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File #: 2507/151904

June 3, 2014

***VIA ELECTRONIC FILING***

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, 2015 through May 31, 2017  
Docket No. P-2014-2417907**

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Dear Secretary Chiavetta:

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

Respectfully submitted,

Michael W. Hassell

MWH/skr  
Enclosure

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).

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PA Public Utility Commission  
Bureau of Investigation & Enforcement  
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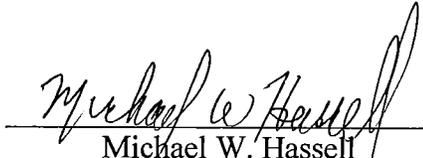
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Date: June 3, 2014

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Company, LLC*

  
Michael W. Hassell

**BEFORE THE  
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

Petition of PPL Electric Utilities :  
Corporation for Approval of a Default : Docket No. P-2014-2417907  
Service Program and Procurement Plan for :  
the Period June 1, 2015 through May 31, :  
2017 :

**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 5, 2014, hereby files this Prehearing Memorandum in the above-captioned matter, and states as follows:

**I. PROCEDURAL HISTORY**

1. On April 18, 2014, PPL Electric filed a Petition requesting Commission approval of its third Default Service Program and Procurement Plan (“DSP III Program”) to establish the terms and conditions under which PPL Electric will acquire and supply Default Service or provider of last resort service (“Default Service”), from June 1, 2015 through May 31, 2017 (the “DSP III Program Period”). As explained in the Petition, the DSP III Program, *inter alia*, consists of a proposal for competitive procurement of Default Service supply and related Alternative Energy Credits (“AECs”) during the DSP III Program Period; an implementation plan; a proposed rate design, including a Time-of-Use (“TOU”) rate option for Default Service during the DSP III Program Period; a proposal to continue and expand the Company’s current

Standard Offer Referral Program; and a contingency plan for the DSP III Program. 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 III Program.

2. On April 25, 2014, PPL Electric filed the direct testimony of three witnesses in support of the DSP III Program. Therein, PPL Electric more fully explained the details of the proposed DSP III Program, and why the Company believes that the proposed DSP III Program includes and/or addresses all of the elements prescribed by Section 2807(e) of the Public Utility Code, the Commission’s regulations, and the Commission’s policies for a Default Service plan.

3. As of mid-day on June 3, 2014, the following persons or entities filed a petition to intervene or notice of appearance, as applicable, in the above captioned proceeding:

- Bureau of Investigation and Enforcement of the Pennsylvania Public Utility Commission - Notice of Appearance filed May 20, 2014.
- Office of Consumer Advocate - Notice of Intervention and Answer filed May 8, 2014.
- Office of Small Business Advocate – Notice of Intervention and Answer filed May 28, 2014.
- PP&L Industrial Customer Alliance - Petition to Intervene filed May 9, 2014.
- Sustainable Energy Fund of Central Eastern Pennsylvania - Petition to Intervene filed May 14, 2014.
- The Coalition for Affordable Utility Services and Energy Efficiency in Pennsylvania - Petition to Intervene filed May 19, 2014.
- FirstEnergy Solutions Corporation – Petition to Intervene filed May 19, 2014.
- Citizens for Pennsylvania’s Future – Petition to Intervene filed May 23, 2014.
- NextEra Energy Power Marketing, LLC – Petition to Intervene filed May 27, 2014.

- Noble Americas Energy Solutions LLC – Petition to Intervene filed May 29, 2014.
- Direct Energy Services, LLC – Petition to Intervene filed May 30, 2014.
- Retail Energy Supply Association – Petition to Intervene filed May 30, 2014.
- Exelon Generation Company, LLC – Petition to Intervene filed May 30, 2014.

## **II. SERVICE OF DOCUMENTS**

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

Michael W. Hassell  
Post & Schell, P.C.  
17 North Second Street  
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5. 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  
Christopher T. Wright - cwright@postschell.com

6. 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**

7. The Company has received and responded to discovery requests from certain parties. PPL Electric encourages the use of informal discovery processes to expedite discovery.

8. Based upon past experience, PPL Electric believes that a protective order may be appropriate with regard to discovery in this proceeding. PPL Electric will coordinate with the other parties of record to agree upon and submit a motion for a protective order that appropriately limits the disclosure of trade secrets or other confidential information. PPL Electric anticipates that the form of protective order to be used in this proceeding will be substantially similar to the protective order used in PPL Electric’s last default service proceeding.

**IV. LITIGATION SCHEDULE**

9. 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.

April 18, 2014	PPL Electric DSP III Petition Filed
April 25, 2014	PPL Electric Direct Testimony
June 5, 2014	Pre-Hearing Conference
July 1, 2014	Opposing Party Testimony
July 14, 2014	Settlement Conference
July 28, 2014	Rebuttal Testimony
August 8, 2014	Surrebuttal Testimony
August 14, 2014	Rejoinder Testimony
August 18-19, 2014	Hearings
September 12, 2014	Initial Briefs
September 26, 2014	Reply Briefs

PPL Electric notes that the above-proposed schedule is substantially similar to the schedule set forth in the Prehearing Order issued by Administrative Law Judge Susan D. Colwell on May 5, 2014.

10. 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

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

- James M. Rouland – Supervisor of Energy Procurement, PPL Electric Utilities Corporation, Two North Ninth Street, Allentown, Pennsylvania, 18101. Mr. Rouland will address the following topics: description of the background of, and essential elements of, the proposed DSP III Program; description of the *pro forma* Request for Proposals Process and Rules (“RFP Rules”) and the *pro forma* Default Service Supply Master Agreement (“Default Service SMA”); description of the proposed Time of Use rate offering; compliance with the Alternative Energy Portfolio Standards Act (“AEPS Act”) and Procurement of Alternative Energy Credits (“AEPS Credits”); description of changes proposed for the PPL Electric Standard Offer Program; description of the RFP process, including bidder qualifications under the RFP Rules and the Default Service SMA; description of the proposed Commercial and Industrial Demand Split; the selection of the independent third-party manager to administer procurement under the Default Service Program; compliance with Regional Transmission Organization (“RTO”) requirements; and a description of the Contingency Plan for DSP III.
- A. Joseph Cavicchi - Senior Vice President, Compass Lexecon, 200 State Street, Boston, MA 02109. Mr. Cavicchi will address the following topics: describe and evaluate the competitive procurement program proposed by PPL Electric in its DSP III Program; review additional lessons learned from PPL Electric’s experience with DSP II; describe the Company’s proposed DSP III’s product portfolio for each customer group; evaluate the proposed DSP III and explain why the plan is a reasonable approach to procuring default service supply in a manner that is consistent with Act 129’s requirements and the Commission’s Orders; and address why the product portfolio constitutes a “prudent mix” that will ensure “least cost over time” to non-shopping customers while continuing to support the development of a competitive retail market.

- Bethany L. Johnson - Manager of Regulatory Compliance, PPL Electric Utilities Corporation. Two North Ninth Street, Allentown, Pennsylvania 18101. Ms. Johnson will address the following topic: describe and support PPL Electric's proposed modifications of its existing Section 1307(e) cost recovery mechanism that will be used to recover the costs of its DSP III Program.

12. The primary issue in this proceeding is whether the DSP III Program as proposed by PPL Electric is reasonable and appropriate.

13. PPL Electric's direct case consists of PPL Electric's DSP III Petition and the four Attachments<sup>1</sup> thereto, which PPL Electric requested to be marked for identification and included in the record in this proceeding as PPL Electric Exhibit 1, and the three pieces of direct testimony<sup>2</sup> and related exhibits filed in support of the DSP III Petition.

## **VI. SETTLEMENT**

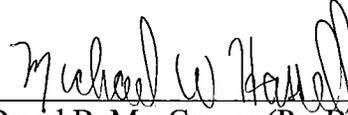
14. At this time, the parties have not discussed the possibility of settlement. PPL Electric has a substantial track record of resolving matters by reaching a settlement with the involved parties and will use every effort to reach a settlement in this proceeding.

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<sup>1</sup> Attachment A - Request for Proposals Process and Rules, Attachment B - Default Service Supply Master Agreement, Attachment C - DSP III Program Product Procurement Schedule, and Attachment D - *Pro Forma* Tariff provisions for the Generation Supply Charge-1, the Generation Supply Charge-2 and the Transmission Service Charge.

<sup>2</sup> PPL Electric Statement Nos. 1-3.

Respectfully submitted,



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Of Counsel

Post & Schell, P.C.

Dated: June 3, 2014

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