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January 4, 2016

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

VIA ELECTRONIC FILING

RE: Joint Petition for Consolidation of Proceedings and Approval of Energy Efficiency and Conservation Plans Phase III of Metropolitan Edison Company, Pennsylvania Electric Company, Pennsylvania Power Company, and West Penn Power Company; Docket Nos. M-2015-2514767, M-2015-2514768, M-2015-2514769, M-2015-2514772

Dear Secretary Chiavetta:

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

As evidenced by the attached Certificate of Service, all parties to these proceedings are being duly served with a copy of this document. Thank you.

Very truly yours,

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

/leh

Enclosures

c: Administrative Law Judge Elizabeth H. Barnes (via E-mail and First-Class Mail)
Administrative Law Judge Steven K. Haas (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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Teresa K. Schmittberger

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the Penn Power Users Group, and
the West Penn Power Industrial Intervenors

Dated this 4th day of January, 2016, at Harrisburg, Pennsylvania

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

Joint Petition for Consolidation of Proceedings	:	
and Approval of Energy Efficiency and	:	Docket Nos. M-2015-2514767
Conservation Plans Phase III of Metropolitan	:	M-2015-2514768
Edison Company, Pennsylvania Electric	:	M-2015-2514769
Company, Pennsylvania Power Company, and	:	M-2015-2514772
West Penn Power Company	:	

**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**

Pursuant to the December 18, 2015, Prehearing Conference Order issued by Administrative Law Judges ("ALJ") Elizabeth H. Barnes and Steven K. Haas, 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") (collectively, "Industrial Customer Groups") hereby submit this Prehearing Memorandum in the above-captioned proceedings.¹

I. HISTORY OF THE PROCEEDING

On November 23, 2015, the Metropolitan Edison Company ("Met-Ed"), Pennsylvania Electric Company ("Penelec"), Pennsylvania Power Company ("Penn Power"), and West Penn Power Company ("West Penn") (collectively, "Companies") petitioned the Pennsylvania Public Utility Commission ("PUC" or "Commission") for approval of their Phase III Energy Efficiency

¹ This Industrial Customer Groups were not served with the Prehearing Conference Order and only became aware of the December 30, 2015, due date for prehearing memoranda on December 31, 2015. Accordingly, the Industrial Customer Groups are submitting the instant Prehearing Memorandum with its Comments and Joint Petition to Intervene and Answer on January 4, 2016.

& Conservation ("EE&C") Plans ("Phase III Plans"). The Companies' Joint Petition for Consolidation and Approval of their Phase III Plans ("Joint Petition") identifies and describes the Companies' programs to be implemented to achieve the consumption reduction targets adopted by the Commission's Phase III Implementation Order entered on June 19, 2015, at Docket No. M-2014-2424864 ("Implementation Order") and the Commission's peak demand reduction targets that will be in place during Program Years 2 through 5 of Phase III, and requests authorization to implement proposed tariff riders for cost recovery purposes.

Concurrently with the filing of this Prehearing Memorandum, the Industrial Customer Groups will file Comments and a Joint Petition to Intervene and Answer in these proceedings. A description of the Industrial Customer Groups is set forth in Paragraph 1 of the Industrial Customer Groups' Joint Petition to Intervene and Answer.

A Prehearing Conference has been scheduled in these proceedings for January 5, 2016.

II. SERVICE LIST

For purposes of service in the above-captioned proceedings, please direct all communications to:

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Vasiliki Karandrikas (Pa. I.D. No. 89711)
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III. ANTICIPATED ISSUES AND SUB-ISSUES

The Industrial Customer Groups are concerned with issues regarding the terms and conditions of their electricity service, including any rate increases imposed as a result of the Companies' Phase III Plans.

The Industrial Customer Groups are also concerned with key aspects of Phase III that warrant further investigation. First, the Industrial Customer Groups stress that if a ruling by the U.S. Supreme Court were to result in the elimination of all PJM Interconnection, L.L.C. ("PJM"), Demand Response ("DR") programs, and states assume primary responsibility for managing DR initiatives under Act 129, then an expeditious and comprehensive stakeholder process must be held to ensure reliability and just and reasonable rates. Second, if Senate Bill ("S.B.") 805 passes the General Assembly, then the Companies must adjust their Phase III Plans to permit Large C&I customers to opt out of participation in the Companies' Phase III Plans. Third, the Companies must structure their Phase III Plans to recognize and comply with PJM market rules. Specifically, as Phase III of Act 129 now requires all Electric Distribution Companies ("EDCs") to rebid all Conservation Service Provider ("CSP") contracts, the Companies must comply with the PJM Tariff's requirement that EDCs have only one CSP to manage economic load response incidents. Finally, the Companies' rate setting and reconciliation process must be public, prompt and uniform to reduce uncertainty and to ensure fair cost allocation among customers.

The Industrial Customer Groups anticipate pursuing these issues during these proceedings, and also reserve the right to raise further issues and to respond to all matters raised by other parties.

IV. PROPOSED WITNESSES

The Industrial Customer Groups are in the process of evaluating whether they will sponsor any testimony in these proceedings. In the event the Industrial Customer Groups decide to sponsor testimony, the Industrial Customer Groups will inform the ALJs and the other parties of any intended witnesses and topics of testimony. The Industrial Customer Groups also intend to participate in these proceedings through the submission of discovery, cross-examination of other parties' witnesses, and the submission of briefs, exceptions and reply exceptions, if necessary.

V. PROPOSED SCHEDULE AND DISCOVERY RULES

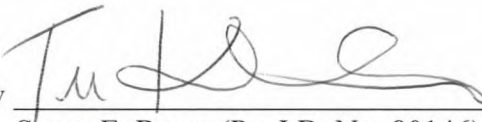
The Industrial Customer Groups will cooperate with the ALJs and the parties at the Prehearing Conference to develop an appropriate procedural schedule and discovery rules in accordance with the Commission's regulations and any directives issued by the ALJs.

VI. POSSIBILITY OF SETTLEMENT

The Industrial Customer Groups are willing to participate in discussions with the other parties to amicably resolve the issues in these proceedings.

Respectfully submitted,

McNEES WALLACE & NURICK LLC

By 

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Dated: January 4, 2016