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June 3, 2014

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 of a Default Service Program and Procurement Plan for the Period June 1, 2015 Through May 31, 2017; Docket No. P-2014-2417907**

Dear Secretary Chiavetta:

Enclosed for filing with the Pennsylvania Public Utility Commission is the Prehearing Memorandum of the PP&L Industrial Customer Alliance ("PPLICA") concerning 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

A handwritten signature in black ink, appearing to read 'Adeolu A. Bakare', written over a horizontal line.

Adeolu A. Bakare

Counsel to PP&L Industrial Customer Alliance

Enclosures

c: Administrative Law Judge Susan D. Colwell (via e-mail and First-Class Mail)  
Certificate of Service

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## CERTIFICATE OF SERVICE

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

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Adeolu A. Bakare

Counsel to the PP&L Industrial Customer Alliance

Dated this 3<sup>rd</sup> day of June, 2014, at Harrisburg, Pennsylvania

**BEFORE THE  
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

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

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

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As requested by Administrative Law Judge ("ALJ") Susan D. Colwell in the Prehearing Order dated May 5, 2014, the PP&L Industrial Customer Alliance ("PPLICA") hereby submits this Prehearing Memorandum.

**I. HISTORY OF THE PROCEEDING**

On April 18, 2014, PPL Electric Utilities Corporation ("PPL" or the "Company") filed with the Pennsylvania Public Utility Commission ("PUC" or "Commission") a Petition for Approval of a Default Service Program and Procurement Plan for the Period from June 1, 2015 through May 31, 2017 ("DSP"). Through its Petition for Approval of DSP ("Petition"), PPL outlines a proposed plan to procure needed generation and to establish the terms and conditions under which the Company will supply Provider of Last Resort ("POLR") service for the period June 1, 2015 through May 31, 2017. The proposed Default Service Program ("DSP") would apply to all retail customers in PPL's service territory. PPL proposes separate treatment for: (1) Residential Customers served under Rate Schedule RS and RTS; (2) Small Commercial and Industrial ("C&I") Customers taking service under Rate Schedules GS-1, GS-3, GH-2, IS-1, BL, SA, SM, SHS, SE, TS, SI-1, and standby service for the foregoing schedules; and (3) Large C&I Customers served under Rate Schedules GS-3, LP-4, LP-5, LPEP, and standby service for the foregoing schedules.

According to PPL's proposal, PPL plans to offer Large C&I customers POLR service on a real-time hourly basis through the PJM Interconnection, LLC ("PJM") spot market. *See* Petition, p. 5.

On May 9, 2014, PPLICA filed a Petition to Intervene and Answer in this proceeding. A description of PPLICA is set forth in Paragraph 1 of PPLICA's Petition to Intervene. PPLICA's Petition to Intervene is outstanding and awaits disposition by the ALJ.

## **II. ANTICIPATED ISSUES AND SUB-ISSUES**

As some of PPL's largest retail customers, PPLICA members are in a unique position to comment to the Commission on the customer impact of PPL's Petition and the consequences for Large Commercial and Industrial ("C&I") customers. PPLICA is concerned with issues regarding the terms and conditions of its members' electricity service, and therefore, intends to address the following issues related to PPL's proposed DSP. The following is a preliminary list of potential issues to be examined by PPLICA:

- a. Whether PPL's DSP meets the Company's obligation to provide customers with least cost procurement over time;
- b. Whether PPL procures Large C&I default service load through competitive bids or the direct purchases in the PJM market;
- c. Whether PPL might propose to calculate transmission demand for Large C&I-Primary customers using a customers' PJM Network Service Peak Load, consistent with PJM billing practices and the Company's current transmission demand calculation for Large C&I-Transmission customers;
- d. Whether other interveners propose to modify PPL's filed proposal to recover non-market based transmission costs, including Network Integration Transmission Service costs, Transmission Enhancement costs, Expansion Cost Recovery Costs, Non-Firm Point-to-Point Transmission Credits, Regional Transmission Expansion Plan, and Generation Deactivation costs, through non-bypassable riders or other similarly broad cost recovery mechanisms; and
- e. Whether procurements for transitioned customers will occur entirely under PPL's Large C&I Generation Supply Charge ("GSC-2"), inclusive of the calculation of energy charges

for spot-market electricity based on actual hourly metered energy usage instead of any projected load profiles.

PPLICA anticipates pursuing these issues during this proceeding and reserves the right to raise further issues as necessary and appropriate during the course of the proceeding and to respond to issues raised by other parties.

### **III. PROPOSED WITNESSES**

PPLICA is in the process of evaluating whether it will sponsor testimony in this proceeding. In the event that PPLICA decides to sponsor testimony, it will immediately inform the parties and the ALJ of any intended witnesses and topics of testimony. PPLICA also intends to participate in this proceeding through the submission of discovery, cross-examination of other parties' witnesses, and the submission of briefs, exceptions and reply exceptions, if necessary.

### **IV. PROPOSED SCHEDULE AND DISCOVERY RULES**

PPLICA is agreeable to the procedural schedule proposed by PPL in its Prehearing Memorandum. In addition, PPLICA will defer to the parties at the Prehearing Conference regarding the amount of hearing time needed. PPLICA will also cooperate with the ALJ and the parties at the Prehearing Conference to develop appropriate discovery rules in accordance with the Commission's regulations and any additional directives issued by the ALJ.

**V. 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 

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Dated: June 3, 2014