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January 8, 2016

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

VIA ELECTRONIC FILING

RE: Petition of PECO Energy Company For Approval of its Act 129 Phase III Energy Efficiency and Conservation Plan; Docket No. M-2015-2515691

Dear Secretary Chiavetta:

Attached for filing with the Pennsylvania Public Utility Commission is the Prehearing Memorandum of the Philadelphia Area Industrial Energy Users Group ("PAIEUG") 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. Thank you.

Very truly yours,

McNEES WALLACE & NURICK LLC

By 
Adeolu A. Bakare

Counsel to the Philadelphia Area Industrial Energy Users Group

/leh

Enclosures

c: Administrative Law Judge Angela T. Jones (via e-mail and First Class Mail)
Administrative Law Judge Darlene Davis Heep (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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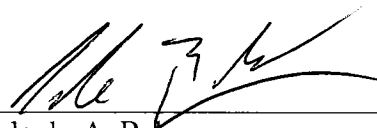
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Adeolu A. Bakare

Counsel to the Philadelphia Area Industrial Energy
Users Group

Dated this 8th day of January, 2016, at Harrisburg, Pennsylvania

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

Petition of PECO Energy Company	:	
For Approval of its Act 129 Phase III	:	Docket No. M-2015-2515691
Energy Efficiency and Conservation Plan	:	

**PREHEARING MEMORANDUM OF THE
PHILADELPHIA AREA INDUSTRIAL ENERGY USERS GROUP**

Pursuant to the December 23, 2015, Prehearing Order issued by Administrative Law Judges ("ALJ") Angela T. Jones and Darlene D. Heep, the Philadelphia Area Industrial Energy Users Group ("PAIEUG") hereby submits this Prehearing Memorandum in the above-captioned proceeding.

I. HISTORY OF THE PROCEEDING

On November 30, 2015, PECO Energy Company ("PECO" or the "Company") petitioned the Pennsylvania Public Utility Commission ("PUC" or "Commission") for approval of its Phase III Energy Efficiency and Conservation ("EE&C") Plan ("Phase III Plan"). The Company's Petition for Approval of its Phase III Plan ("Petition") outlines PECO's proposal to address the requirements of Act 129 and the PUC's Phase III Implementation Order entered on June 19, 2015, at Docket No. M-2014-2424864 ("Implementation Order") through Energy Efficiency ("EE") programs designed to achieve an overall 5.0% consumption reduction and a 161 MW demand reduction for PECO's customers. Through the Petition, PECO also requests to approval to implement a non-bypassable charge, or Phase III EE&C Program Charge ("EEPC"), for cost recovery purposes.

On January 4, 2016, PAIEUG filed Comments and a Petition to Intervene and Answer in this proceeding. A description of PAIEUG is set forth in Paragraph 1 of PAIEUG's Petition to Intervene and Answer.

A Prehearing Conference has been scheduled in this proceeding for January 12, 2016.

II. ANTICIPATED ISSUES AND SUB-ISSUES

PAIEUG is concerned with issues regarding the terms and conditions of its members' electricity service. Specifically, PAIEUG is concerned with the cost of PECO's Phase III Plan and potential rate impact upon PECO's Large Commercial and Industrial ("C&I") customers. Additionally, PECO's proposed Transition Plan must be further analyzed to ensure Phase II and Phase III costs are appropriately assigned and recovered.

PAIEUG is also concerned with key aspects of Phase III that warrant further investigation. First, PAIEUG stresses that if a ruling by the U.S. Supreme Court results in elimination of all PJM Interconnection, L.L.C. ("PJM"), Demand Response ("DR") programs, then the Commission must hold an expeditious and comprehensive stakeholder process to ensure that the Commonwealth can effectively and efficiently replace PJM's programs. Second, if Senate Bill ("SB") 805 passes the Pennsylvania General Assembly, then PECO must adjust its Phase III Plan to permit Large C&I customers to opt-out of participation in the Company's Phase III Plan. Third, PECO must structure its Phase III Plan 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 Company must comply with the PJM Tariff's requirement that EDCs have only one PJM Curtailment

Service Provider to manage economic load response events.¹ Finally, PECO's rate setting and reconciliation process must be public, prompt and uniform to reduce uncertainty and to ensure fair cost allocation among customers.

In addition to the issues summarized above, PAIEUG 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

PAIEUG is in the process of evaluating whether it will sponsor testimony in this proceeding. In the event that PAIEUG decides to sponsor testimony, it will immediately inform the parties and the ALJs of any intended witnesses and topics of testimony. PAIEUG 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

PAIEUG is agreeable to the procedural schedule proposed by PECO and set forth in the ALJs' Prehearing Order. In addition, PAIEUG will defer to the parties at the Prehearing Conference regarding the amount of hearing time and number of days needed. PAIEUG will also cooperate with the ALJs 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 ALJs.

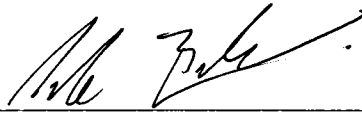
¹ The PJM Curtailment Service Provider designation is distinct from the Act 129 "CSP" designation. Many PJM Curtailment Service Providers are not Act 129 CSPs.

V. POSSIBILITY OF SETTLEMENT

PAIEUG 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: January 8, 2016