



COMMONWEALTH OF PENNSYLVANIA

July 3, 2013

**E-FILED**

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

**Re: Pennsylvania Public Utility Commission v. PPL Electric Utilities Corporation  
Docket No. C-2013-2367475**

Dear Secretary Chiavetta:

Enclosed for filing today is the Prehearing Memorandum, on behalf of the Office of Small Business Advocate, in the above-captioned proceeding.

As evidenced by the enclosed certificate of service, all parties have been served as indicated.

Sincerely,

A handwritten signature in cursive script that reads "Elizabeth Rose Triscari".

Elizabeth Rose Triscari  
Assistant Small Business Advocate  
Attorney ID No. 306921

Enclosure

cc: Parties of Record

Robert D. Knecht

**BEFORE THE  
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

<b>JOHN R. EVANS, SMALL BUSINESS</b>	:	
<b>ADVOCATE</b>	:	
	:	
<b>v.</b>	:	<b>DOCKET NO. C-2013-2367475</b>
	:	
<b>PPL ELECTRIC UTILITIES</b>	:	
<b>CORPORATION</b>	:	

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**OFFICE OF SMALL BUSINESS ADVOCATE  
PREHEARING MEMORANDUM**

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**I. INTRODUCTION**

The Office of Small Business Advocate (“OSBA”) is authorized to represent the interests of small business consumers of utility services before the Pennsylvania Public Utility Commission (“Commission”) pursuant to the provisions of the Small Business Advocate Act, Act 181 of 1988, 73 P.S. §§ 399.41 - 399.50 (“the Act”). In order to discharge this statutory duty, the Small Business Advocate deems it necessary to participate as a party to this proceeding. Representing the OSBA in this matter is Assistant Small Business Advocate Elizabeth Rose Triscari. Please address all correspondence as follows:

Elizabeth Rose Triscari, Esquire  
Office of Small Business Advocate  
300 North Second Street, Suite 1102  
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## II. PROCEDURAL BACKGROUND

On May 17, 2013, PPL Electric Utilities Corporation (“PPL Electric” or the “Company”) filed the Generation Supply Charge-1 Reconciliation Report (“GSC-1 Reconciliation Report”) for the period May 1, 2012, through April 30, 2013 (the “Reconciliation Period”) pursuant to the procedures set forth in PPL Electric’s Tariff – Electric Pa. P.U.C. No. 201. The GSC-1 Reconciliation Report was docketed at M-2013-2365092.

The OSBA filed a formal complaint on June 6, 2013, alleging that based on the limited information provided, the GSC-1 Reconciliation Report generally shows that while the GSC-1 reconciliation mechanism appears to be working reasonably well for Residential customers, it has resulted in inexplicably high and unstable rates for Small Commercial and Industrial – Fixed (“Small C&I”) customers. The OSBA’s complaint was docketed at C-2013-2367475.

On June 24, 2013, the Office of Consumer Advocate (“OCA”) filed a Notice of Intervention.

Administrative Law Judge (“ALJ”) David A. Salapa entered a Prehearing Conference Order on June 28, 2013, scheduling a prehearing conference on this proceeding for July 9, 2013.<sup>1</sup> The OSBA submits this prehearing memorandum in accordance with that order.

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<sup>1</sup> Immediately prior to the prehearing conference, an initial hearing is scheduled on the related Docket No. M-2013-2365092. If these two related dockets are not consolidated, the OSBA asserts that the outcome of the initial hearing at Docket M-2013-2365092 is without prejudice to the OSBA’s rights to pursue the issues raised in its complaint at Docket No. C-2013-2367475.

### **III. WITNESS**

Assisting in the development and presentation of the OSBA's position in this proceeding will be:

Mr. Robert D. Knecht  
Industrial Economics Incorporated  
2067 Massachusetts Avenue  
Cambridge, MA 02140  
(617) 354-0074  
(617) 354-0463 – Fax  
[rdk@indecon.com](mailto:rdk@indecon.com)

### **IV. IDENTIFICATION OF ISSUES**

The OSBA is participating in this case to ensure that the interests of Small C&I customers of PPL Electric are adequately represented and protected. Over the past year, Small C&I default service customers have experienced extremely large reconciliation charges in three quarters out of four. PPL Electric's quarterly filings provide little or no explanation as to why actual revenues have consistently fallen short of actual costs. Based on the limited information in the Company's filings, the OSBA believes that actual unit purchase costs appear to substantially exceed forecast unit purchase costs. Since the vast majority of Small C&I default service load is purchased at fixed, known prices from wholesale suppliers, this forecast error is puzzling. While the OSBA and PPL Electric have engaged in some informal discovery regarding this issue, the OSBA believes that a formal proceeding is necessary to address the following issues:

1. A credible explanation as to why PPL Electric has experienced substantial forecast errors for Small C&I default service volumes over the past year;
2. A credible, quantitative explanation as to why PPL Electric has incurred default service costs far in excess of forecast costs for Small C&I default service

customers over the past year, in light of its default service procurement methodology; and

3. A credible explanation as to why the forecast errors and high cost levels occur within the Small C&I default service rate class group, but not the Residential default service rate class group.

The OSBA reserves the right to pursue additional issues as they may arise throughout the course of the proceeding.

#### **IV. SERVICE OF DOCUMENTS**

The OSBA agrees to accept electronic mail delivery of documents on the due date as satisfying the in-hand requirement, *provided that such documents are followed by hard copy delivery to OSBA by first class mail*. Service by electronic mail only is not acceptable. The OSBA requests that such hard copies are also provided to its witness identified above.

In addition to hard copies of pleadings, briefs, and exceptions, the OSBA requests hard copies of responses to discovery propounded by the OSBA or any other party. The OSBA also requests that all parties serve an electronic copy of all interrogatory responses upon the OSBA and the OSBA witness identified above.

#### **V. DISCOVERY**

The OSBA proposes to amend the Commission's discovery regulations as follows:

1. Answers to written interrogatories to be served within 10 calendar days of service of the interrogatories.
2. Objections to interrogatories to be communicated orally within 3 days of service with unresolved objections to be served in writing within 5 days of service of the interrogatories.

3. Motions to dismiss objections and/or motions to compel to be filed within 3 days of service of written objections.
4. Answers to motions to dismiss objections and/or to compel to be filed within 3 days of service of the motion.
5. Responses to requests for document production to be served within 10 calendar days.
6. Requests for admission to be deemed admitted unless answered within 10 days or objected to within 5 days of service.
7. Discovery requests served after 12:00 p.m. on a Friday or the day preceding a holiday shall be deemed to have been served on the next business day.

**VI. SETTLEMENT**

The OSBA notes its willingness to enter into settlement discussions at the appropriate phase of this proceeding.

**VII. PROCEDURAL SCHEDULE**

The OSBA proposes the following schedule for the submission of testimony, evidentiary hearings and filing of briefs:

OSBA Direct Testimony	August 16, 2013
Rebuttal Testimony	September 6, 2013
Surrebuttal Testimony	September 24, 2013
Evidentiary Hearings	October 9-10, 2013
Main Briefs	October 25, 2013
Reply Briefs	November 5, 2013

Respectfully submitted,

  
Elizabeth Rose Triscari  
Attorney ID No. 306921  
Assistant Small Business Advocate

For:

John R. Evans  
Small Business Advocate

Office of Small Business Advocate  
300 North Second Street, Suite 1102  
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Dated: July 3, 2013

**BEFORE THE  
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

**Pennsylvania Public Utility Commission** :  
v. : **Docket No. C-2013-2367475**  
**PPL Electric Utilities Corporation** :

**CERTIFICATE OF SERVICE**

I certify that I am serving two copies of the Prehearing Memorandum, on behalf of the Office of Small Business Advocate, by e-mail and first-class mail (unless otherwise noted) upon the persons addressed below:

Hon. David Salapa  
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Date: July 3, 2013

  
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