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May 11, 2011

**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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**BEFORE THE  
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

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

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

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Pursuant to the April 28, 2011, 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 October 15, 2010, ALJ Colwell's Recommended Decision ("R.D.") was issued. The R.D. recommended: (1) that the Partial Settlement, which was designed to produce an annual distribution rate revenue increase of approximately \$77.5 million in lieu of the originally

requested \$114.7 million, be approved without modification; (2) that the remainder of the issues as presented by the Parties be addressed by the Commission; (3) that the Complaints filed by the Office of Consumer Advocate ("OCA"), the Office of Small Business Advocate ("OSBA") and PPLICA be sustained, in part, and dismissed, in part, consistent with her R.D.; and (4) that the Complaints filed by Elaine and Clayton Andrews, Jr.; Ashley A. Buck; Eric J. Epstein; Stephen F. Goldstein; Peter Grieger; William P. Hart; Linda M. Johnson; Gerard Martin; Eugene R. Ruoff; George R. Snyder; Shannon Stiffler; and Whitehall Township, and any other complaints not specifically noted but filed prior to issuance of the R.D., be dismissed.

Exceptions were filed on November 4, 2010, by Commission on Economic Opportunity ("CEO"), the OCA, the OSBA, PPLICA, the Retail Energy Supply Association ("RESA"), and the Sustainable Energy Fund of Central Eastern Pennsylvania ("SEF"). Reply Exceptions were filed on November 15, 2010, by the OCA, the OSBA, PPL, PPLICA, and the Office of Trial Staff ("OTS").

On December 3, 2010, the Commission conducted a Non-Binding Poll of the Issues presented in the Parties' Exceptions. 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 the Parties' various Exceptions.

On January 5, 2011, PPLICA filed a Petition for Reconsideration relating to a single issue regarding the establishment of a special rate for one of PPL's industrial customers: Donsco, Inc. ("Donsco"). PPL filed an Answer to PPLICA's Petition on January 18, 2011. By Opinion and Order entered on January 13, 2011, the PUC granted reconsideration pending review of, and consideration on, the merits. Subsequently, on April 27, 2011, the Commission entered an Order granting reconsideration and remand of this matter to the Office of Administrative Law Judge

("OALJ") for the development of a more complete record to allow consideration of additional pricing options permitted by Section 2806(h) of the Public Utility Code.

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 16, 2011.

## **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 Pamela C. Polacek on the Commission's service list. Ms. Polacek's contact information is as follows:

Pamela C. Polacek  
McNees Wallace & Nurick LLC  
100 Pine Street  
P.O. Box 1166  
Harrisburg, PA 17108  
Phone: (717) 232-8000  
Fax: (717) 260-1763  
[ppolacek@mwn.com](mailto:ppolacek@mwn.com)

PPLICA also requests that all correspondence from other parties in this proceeding include Shelby A. Linton-Keddie on the service list.

## **III. ANTICIPATED ISSUES AND SUBISSUES**

As indicated in the Commission's April 27, 2011, Order, this proceeding on remand is limited to further developing the record regarding specific rate options for Donsco and calculated potential rate impact of same on other PPL customers. It is PPLICA's further understanding that PPL will provide information on the annual Operation and Maintenance ("O&M") costs of Donsco's dedicated facilities, including the 69-12kV dedicated transformer, and on any outstanding capital to date not paid by Donsco for these facilities. In addition, the parties will also determine rate impacts on other customers' current rates and future rates should Donsco

curtail or terminate current service. Lastly, the parties have also been requested by the Commission to determine whether Donsco's successful implementation of a plan utilizing PennDOT approvals to qualify for 69 kV service under PPL's Rate Schedule LP-5 would render its request for a special LP-4 SI rate moot. 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**

At this time, PPLICA intends to present the testimony of one or more of the following witnesses:

Richard Baudino  
J. Kennedy & Associates, Inc.  
1347 Frye Road  
Westfield, NC 27053

Christopher A. Buck  
Donsco, Inc.  
P.O. Box 2001  
Wrightsville, PA 17368-0040

Art Mann, Sr.  
Donsco, Inc.  
P.O. Box 2001  
Wrightsville, PA 17368-0040

The scope of Mr. Baudino, Mr. Buck and/or Mr. Mann's testimony will include rate options for Donsco and the Commission's application of Section 2806(h) of the Public Utility Code. In addition, PPLICA reserves the right to present additional witnesses at any stage of this proceeding to address any other issues raised during the course of this proceeding or to provide rebuttal to positions taken by any other party or regarding any issue that the ALJ or the Commission may raise or desire to examine. 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 

Pamela C. Polacek (Pa. I.D. No. 78276)

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Counsel to the PP&L Industrial Customer Alliance

Dated: May 11, 2011

**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).

**VIA E-MAIL AND FIRST-CLASS MAIL**

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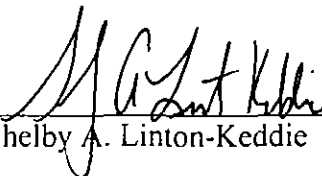
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*Page 2*

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\_\_\_\_\_  
Shelby A. Linton-Keddie

Counsel to the PP&L Industrial Customer Alliance

Dated this 11<sup>th</sup> day of May, 2011, at Harrisburg, Pennsylvania.