

COMMONWEALTH OF PENNSYLVANIA



OFFICE OF CONSUMER ADVOCATE

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May 11, 2011

Rosemary Chiavetta
Secretary
Pennsylvania Public Utility Commission
Commonwealth Keystone Building
400 North Street
Harrisburg, PA 17105-3265

RE: Pennsylvania Public Utility Commission
v.
PPL Electric Utilities Corporation
Base Rate Proceeding **On Remand**
Docket No. R-2010-2161694

Dear Secretary Chiavetta:

Enclosed for filing please find the Office of Consumer Advocate's Prehearing Memorandum in the above-referenced proceeding.

Copies have been served on the parties of record as indicated on the enclosed Certificate of Service.

Sincerely,

A handwritten signature in black ink, appearing to read "Aron J. Beatty".

Aron J. Beatty
Assistant Consumer Advocate
PA Attorney I.D. # 86625

Enclosures

cc: Hon. Susan D. Colwell/ALJ
Parties of Record
125999

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BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION

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

**PREHEARING MEMORANDUM
ON REMAND OF THE
OFFICE OF CONSUMER ADVOCATE**

Pursuant to Section 333 of the Public Utility Code, 66 Pa. C.S. § 333, and in response to the Prehearing Conference Order: First Prehearing Order on Remand issued on April 28, 2011 by Administrative Law Judge (ALJ) Susan D. Colwell in the above-captioned matter, the Office of Consumer Advocate (OCA) provides the following information:

I. INTRODUCTION

On March 31, 2010, PPL Electric Utilities Corporation (PPL or the Company) filed Supplement No. 83 to Tariff Electric - Pa. P.U.C. No. 201 (Supplement No. 54) to become effective June 1, 2010, seeking Commission approval of rates and rate changes that would modify existing tariff provisions and increase the level of rates that PPL charges for providing electric distribution service to its customers. As filed, the Company would have been afforded an opportunity to recover an estimated annual increase in operating revenues of \$114.7 million, an approximate increase of 16.5% over existing distribution rates.

On August 26, 2010, several parties, including the OCA, reached a Partial Settlement. Under the Partial Settlement, PPL's allowed increase was reduced from the originally filed amount of \$114.7 million, to \$77.5 million. Several issues were reserved for litigation, including

the allocation of the increase and the rate treatment of Donsco, Inc. (Donsco). On October 15, 2010, ALJ Colwell's Recommended Decision (R.D.) was issued. In her R.D., ALJ Colwell recommended for approval the Company's proposal to allocate 100% of the revenue increase to the residential class. R.D. at 58. In addition, the ALJ found that PPLICA had not met its burden with regard to its Donsco claims. R.D. at 103. On December 21, 2010, the Commission entered its Opinion and Order adopting the R.D. with certain modifications and disposing of the issues raised in Parties' various Exceptions.

On January 5, 2011, PPLICA filed a Petition for Reconsideration concerning PPL's rate treatment of Donsco. The Commission granted reconsideration and, by Order entered April 27, 2011, remanded the issue to the Office of Administrative Law Judge for further proceedings and the issuance of an R.D. on Remand. ALJ Colwell issued a Prehearing Conference Order: First Prehearing Order on Remand on April 28, 2011. The OCA submits this Prehearing Memorandum on Remand pursuant to ALJ Colwell's April 28 Order.

II. ISSUES AND SUB-ISSUES

The Commission's Remand Order has returned the Donsco special rate issue "for further record development regarding specific rate options for Donsco and calculated potential rate impacts of same on other PPL customers." Order at 11. Importantly, in its Remand Order the Commission explained that the Donsco proposal's estimated rate impact was inadequate because, "the Commission does not have adequate information to assess precisely the new rates or the impact of those rates on other LP-4 customers." Order at 12.

The OCA is participating in this proceeding to ensure that the rate impacts of any modification to Donsco's rates are not borne by residential customers. The Commission approved an allocation of the entire revenue increase to the residential class. December 21 Order

at 46. The OCA submits that the allocation of the any possible shortfall in revenue due to a reduction in Donsco's distribution rates must not be allocated to residential customers.

III. WITNESSES

At this time, the OCA does not plan to submit direct testimony in this proceeding. As soon as the OCA has determined whether a witness or witnesses will be necessary for any portion of its case, the OCA will notify the Administrative Law Judge and all parties of record of its intent to proceed with a witness and identify the witness(es).

IV. SERVICE ON THE OCA

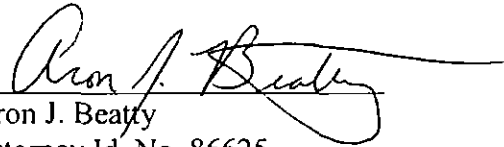
The OCA will be represented in this case by Assistant Consumer Advocate Aron J. Beatty. Two copies of the documents should be served on the OCA as follows:

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V. PROPOSED SCHEDULE

The OCA will work with the parties to develop a mutually acceptable schedule.

Respectfully submitted,



Aron J. Beatty
Attorney Id. No. 86625
Assistant Consumer Advocate

Counsel for:
Irwin A. Popowsky

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DATED: May 11, 2011

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CERTIFICATE OF SERVICE

Pennsylvania Public Utility Commission :
 :
 v. : Docket No. R-2010-2161694
 : (On Remand)
 PPL Electric Utilities Corporation :
 Base Rate Proceeding :

I hereby certify that I have this day served a true copy of the foregoing document, the Office of Consumer Advocate's Prehearing Memorandum, upon parties of record in this proceeding in accordance with the requirements of 52 Pa. Code § 1.54 (relating to service by a participant), in the manner and upon the persons listed below:

Dated this 11th day of May 2011.

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