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File #: 2507/151904

June 4, 2012

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: Petition of PPL Electric Utilities Corporation for Approval of a Default Service Program and Procurement Plan for the Period June 1, 2013 through May 31, 2015
Docket No. P-2012-2302074

Dear Secretary Chiavetta:

Enclosed for filing please find the Prehearing Memorandum of PPL Electric Utilities Corporation for the above-referenced proceeding. Copies will be provided as indicated.

Respectfully Submitted,

Michael W. Hassell

MWH/skr

Enclosures

cc: Honorable Susan D. Colwell
Certificate of Service

CERTIFICATE OF SERVICE

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

VIA E-MAIL AND FIRST CLASS MAIL

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Harrisburg, PA 17108

Date: June 4, 2012


Michael W. Hassell

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

Petition of PPL Electric Utilities Corporation for Approval of a Default Service Program and Procurement Plan for the Period June 1, 2013 through May 31, 2015 :
: Docket No. P-2012-2302074
:
:
:

**PREHEARING MEMORANDUM OF
PPL ELECTRIC UTILITIES CORPORATION**

TO ADMINISTRATIVE LAW JUDGE SUSAN D. COLWELL:

PPL Electric Utilities Corporation (“PPL Electric” or the “Company”), pursuant to 52 Pa. Code § 5.222(d), and in compliance with the Prehearing Order issued by Administrative Law Judge Susan D. Colwell on May 9, 2012, hereby files this Prehearing Memorandum in the above-captioned matter, and states as follows:

I. PROCEDURAL HISTORY

1. On May 1, 2012, PPL Electric filed a Petition requesting Commission approval for the terms and conditions under which the Company will acquire supply and provide Default Service from June 1, 2013 through May 31, 2015 (“DSP II Program”). As explained in the Petition, the DSP II Program, *inter alia*, consists of a proposal for competitive procurement of Default Service supply and related Alternative Energy Credits (“AECs”); an implementation plan; a proposed rate design, including a Time-of-Use (“TOU”) rate for Default Service during the DSP II Program Period; an explanation of Regional Transmission Organization (“RTO”) compliance and consistency; and a contingency plan for the DSP II Program. The filing also contained several proposals designed to enhance retail competition in PPL Electric’s service area. Copies of a *pro forma* Default Service Supply Master Agreement (“Default Service

SMA”) and a *pro forma* Request for Proposals (“RFP”) Process and Rules were included with the Petition, as were the agreements that PPL Electric proposes to use for Default Service procurement. The filing also contained *pro forma* tariff pages to implement rates under the DSP II Program. On May 16, 2012, PPL Electric filed the direct testimony of five witness in support of the DSP II Program.

2. As of mid-day on June 4, 2012, the following persons or entities filed a petition to intervene or notice of appearance, as applicable, in the above captioned proceeding:

- Dominion Retail, Inc., d/b/a Dominion Energy Solutions, and Interstate Gas Supply, Inc., d/b/a IGS Energy - Joint Petition to Intervene filed May 9, 2012.
- Bureau of Investigation and Enforcement of the Pennsylvania Public Utility Commission - Notice of Appearance filed May 14, 2012.
- Office of Consumer Advocate - Notice of Intervention and Answer filed May 21, 2012.
- Noble Americas Energy Solutions LLC - Petition to Intervene filed May 30, 2012.
- Sustainable Energy Fund of Central Eastern Pennsylvania - Petition to Intervene filed May 31, 2012.
- FirstEnergy Solutions Corp. - Petition to Intervene filed June 1, 2012.
- Eric Joseph Epstein - Petition to Intervene filed June 3, 2012.
- PP&L Industrial Customer Alliance - Petition to Intervene filed June 4, 2012.
- The Coalition for Affordable Utility Services and Energy Efficiency in Pennsylvania - Petition to Intervene filed June 4, 2012.
- Retail Energy Supply Association - Petition to Intervene filed June 4, 2012.

II. SERVICE OF DOCUMENTS

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

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4. 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:

David B. MacGregor - dmacgregor@postschell.com
Paul E. Russell - perussell@pplweb.com
Matthew J. Agen - matthewagen@postschell.com

5. PPL Electric's attorneys are authorized to accept service on behalf of the Company in this proceeding. PPL Electric requests that the Commission and all parties of record serve copies of all discovery requests and answers, correspondence, Commission Orders, and any other documents issued in this proceeding on its attorneys in Harrisburg, Pennsylvania.

III. DISCOVERY

6. To date, the Company has not received discovery requests from other parties. PPL Electric encourages the use of informal discovery processes to expedite discovery.

7. Based upon past experience, PPL Electric believes that a protective order may be appropriate with regard to discovery in this proceeding. PPL Electric reserves the right to request a protective order to limit the disclosure of trade secrets or other confidential information.

IV. LITIGATION SCHEDULE

8. PPL Electric proposes the following schedule to ensure that the review of the filing can be concluded in a timely manner to enable the Commission to issue an order within nine months from the date of the filing.

June 6, 2012	Pre-Hearing Conference
July 23, 2012	Opposing Party Testimony
July 30, 2012	Settlement Conference
August 20, 2012	Rebuttal Testimony
September 4, 2012	Surrebuttal Testimony
September 7, ¹ 10-11, 2012	Hearings
October 4, 2012	Initial Briefs
October 19, 2012	Reply Briefs

9. All dates are for in-hand delivery. The Company proposes that electronic mail for receipt and distribution of testimony and exhibits will satisfy in-hand service dates, with follow-up hard copies provided by first class mail.

V. WITNESSES AND ISSUES

10. The names and positions of witnesses that PPL Electric expects to call and the subject matter of their testimony are as follows:

- Renae G. Yeager - Manager - Energy Acquisition, PPL Electric Utilities Corporation. Two North Ninth Street, Allentown, Pennsylvania, 18101. Ms. Yeager will address the following topics in her testimony: Background Related to the Default Service Procurement Program, Description of the Default Service Procurement Program, AEPS Procurement, the RFP Process, the Default Service SMA and RFP Rules, the Third-Party Manager, RTO Compliance and Consistency, Contingency Planning, the Public Interest and the Default Service SMA as an Affiliated Interest Agreement.

¹ The Company has included a proposal for a September 7th hearing date, in an effort to accommodate the Pennsylvania Office of Small Business Advocate's witness, who is unavailable on either September 10 or 11.

- A. Joseph Cavicchi - Senior Vice President, Compass Lexecon. 200 State Street, Boston, MA 02109. Mr. Cavicchi will address the following topics in his testimony: Lessons Learned from PPL Electric's Existing Default Service Procurement Program, an Overview, Product Descriptions, and Procurement Plan (including "End State" Optionality), the "Prudent Mix" and "Least Cost Over Time" Requirements, and the Retail Markets Initiatives.
- David R. Woodruff - Manager - Load Analysis, Rates and Regulatory Affairs Department, PPL Electric Utilities Corporation. Two North Ninth Street, Allentown, Pennsylvania 18101. Mr. Woodruff will address the following topic in his testimony: Time of Use Rates.
- Douglas A. Krall - Manager - Regulatory Strategy PPL Electric Utilities Corporation. Two North Ninth Street, Allentown, Pennsylvania, 18101. Mr. Krall will address the following topics in his testimony: Retail Electricity Market Investigation Orders, the Consumer Referral Mailing, the Retail Opt-In Auction Program, and the Standard Offer Referral Program.
- Joseph M. Kleha - Manager - Regulatory Compliance and Rates, PPL Electric Utilities Corporation. Two North Ninth Street, Allentown, Pennsylvania, 18101. Mr. Kleha will address the following topics in his testimony: Development and Description of the Generation Supply Charges, Rate Design, Cost Allocation and Tariff Issues.

11. PPL Electric reserves the right to substitute witnesses or add witnesses, as appropriate, depending upon the issues raised and witnesses presented by other parties in the proceeding.

12. The primary issue in this proceeding is whether the DSP II Program as proposed by PPL Electric on May 1, 2012 is reasonable and appropriate.

13. PPL Electric's direct case consists of the Petition and its four attachments filed on May 1, 2012, which PPL Electric requested to be marked for identification and included in the record in this proceeding as PPL Electric Exhibit 1,² and the five pieces of direct testimony³ (and related exhibits) filed on May 16, 2012.

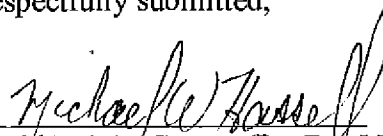
² Testimony of Renae G. Yeager, Statement No. 1 at page 4, lines 18-21.

³ Statement Nos. 1-5.

VI. SETTLEMENT

14. At this time, the parties have not discussed the possibility of settlement. PPL Electric has a substantial track record of resolving matters by reaching a settlement with the involved parties and will use every effort to reach a settlement in this proceeding.

Respectfully submitted,



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Of Counsel:

Post & Schell, P.C.

Dated: June 4, 2012

Attorneys for PPL Electric Utilities Corporation