available?

- (c) If so, what would the effective date be for any such rate options.
- (d) What would be the potential rate impacts of such a rate on other PPL Electric customers?
- (e) What costs does PPL Electric incur in serving Donsco, including annual operation and maintenance (O&M) costs of the 12 kV lines from the North Columbia substation to the Donsco facility, including the 69-12kV transformer?
- (f) Has Donsco paid for any of the rate base used to serve it and, if so, how much?
- (g) Will PennDOT authorize Donsco to occupy state highways and bridges as a non-utility?
- (h) Whether Donsco's successful implementation of a plan utilizing PennDOT approvals to qualify for 69 kV service under PPL Electric's Rate Schedule LP-5, would render its request for a special LP-4 SI rate schedule moot?

IV. WITNESSES.

21. PPL Electric presently intends to offer the following witnesses to testify in this proceeding on the following subject matters:

<u>Witness</u>	<u>Subject matter</u>
Joseph M. Kleha, Manager-Regulatory Compliance, and Rates PPL Electric Utilities Corporation Two North Ninth Street Allentown, PA 18101 Phone: 610.774.4486	<ul style="list-style-type: none"> • Cost of serving Donsco.

Oliver G. Kasper,
Manager-Pricing and Contract
Administration,
Regulatory Compliance Group,
PPL Electric Utilities Corporation
Two North Ninth Street
Allentown, PA 18101
Phone: 610.774.6463

- Rate schedule options for Donsco.
- Impacts of a special rate for Donsco on other PPL Electric customers

Howard S. Slugocki
Supervising Engineer
PPL Electric Utilities Corporation
Two North Ninth Street
Allentown, PA 18101
Phone: 484-634-3297

- System planning and design.

22. PPL Electric also reserves the right to call and present additional witnesses to address any issues that may arise during the course of the proceeding.

V. DISCOVERY

23. PPL Electric is not aware of any need to enter any special order regarding discovery. PPL Electric does not believe that any change or modification in the standard timelines for discovery set forth in the Commission's regulations is necessary or appropriate. PPL Electric also encourages the use of informal discovery to expedite the discovery process.

VI. LITIGATION SCHEDULE.

24. PPL Electric proposes the following schedule for resolution of this proceeding on remand:

Donsco Direct Testimony on Remand	June 17, 2011
Other Parties' Rebuttal Testimony on Remand	July 22, 2011
Surrebuttal Testimony on Remand	August 5, 2011

Evidentiary Hearings on Remand
(including rejoinder testimony)

August 5, 2011

Main Briefs on Remand

August 26, 2011

Reply Briefs on Remand

September 12, 2011

VII. SETTLEMENT

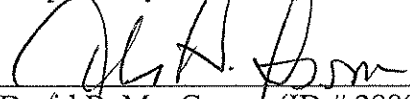
25. As of this time, no settlement discussions have been held. PPL Electric remains open and available for settlement discussions with the other parties and would support initiatives to begin settlement discussions at the earliest possible date.

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E-mail: perussell@pplweb.com

Of Counsel
Post & Schell, P.C.

Date: May 11, 2011

Respectfully submitted,



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