



COMMONWEALTH OF PENNSYLVANIA
PENNSYLVANIA PUBLIC UTILITY COMMISSION
COMMONWEALTH KEYSTONE BUILDING
400 NORTH STREET, HARRISBURG, PA 17120

BUREAU OF
INVESTIGATION
&
ENFORCEMENT

May 31, 2024

Via Electronic Filing

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

Re: Petition of PPL Electric Utilities Corporation for a Waiver of the Distribution
System Improvement Charge Cap of 5% of Billed Revenues
Docket No. P-2024-3048732
I&E Prehearing Memorandum

Dear Secretary Chiavetta:

Enclosed for electronic filing please find the **Prehearing Memorandum of the Bureau of Investigation and Enforcement** in the above-captioned proceeding.

Copies are being served on parties per the attached Certificate of Service. Should you have any questions, please do not hesitate to contact me.

Sincerely,

A handwritten signature in blue ink that reads 'Allison C. Kaster'.

Allison C. Kaster
Chief Prosecutor
Bureau of Investigation and Enforcement
PA Attorney ID No. 93176
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ACK/ac
Enclosures

cc: Deputy Chief Administrative Law Judge Arlene Ashton (via email – aashton@pa.gov)
Per Certificate of Service

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

Petition of PPL Electric Utilities Corporation for	:	
a Waiver of the Distribution System	:	Docket No. P-2024-3048732
Improvement Charge Cap of 5% of Billed	:	
Revenues	:	

**PREHEARING CONFERENCE MEMORANDUM
OF THE BUREAU OF INVESTIGATION AND ENFORCEMENT**

TO ADMINISTRATIVE LAW JUDGE ARLENE ASHTON:

Pursuant to the Prehearing Conference Order dated May 29, 2024, the Bureau of Investigation and Enforcement (I&E) of the Pennsylvania Public Utility Commission respectfully submits the following Prehearing Memorandum in the above-captioned proceeding.

I. INTRODUCTION

On April 26, 2024, PPL Electric Utilities Corporation (“PPL Electric” or the “Company”) filed the above-captioned Petition requesting waiver of the Company’s Distribution System Improvement Charge (“DSIC”) cap of 5% of billed distribution revenues and requesting an increase of the maximum allowable DSIC from 5% to 9% for bills rendered on or after January 1, 2025.

On May 16, 2024, I&E and the Office of Consumer Advocate filed timely Answers and the Office of Small Business Advocate filed a Notice of Intervention.

On May 28, 2024, Administrative Law Judge Arlene Ashton issued a Prehearing Conference Order indicating that Prehearing Conference Memorandum are due in hand by 10:00 a.m. on May 31, 2024. A telephonic Prehearing Conference is scheduled for 10:00 a.m. on Monday, June 3.

II. SERVICE

Allison Kaster is the assigned I&E Prosecutor in this proceeding. Contact information is as follows:

By mail: Allison C. Kaster
Bureau of Investigation and Enforcement
Commonwealth Keystone Building
400 North Street
Harrisburg, PA 17120

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III. DISCOVERY

I&E does not propose discovery modifications at this time but does not object to any modifications that may be proposed by other active parties.

IV. ISSUES

The Company avers that its requested waiver and increase of the current DSIC cap is needed to provide the financial resources to improve its reliability performance.¹ PPL Electric also cites to more frequent and severe weather events and the rising cost of materials as further challenges to maintaining and improving reliability of service.²

Section 1358(a)(1) provides that a DSIC may not exceed 5% of distribution rates billed for a NGDC; however, upon petition, the Commission may grant a waiver of the 5% limit if necessary “to ensure and maintain adequate, efficient, safe, reliable and reasonable service.” The 5% cap of distribution rates billed was set by the legislature as a ratepayer protection to prevent a utility from making overly aggressive system improvements to be paid by ratepayers without in-depth scrutiny that occurs in a base rate case. Increasing the Company’s DSIC from 5% to 9% without the opportunity to review and analyze the Company’s operating expenses, taxes, plant,

¹ PPL Electric Petition para. 35.

² PPL Electric Petition para. 44-49.

revenues and cost of debt and equity in a base rate proceeding may not be in the public interest because it does not allow other benefits and/or costs to flow through to ratepayers, such as lower cost of debt or changes to operating expenses.

Accordingly, I&E intends to address whether the current 5% DSIC cap is insufficient for the Company to continue to maintain safe and reliable service to its customers and whether the Company's requested increase is in the public interest.

V. WITNESSES

I&E has not yet identified its witness(es) in this proceeding. However, I&E will notify Your Honor and Parties when the determination is made.

VI. SCHEDULE

I&E will work with the Parties to develop a mutually agreeable litigation schedule.

VII. CONCLUSION

I&E is willing to make good faith efforts to successfully resolve this matter. In the event that settlement discussions do not result in a full and complete resolution of the matter, I&E is prepared to fully or partially litigate this proceeding.

Respectfully submitted,



Allison C. Kaster
Chief Prosecutor
PA Attorney ID No. 93176

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Harrisburg, Pennsylvania 17120
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Dated: May 31, 2024

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

Petition of PPL Electric Utilities	:	
Corporation for a Waiver of the	:	Docket No. P-2024-3048732
Distribution System Improvement	:	
Charge Cap of 5% of Billed Revenues	:	

CERTIFICATE OF SERVICE

I hereby certify that I am serving the foregoing **Prehearing Memorandum** dated May 31, 2024, in the manner and upon the persons listed below.

Served via Electronic Mail Only

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