



100 Pine Street • PO Box 1166 • Harrisburg, PA 17108-1166
Tel: 717.232.8000 • Fax: 717.237.5300

Adeolu A. Bakare
Direct Dial: 717.237.5290
Direct Fax: 717.260.1712
abakare@mwn.com

June 25, 2013

Rosemary Chiavetta, Secretary
Pennsylvania Public Utility Commission
Commonwealth Keystone Building
400 North Street, 2nd Floor
Harrisburg, PA 17120

VIA ELECTRONIC FILING

RE: Petition of PPL Electric Utilities Corporation for Approval for a Distribution System Improvement Charge; Docket No. P-2012-2325034

Dear Secretary Chiavetta:

Enclosed for filing with the Pennsylvania Public Utility Commission is the Prehearing Memorandum of the PP&L Industrial Customer Alliance in the above-referenced proceeding.

As shown by the attached Certificate of Service, all parties to this proceeding are being duly served. Thank you.

Very truly yours,

McNEES WALLACE & NURICK LLC

By 

Adeolu A. Bakare

Counsel to PP&L Industrial Customer Alliance

Enclosure

c: Administrative Law Judge Kandace F. Melillo (via e-mail and First Class Mail)
Certificate of Service

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CERTIFICATE OF SERVICE

I hereby certify that I have this day served a true copy of the foregoing document upon the participants listed below in accordance with the requirements of 52 Pa. Code § 1.54 (relating to service by a participant).

VIA E-MAIL AND FIRST CLASS MAIL

David B. MacGregor, Esq.
Post & Schell PC
Four Penn Center
1600 John F. Kennedy Boulevard
Philadelphia, PA 19103
dmacgregor@postschell.com

Jessica R. Rogers, Esq.
Post & Schell PC
17 North Second Street, 12th Floor
Harrisburg, PA 17101
jrogers@postschell.com

Paul E. Russell, Esq.
PPL Services Corporation
Two North Ninth Street
Allentown, PA 18101
perussell@pplweb.com

Erin L. Gannon, Esq.
Candis A. Tunilo, Esq.
Office of Consumer Advocate
555 Walnut Street
Forum Place - 5th Floor
Harrisburg, PA 17101-1921
EGannon@paoca.org
ctunilo@paoca.org

Steven Gray, Esq.
Daniel G. Asmus, Esq.
Sharon E. Webb, Esq.
Office of Small Business Advocate
Suite 1102, Commerce Building
300 North Second Street
Harrisburg, PA 17101
sgray@pa.gov
dasmus@pa.gov
swebb@pa.gov

Joseph L. Vullo, Esq.
Burke Vullo Reilly Roberts
1460 Wyoming Avenue
Forty Fort, PA 18704
jlvullo@aol.com

Daniel Clearfield, Esq.
Carl R. Shultz, Esq.
Eckert Seamans Cherin & Mellott, LLC
213 Market St., 8th Floor
Harrisburg, PA 17101
dclearfield@eckertseamans.com
cshultz@eckertseamans.com

Deanne M. O'Dell, Esq.
Eckert Seamans Cherin & Mellott LLC
213 Market Street, 8th Floor
Harrisburg, PA 17101
dodell@eckertseamans.com

Eric Joseph Epstein
4100 Hillsdale Road
Harrisburg, PA 17112
ericepstein@comcast.net

Edmund "Tad" Berger
Berger Law Firm, P.C.
2104 Market Street
Camp Hill, PA 17011
tberger@bergerlawfirm.net

Jack R. Garfinkle, Esq.
PECO Energy Company
2301 Market Street, S23-1
Philadelphia, PA 19101-8699
jack.garfinkle@exeloncorp.com

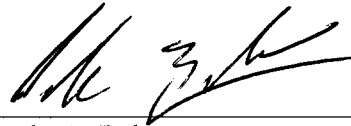
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VIA FIRST CLASS MAIL

John Hoag
4630 Forest Street
Lehigh PA 18235

Pamela Mosconi
1680 Cochection Turnpike
Damascus PA 18415

Alan Whitehouse
1303 North 13th Street A.11
Whitehall PA 18052



Adeolu A. Bakare

Counsel to PP&L Industrial Customer Alliance

Dated this 25th day of June, 2013, at Harrisburg, Pennsylvania.

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

Petition of PPL Electric Utilities Corporation :
For Approval for a Distribution System : Docket No. P-2012-2325034
Improvement Charge :

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

Pursuant to the Prehearing Conference Order issued by Administrative Law Judge ("ALJ") Kandace F. Melillo, the PP&L Industrial Customer Alliance ("PPLICA") hereby submits this Prehearing Memorandum in the above-captioned proceeding.

I. HISTORY OF THE PROCEEDING

On January 2, 2013, PPL Electric Utilities Corporation ("PPL") petitioned the Commission for approval of Supplement No. 127 to Electric Pa P.U.C. No. 201 ("Supplement No. 127"). Supplement No. 127 proposes to implement a Distribution System Improvement Charge ("DSIC") to recover "reasonable and prudent costs incurred to repair, improve, or replace certain eligible distribution property that is part of the EDC's distribution system." Petition, p. 3. PPL's Petition was filed pursuant to the Commission's Final Implementation Order entered August 2, 2012, at Docket No. M-2012-2293611 ("Implementation Order").

PPLICA filed a Petition to Intervene and Answer on February 4, 2013. A description of PPLICA is set forth in Paragraph 6 of PPLICA's Petition to Intervene.

On May 23, 2013, the Commission issued an Order approving PPL's proposed DSIC, but reserving certain issues for further proceedings. The Commission authorized PPL to implement a DSIC effective July 1, 2013, subject to refund pursuant to a Final Commission Order addressing several issues, including: (1) whether customers taking service under Rate Schedule LP-5 at transmission voltage rates should be included under the DSIC charge; and (2) if revenues associated

with the Company's Act 129 Compliance Rider ("ACR"), Smart Meter Rider ("SMR"), Universal Service Rider ("USR"), Net Metering Rider ("NMR"), and Competitive Enhancement Rider ("CER") are properly included as distribution revenues.

On June 6, 2013, PPLICA filed a Motion for Judgment on the Pleadings asserting that no issue of material fact exists as to whether customers served on Rate Schedule LP-5 should be included under PPL's DSIC and requesting that the Commission decide the issue as a matter of law. A PPL interrogatory response attached to PPLICA's Motion confirms that the DSIC-eligible improvements in the LTIP do not benefit customers on Rate Schedule LP-5. Under the Commission's Implementation Order, a DSIC should not be assessed on customers that do not benefit from DSIC-eligible improvements. *See* Implementation Order, p. 46. PPLICA's Motion remains pending before ALJ Melillo and the Commission.

II. ANTICIPATED ISSUES AND SUBISSUES

As stated in PPLICA's Answer, PPL's DSIC presents two principal concerns. First, PPLICA strongly opposes the Company's proposal to apply the DSIC to transmission voltage customers taking service on Rate Schedule LP-5.¹ Second, PPLICA intends to address PPL's calculation of the 5% cap on DSIC revenues, which unreasonably incorporates projected revenues from the Company's various tariff surcharges, including the ACR, SMR, USR, NMR, and CER. PPLICA anticipates pursuing these issues during this proceeding and reserves the right to raise further issues and to respond to all matters raised by other parties.

III. PROPOSED WITNESSES

PPLICA is still evaluating whether it will present any witnesses in this proceeding. If PPLICA determines that it will present such witnesses, PPLICA will inform the ALJ and the other parties as soon as possible. PPLICA also reserves its right to participate in this proceeding through

¹ If the Commission grants PPLICA's Motion for Judgment on the Pleadings, this issue will be resolved by Commission Order and therefore removed from the scope of these proceedings.

the submission of discovery, cross-examination of other parties' witnesses, and the submission of briefs, exceptions and reply exceptions, if necessary.

IV. PROPOSED SCHEDULE

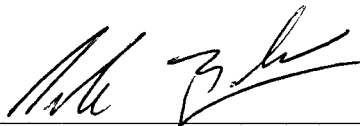
PPLICA will work with other parties and the ALJ to develop a reasonable schedule for this proceeding.

V. 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 (ID No. 78276)
Adeolu A. Bakare (ID No. 208541)
100 Pine Street
P.O. Box 1166
Harrisburg, PA 17108-1166
Phone: (717) 232-8000
Fax: (717) 260-1763

Counsel to PP&L Industrial Customer Alliance

Dated: June 25, 2013