



COMMONWEALTH OF PENNSYLVANIA

October 17, 2013

**E-FILED**

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

**Re: PPL Electric Utilities Corp. Proposed Transmission Service Charge (TSC)  
for the Twelve Months Ending November 30, 2010  
Docket No. M-2010-2213754**

**PPL Electric Utilities Corporation Transmission Service Charge  
Docket No. M-2011-2239805**

Dear Secretary Chiavetta:

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

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

Enclosures

cc: Parties of Record  
Robert D. Knecht

**BEFORE THE  
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

|   |          |                                  |
|---|----------|----------------------------------|
| <b>PPL Electric Utilities Corp. Proposed<br/>Transmission Service Charge (TSC) for<br/>The Twelve Months Ending<br/>November 30, 2010</b> | <b>:</b> | <b>DOCKET NO. M-2010-2213754</b> |
|   | <b>:</b> |                                  |
|   | <b>:</b> |                                  |
| <b>PPL Electric Utilities Corporation<br/>Transmission Service Charge</b>   | <b>:</b> | <b>DOCKET NO. M-2011-2239805</b> |
|   | <b>:</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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(717) 783-2525  
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## **II. PROCEDURAL BACKGROUND**

On December 10, 2010, PPL Electric Utilities Corporation's ("PPL" or the "Company") filed its Proposed Transmission Service Charge ("TSC") Reconciliation for the Twelve Months Ending November 30, 2010, with the Commission. The TSC rate effective January 1, 2011, was calculated in error using 2008 historical demand allocators, rather than 2009 historical demand allocators, which caused PPL to file a revised calculation in March 2011. The error resulted in an overcollection from certain large commercial and industrial (LC&I) default service customers.

The Commission entered an Order on May 19, 2011, directing PPL to defer refunding the past period overcollections. This Order also invited parties to comment on the issue of PPL's TSC reconciliation methodology, namely, the use of historical demand allocators rather than actual demand data. A generic investigation was also commenced on this issue at Docket No. M-2011-2239714 ("Generic TSC Investigation").

On June 3, 2011, PPL filed comments in support of its procedure to reconcile estimates of class usage. The OSBA and OCA filed comments on June 20, 2011, supporting PPL's procedure. However, during the course of this protracted proceeding, the OSBA re-evaluated its position and determined that use of such forecasted rather than actual demand data to reconcile demand-related costs in the TSC is inappropriate.<sup>1</sup> The PP&L Industrial Customer Alliance ("PPLICA") filed comments opposing PPL's procedure and advocating for use of actual demand data.

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<sup>1</sup> The OSBA's revised view was presented on July 20, 2012, by OSBA witness Robert D. Knecht in his Direct Testimony in PPL's second default service proceeding at Docket No. P-2012-2302074.

The Commission held in abeyance any further action at Docket No. M-2010-2213754 pending further review and completion of the TSC 2010 audit report.

On April 29, 2011, PPL filed its annual TSC reconciliation proposing TSC rates to become effective on June 1, 2011, at Docket No. M-2011-2239805. These rates included substantial refunds of past period overcollections. The Commission entered an order on May 25, 2011, determining that refunds should be deferred pending further review.

Over two years later, on June 7, 2013, PPL filed a petition at Docket No. M-2011-2239805 for approval of a plan to refund certain historical overcollections of TSC charges to certain LC&I customers.

On June 27, 2013, PPLICA filed an answer to that petition requesting further review of PPL's refund plan and raising various issues.

On August 15, 2013, the TSC Audit Report for the 12 months ended November 30, 2010 and the 5 months ended April 30, 2011, at Docket No. D-2011-2238984 was released to the public. The audit report found that PPL used outdated data for each default service customer class to calculate the TSC allocation factors for the reconciliation periods of 2009, 2010 and the partial year of 2011. The audit report also recommended that PPL make adjustments to future TSC rate filings to correct the error.

Also on this date, the Commission entered an order accepting PPL's use of 2009 historical allocators to calculate its 2010 revised TSC reconciliation ("August 15 Order").<sup>2</sup> However, in a concurrent order entered in the Generic TSC Investigation, the Commission

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<sup>2</sup> Petitions for Reconsideration of the August 15 Order were filed by PPL and PPLICA on August 30, 2013, and have been granted pending further review of and consideration on the merits. The OSBA filed an answer in Support of PPLICA's Petition for Reconsideration on September 9, 2013.

determined that the correct methodology going forward is to use actual, not historical demand allocators.

The Commission's August 15 Order further directed PPL to file a revised plan to refund the currently suspended funds, including funds related to a FERC rate reduction owed to PPL's LC&I-Primary and LC&I-Transmission customer classes from 2009. The Commission referred to the Office of Administrative Law Judge ("OALJ") evaluation of that revised refund plan and resolution of any disputes.

PPL filed a revised refund plan on September 16, 2013.

On September 27, 2013, a prehearing conference order was entered by ALJ Susan D. Colwell scheduling a prehearing conference for October 21, 2013. The OSBA submits this prehearing memorandum consistent with that order.

### **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 business customers of PPL are adequately represented and protected. As appropriate and necessary, the OSBA will investigate and analyze the claims and proposals of PPL and other parties, primarily through discovery, cross-examination of witnesses appearing for those parties, filing of testimony, and briefing of the issues that arise in this proceeding.

The OSBA will particularly focus on issues where the impact upon the interests of PPL's small business customers would be unjustifiably different from or disproportionate to the impact on other classes of customers, or is otherwise lacking in reasonableness or basic fairness.

**V. 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 courtesy 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**

Discovery is ongoing. The OSBA will cooperate with the ALJ and other parties to arrive at any mutually agreeable discovery modifications.

**VI. SETTLEMENT**

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

**VII. PROCEDURAL SCHEDULE**

The OSBA will work with the ALJ and the other parties to develop a mutually acceptable schedule for the remainder of this case.

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  
Harrisburg, PA 17101

Dated: October 17, 2013

**BEFORE THE  
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

**PPL Electric Utilities Corporation** :  
**Transmission Service Charge Effective** : **DOCKET NO. M-2010-2213754**  
**June 1, 2011** :

**PPL Electric Utilities Corporation** :  
**Transmission Service Charge** : **DOCKET NO. M-2011-2239805**

**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-filing, e-mail, and/or first-class mail (unless otherwise noted) upon the persons addressed below:

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