

COMMONWEALTH OF PENNSYLVANIA



OFFICE OF CONSUMER ADVOCATE

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June 25, 2013

Honorable Kandace F. Melillo  
Administrative Law Judge  
PA Public Utility Commission  
400 North Street  
Harrisburg, PA 17120

RE: Petition of PPL Electric Utilities Corporation  
for Approval of a Distribution System  
Improvement Charge  
Docket Nos. P-2012-2325034  
C-2012-2346390, et al.

Dear Judge Melillo:

Enclosed is the Prehearing Memorandum of the Office of Consumer Advocate, which was electronically filed with the Secretary's Office today in the above referenced proceeding. Two additional copies are included for your Court Reporter.

Copies have been served upon the parties as indicated on the attached Certificate of Service.

Respectfully submitted,

Handwritten signature of Candis A. Tunilo in cursive.

Candis A. Tunilo  
Assistant Consumer Advocate  
PA Attorney I.D. #89891

Enclosures

cc: Secretary's Office of the PUC  
Certificate of Service

170870

BEFORE THE  
PENNSYLVANIA PUBLIC UTILITY COMMISSION

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

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PREHEARING MEMORANDUM  
OF THE  
OFFICE OF CONSUMER ADVOCATE

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Pursuant to Section 333 of the Public Utility Code, 66 Pa.C.S. § 333 and the Prehearing Conference Order issued by Administrative Law Judge Kandace F. Mellilo on June 7, 2013, the Office of Consumer Advocate (OCA) provides the following.

**I. BACKGROUND**

On September 18, 2012, PPL Electric Utilities Corporation (PPL or Company) filed a Long Term Infrastructure Improvement Plan (LTIIIP) pursuant to Section 1352 of the Public Utility Code, 66 Pa. C.S. § 1352. The OCA and the PPL Industrial Customer Alliance (PLLICA) filed Comments to the LTIIIP. By Order entered January 10, 2013, the Public Utility Commission (Commission) approved PPL's LTIIIP.

On January 15, 2013, pursuant to Section 1353, PPL filed a Petition for Approval of a Distribution System Improvement Charge (DSIC). 66 Pa. C.S. § 1353. The OCA filed an Answer, Notice of Intervention, Formal Complaint and Public Statement on February 4, 2013. On that same date, PLLICA filed a Petition to Intervene and Answer. On March 22, 2013, the Office of Small Business Advocate (OSBA) filed an Answer and Notice of Intervention. On

February 8, 2013, Eric Joseph Epstein filed Comments, Notice of Intervention and an Answer. Four customers – Alan D. Whitehouse, John E. Hoag, Pamela Mosconi, and James Weaver – filed Formal Complaints against PPL’s proposed DSIC. Additionally, nineteen individual customers and two customer groups submitted informal protests.

By Order entered May 23, 2013, the Commission approved the Company’s proposed DSIC, subject to recoupment and/or refund pending final resolution of certain issues raised in the parties’ Petitions and Answers. The May 23, 2013 Order did not address the OCA’s pending Formal Complaint, which is assigned Docket No. C-2013-2346390.

The OCA now files this Prehearing Memorandum to set forth the procedure and issues that the OCA believes are relevant to this proceeding.

## **II. ISSUES**

In its May 23, 2013 Order, the Commission directed that the following issues be assigned to the OALJ for hearing and preparation of a Recommended Decision:

1. Impact of accumulated deferred income taxes associated with DSIC investments;
2. Calculation of the state income tax component of the DSIC revenue requirement;
3. Charging the DSIC to customers taking service at transmission voltage rates;<sup>1</sup> and
4. Inclusion of revenues derived from riders in determination of the 5% cap.

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<sup>1</sup> On June 6, 2013, PPLICA filed a Motion for Judgment on the Pleadings as to this issue. Answers to the Motion are due on June 26, 2013.

The OCA also reserves the right to raise additional issues as discovery and review of additional Company testimony continues.

### **III. WITNESSES**

The OCA intends to present the direct, rebuttal, and surrebuttal testimony, as may be necessary, of Thomas S. Catlin regarding the accounting and policy issues identified above. Mr. Catlin will present testimony in written form and will also attach various exhibits, documents, and explanatory information, which will assist in the presentation of the OCA's case. His contact information is as follows:

Thomas S. Catlin  
Exeter Associates, Inc.  
10480 Little Patuxent Parkway, Ste. 300  
Columbia, MD 21044  
Telephone: (410) 992-7500  
Email: [tcatlin@exeterassociates.com](mailto:tcatlin@exeterassociates.com)

The OCA specifically reserves the right to call additional witnesses and to expand the issues addressed in testimony, as necessary. If the OCA determines that an additional witness is necessary for any portion of its case, it will notify the ALJ and all parties of record immediately.

#### **IV. DISCOVERY**

The OCA proposes no changes to the Commission's discovery regulations. To date, the OCA has served and the Company has provided responses to two sets of interrogatories.

#### **V. SERVICE ON THE OCA**

The OCA will be represented in this proceeding by Assistant Consumer Advocates Erin L. Gannon and Candis A. Tunilo. Two copies of all documents should be served in the OCA as follows:

Erin L. Gannon  
Assistant Consumer Advocate  
Office of Consumer Advocate  
555 Walnut Street, Forum Place 5th Floor  
Harrisburg, PA 17101-1923  
Telephone: (717) 783-5048  
Facsimile: (717) 783-7152  
Email: [EGannon@paoca.org](mailto:EGannon@paoca.org)

#### **VI. PROPOSED SCHEDULE**

The OCA will work with the parties to develop a litigation schedule that is acceptable to the ALJ and parties. The OCA's proposed litigation schedule is attached hereto as Appendix A.

## VII. MOTION TO CONSOLIDATE

The Commission did not address the OCA's pending Formal Complaint, in its May 23, 2013 Order. The issues underlying the OCA's Formal Complaint against PPL's proposed DSIC are the same issues the OCA has identified in this Petition proceeding. At the July 1, 2013 Prehearing Conference, the OCA intends to make an oral Motion to Consolidate the two proceedings to avoid unnecessary duplication of administrative resources and financial costs associated with litigating the proceedings separately. The OCA has been advised by counsel for OSBA and PPLICA that they do not oppose consolidation of these proceedings.

Respectfully Submitted,



Erin L. Gannon  
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DATED: June 25, 2013  
170860

BEFORE THE  
PENNSYLVANIA PUBLIC UTILITY COMMISSION

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

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OFFICE OF CONSUMER ADVOCATE  
PROPOSED LITIGATION SCHEDULE

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July 1, 2013 <sup>2</sup>	Prehearing	All Parties
July 19, 2013	Supplemental Direct	PPL
August 15, 2013	Direct	non-Company parties
September 12, 2013	Rebuttal	All Parties
October 10, 2013	Surrebuttal	non-Company parties
October 24, 2013	Written rejoinder	PPL
October 29-30, 2013	Hearings in Harrisburg	All Parties
November 26, 2013	Main Briefs	All Parties
December 20, 2013	Reply Briefs	All Parties

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<sup>2</sup> The OCA proposes that the schedule dates be “in-hand” and that electronic service by 4:30pm on the due date will satisfy the “in-hand” requirement, where a hard copy follows by first-class mail.

CERTIFICATE OF SERVICE

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

I hereby certify that I have this day served a true copy of the foregoing document, Prehearing Memorandum of the Office of Consumer Advocate, 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 25th day of June 2013.

SERVICE BY EMAIL & FIRST CLASS MAIL

Jessica R. Rogers, Esquire  
Post & Schell  
17 North Second Street, 12<sup>th</sup> Floor  
Harrisburg, PA 17101-1601

Paul E. Russell  
Associate General Counsel  
PPL Services Corporation  
Two North Ninth Street  
Allentown, PA 18101

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*PPL Industrial Customer Alliance*

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Commerce Tower, Suite 1102  
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