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September 7, 2012

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

**VIA ELECTRONIC FILING AND
HAND DELIVERY**

RE: Joint Petition of Metropolitan Edison Company, Pennsylvania Electric Company, Pennsylvania Power Company and West Penn Power Company for an Evidentiary Hearing on the Energy Efficiency Benchmarks Established for the Period June 1, 2013 through May 31, 2016; Docket Nos. P-2012-2320450, P-2012-2320468, P-2012-2320480, and P-2012-2320484

Dear Secretary Chiavetta:

Please find enclosed for filing with the Pennsylvania Public Utility Commission ("PUC" or "Commission") the signed original of the Prehearing Memorandum on behalf of the Met-Ed Industrial Users Group ("MEIUG"), the Penelec Industrial Customer Alliance ("PICA"), the Penn Power Users Group ("PPUG"), and the West Penn Power Industrial Intervenors ("WPPII") in the above-referenced proceeding.

As evidenced by the attached Certificate of Service, all parties to this proceeding are being duly served with a copy of this document. Please date stamp the extra copy of this transmittal letter and Prehearing Memorandum, and kindly return them to our messenger for our filing purposes.

Sincerely,

McNEES WALLACE & NURICK LLC

By 
Teresa K. Schmittberger

Counsel to the Met-Ed Industrial Users Group,
the Penelec Industrial Customer Alliance,
the Penn Power Users Group, and
the West Penn Power Industrial Intervenors

TKS/leh
Enclosures

c: Administrative Law Judge Elizabeth H. Barnes (via Hand Delivery)
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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Dated this 7th day of September, 2012, at Harrisburg, Pennsylvania

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

Joint Petition of Metropolitan Edison Company,	:	
Pennsylvania Electric Company, Pennsylvania	:	Docket Nos. P-2012-2320450
Power Company and West Penn Power	:	P-2012-2320468
Company for an Evidentiary Hearing on the	:	P-2012-2320480
Energy Efficiency Benchmarks Established	:	P-2012-2320484
for the Period June 1, 2013 through May 31, 2016	:	
	:	

**PREHEARING MEMORANDUM OF
THE MET-ED INDUSTRIAL USERS GROUP,
THE PENELEC INDUSTRIAL CUSTOMER ALLIANCE,
THE PENN POWER USERS GROUP, AND
THE WEST PENN POWER INDUSTRIAL INTERVENORS**

As requested by Administrative Law Judge ("ALJ") Elizabeth H. Barnes in the August 29, 2012, Prehearing Conference Order, the Med-Ed Industrial Users Group ("MEIUG"), the Penelec Industrial Customer Alliance ("PICA"), the Penn Power Users Group ("PPUG"), and the West Penn Power Industrial Intervenors ("WPPII") (collectively, "Industrial Customer Groups") hereby submit this Prehearing Memorandum.

I. HISTORY OF THE PROCEEDING

On August 3, 2012, the Pennsylvania Public Utility Commission ("PUC" or "Commission") issued its Energy Efficiency and Conservation ("EE&C") Phase II Implementation Order ("I.O.") at Docket Nos. M-2012-2289411 and M-2008-2069887, tentatively adopting, among other things, Electric Distribution Company ("EDC")-specific consumption reduction targets for the period June 1, 2013, through May 31, 2016. The I.O.

indicated that an EDC could contest its specific targets by filing a petition for evidentiary hearing by August 20, 2012. If the EDC did not contest the targets, the targets would become final.

On August 20, 2012, Metropolitan Edison Company ("Met-Ed"), Pennsylvania Electric Company ("Penelec"), Pennsylvania Power Company ("Penn Power"), and West Penn Power Company ("West Penn") (collectively, "Companies") submitted to the Commission a Joint Petition for an Evidentiary Hearing challenging the energy efficiency ("EE") benchmarks established in the I.O. ("Joint Petition"). Specifically, the Companies indicated that they cannot be certain if these energy efficiency benchmarks can be achieved until after certain assessments occur. In order to preserve their rights to challenge the energy efficiency benchmarks set forth in the I.O., the Companies submitted their Joint Petition.

On August 30, 2012, the Industrial Customer Groups filed a Joint Petition to Intervene in this proceeding. A description of the Industrial Customer Groups is set forth in Paragraph 5 of the Industrial Customer Groups' Joint Petition to Intervene. The Industrial Customer Groups' Joint Petition to Intervene awaits disposition by the ALJ.

II. ANTICIPATED ISSUES AND SUB-ISSUES

The Industrial Customer Groups are concerned with any modifications to the Companies' EE&C Plans. The Industrial Customer Groups anticipate pursuing these issues during this proceeding, and also reserve the right to raise further issues and to respond to issues raised by other parties.

III. PROPOSED WITNESSES

The Industrial Customer Groups are still evaluating whether they will present any witnesses in this proceeding. If the Industrial Customer Groups determine that they will present such witnesses, the Industrial Customer Groups will inform the ALJ and the other parties as soon

as possible. The Industrial Customer Groups intend 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. ADDITIONAL MATTERS FOR CONSIDERATION

As per ALJ Barnes' request, the Industrial Customer Groups provide direct responses to the following issues specifically raised in the Prehearing Conference Order.

a) Consolidation of the above-referenced docket numbers or coordination of the hearings.

The Industrial Customer Groups submit that these four dockets share common elements of fact and law. Thus, for the purposes of judicial and administrative efficiency, consolidation of the above-referenced docket numbers and coordination of the hearings is appropriate.

b) Coordination of these cases with (1) PPL Electric Utilities Company's petition for evidentiary hearing at Docket No. P-2012-2320369; and (2) PECO Energy Company's petition for evidentiary hearing at Docket No. P-2012-2320334.

The Industrial Customer Groups submit that coordination of these cases with PPL's and PECO's Petitions for Evidentiary Hearing may not be efficient because FirstEnergy, PPL and PECO have different EE&C Plans and have raised different issues in their Petitions.

c) Whether the hearings should be held separately, but back-to-back.

The Industrial Customer Groups submit that hearings could be held sequentially, but overlaps of attorneys and witnesses may require some time between hearings to allow for adequate preparation.

d) The possibility for settlement of the proceeding, subject to the Commission's approval.

The Industrial Customer Groups are willing to participate in settlement discussions with the other parties to amicably resolve the issues in this proceeding.

- e) **Whether the matter should be decided upon legal briefs, or whether a hearing is necessary.**

The Industrial Customer Groups submit that deciding this matter upon legal briefs may be possible depending on the scope of testimony and an opportunity for responses.

- f) **If a hearing is required, a procedural schedule will be discussed including the amount of hearing time necessary to dispose of the proceeding.**

The Industrial Customer Groups will cooperate with the ALJ and the parties at the Prehearing Conference to develop an appropriate procedural schedule in accordance with the Commission's regulations and any directives issued by the ALJ.

- g) **Arrangements for the submission of direct testimony of witnesses in writing in advance of the hearing to the extent practicable, and for the submission in advance of hearing of written requests for information which a party contemplates asking another party to present at hearing.**

The Industrial Customer Groups support written testimony and discovery.

- h) **Other matters that may aid in expediting the orderly conduct and disposition of the proceeding and the furtherance of justice, including, but not limited to, the following:**

1. **The exchange and acceptance of exhibits proposed to be offered into evidence.**

The Industrial Customer Groups submit that the Commission's rules and regulations regarding exchange and acceptance of exhibits is appropriate.

2. **The obtaining of admissions as to, or stipulations of, facts not remaining in dispute, or the authenticity of documents which might properly shorten the hearing.**

The Industrial Customer Groups will work with the other parties in an attempt to address the aforementioned issues in a manner that would appropriately and properly shorten the hearing.

3. **The limitation of the number of witnesses.**

The Industrial Customer Groups are willing to amicably discuss this issue with the other parties at the Prehearing Conference.

4. Discovery rules modifications.

The Industrial Customer Groups do not take a position on this issue at this time.

V. PROPOSED DISCOVERY RULES

The Industrial Customer Groups will 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 directives issued by the ALJ.

Respectfully submitted,

McNEES WALLACE & NURICK LLC

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Dated: September 7, 2012