



100 Pine Street • PO Box 1166 • Harrisburg, PA 17108-1166  
Tel: 717.232.8000 • Fax: 717.237.5300

Adeolu A. Bakare  
Direct Dial: 717.237.5290  
Direct Fax: 717.260.1712  
abakare@mwn.com

January 7, 2015

Rosemary Chiavetta, Secretary  
Pennsylvania Public Utility Commission  
Commonwealth Keystone Building  
400 North Street, 2nd Floor  
Harrisburg, PA 17120

**VIA ELECTRONIC FILING**

**RE: Tanya J. McCloskey, Acting Consumer Advocate v. PPL Electric Utilities Corporation; Docket No. C-2014-2456453**

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 a true and correct copy of the foregoing document has been served upon the following persons, in the manner indicated, in accordance with the requirements of § 1.54 (relating to service by a participant).

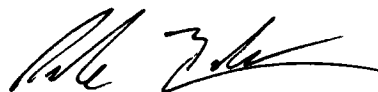
### VIA E-MAIL AND FIRST-CLASS MAIL

David B. MacGregor, Esq.  
Post & Schell, PC  
Four Penn Center  
1600 John F. Kennedy Boulevard  
Philadelphia, PA 19103  
[dmacgregor@postschell.com](mailto:dmacgregor@postschell.com)

Tanya McCloskey, Esq.  
Candis A Tunilo, Esq.  
Darryl A. Lawrence, Esq.  
Office of Consumer Advocate  
555 Walnut Street  
Forum Place 5th Floor  
Harrisburg, PA 17101 1921  
[tmccloskey@paoca.org](mailto:tmccloskey@paoca.org)  
[ctunilo@paoca.org](mailto:ctunilo@paoca.org)  
[dlawrence@paoca.org](mailto:dlawrence@paoca.org)

Christopher T. Wright, Esq.  
Post & Schell, PC  
17 North 2nd Street, 12th Floor  
Harrisburg, PA 17101-1601  
[cwright@postschell.com](mailto:cwright@postschell.com)

Paul E. Russell, Esq.  
PPL Services Corporation  
Two North Ninth Street  
Allentown, PA 18101  
[perussell@pplweb.com](mailto:perussell@pplweb.com)



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Adeolu A. Bakare

Counsel to the PP&L Industrial Customer Alliance

Dated this 7<sup>th</sup> day of January, 2015, in Harrisburg, Pennsylvania.



matters should be considered untimely, but agreeing to revise the tariff to include the allocation factors.

On December 3, the Office of Consumer Advocate ("OCA") filed a Complaint alleging that "the proposed changes and increase in rates contained in the proposed Tariff may be unjust, unreasonable, in violation of the law and will or may produce an excessive return on investment in violation of the Public Utility Code." OCA Complaint, p. 3. OCA specifically observed that PPL did not calculate Supplement No. 165 based on the baseline \$14.7 million in storm damage expenses currently recovered through base rates, but instead used a volumetric sales figure to establish a lower baseline. *Id.* Accordingly, OCA requested that the Commission suspend and investigate Supplement No. 165 and hold full evidentiary hearings examining the reasonableness of the Company's proposed increase in rates. *See* OCA Complaint, p. 4.

On December 18, 2014, the Commission entered an Order suspending the SDER tariff filing and assigning the OCA's Complaint to an ALJ for expedited hearings. On December 22, 2014, PPL filed Supplement Nos. 172 and 173 to Tariff Electric-Pa. P.U.C. No. 201, which respectively added allocation factors to the tariff and implemented the Commission-mandated suspension. PPL further filed an Answer to the Complaint on December 29, 2014, alleging that the Preliminary Calculation of the SDER was properly based on actual storm damage expenses recovered through base rates and further supplemented by way of a final rate calculation filed on December 19, 2014.

As a participant in the underlying SDER and base rate proceedings at Docket No. R-2012-2290597, PPLICA was served with the Prehearing Order commencing litigation of OCA's Complaint. A description of PPLICA was set forth in Paragraph 6 of PPLICA's Complaint filed

on May 25, 2012. Additionally, an updated Appendix A listing PPLICA's current member composition is attached hereto.

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

PPLICA's members are concerned with issues regarding PPL's SDER costs, particularly the proposed allocation of those costs and the operation of the recovery mechanism. Specifically, PPLICA will participate in this proceeding and address any additional cost allocation proposals that may materialize regarding PPL's compliance with the SDER Order. PPLICA is also interested in gaining a better understanding of the factual disagreement between OCA and PPL regarding the calculation of the initial rates to assess the validity of OCA's assertions. PPLICA anticipates pursuing these issues during this proceeding and reserves the right to raise further issues as necessary and appropriate during the course of this 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 expedited 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 a brief, exceptions and reply exceptions, if necessary.

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

PPLICA is generally agreeable to the procedural schedule set forth in the ALJ's Prehearing Order, but would not oppose any request to extend the compressed litigation schedule. PPLICA will defer to the other parties at the Prehearing Conference regarding the

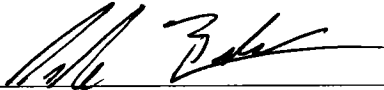
amount of time needed to litigate the principle issues. PPLICA will also cooperate with the ALJ and the parties at the Prehearing Conference to develop appropriate discovery rules in accordance with the Commission's regulations and any additional directives issued by the ALJ.

**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 

Pamela C. Polacek (I.D. No. 78276)

Adeolu A. Bakare (I.D. No. 208541)

100 Pine Street

P.O. Box 1166

Harrisburg, PA 17108-1166

Phone: (717) 232-8000

Facsimile: (717) 260-1744

[ppolacek@mwn.com](mailto:ppolacek@mwn.com)

[abakare@mwn.com](mailto:abakare@mwn.com)

Counsel to the PP&L Industrial Customer Alliance

Dated: January 7, 2015

**APPENDIX A**

**PP&L INDUSTRIAL CUSTOMER ALLIANCE**

Air Products and Chemicals, Inc.

Armstrong World Industries, Inc.

General Dynamics-OTS Scranton

Harristown Enterprises, Inc.

Hercules Cement Company

Linde LLC

SAPA Extrusions, Inc.

The Hershey Company

TIMET North America

Wegmans Food Markets, Inc.