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May 17, 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 Electric Long Term Infrastructure Improvement Plan and to Establish a Distribution System Improvement Charge for its Electric Operations; Docket No. P-2015-2471423

Dear Secretary Chiavetta:

Attached please find for filing with the Pennsylvania Public Utility Commission 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.

Sincerely,

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 the Philadelphia Area Industrial Energy Users Group

Enclosure

c: Administrative Law Judge Christopher P. Pell (via email and First Class Mail)
Administrative Law Judge Darlene Heep (via email 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 Section 1.54 (relating to service by a participant).

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Dated this 17th day of May, 2016, in Harrisburg, Pennsylvania.

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

Petition of PECO Energy Company :
For Approval of Its Electric Long Term :
Infrastructure Improvement Plan and To : Docket No. P-2015-2471423
Establish A Distribution System Improvement :
Charge for Its Electric Operations :

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

As requested by Administrative Law Judges ("ALJs") Christopher P. Pell and Darlene Heep in the Prehearing Conference Order dated May 2, 2016, the Philadelphia Area Industrial Energy Users Group ("PAIEUG") hereby submits this Prehearing Memorandum.

I. HISTORY OF THE PROCEEDING

On March 27, 2015, PECO petitioned the Commission to establish a Distribution System Improvement Charge ("DSIC") for its electric operations ("Petition"). Through the DSIC, PECO proposed to recover "a return on and a return of capitalized costs related to eligible property constructed or installed to rehabilitate, improve and replace portions of its electric distribution system." Petition, p. 1. PECO's Petition was filed pursuant to the Commission's Final Implementation Order entered on August 2, 2012, at Docket No. M-2012-2293611 ("Implementation Order").

The Commission issued an Order on October 22, 2015, approving PECO's proposed DSIC, but referring the following issues to the Office of Administrative Law Judge ("OALJ") for further review: (1) whether customers taking service at transmission voltage rates should be included under the DSIC; and (2) if revenues associated with the riders in PECO's tariff are properly included as distribution revenues.

On April 15, 2015, PAIEUG filed 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. PAIEUG's Petition to Intervene is outstanding and awaits disposition by the ALJs.

II. ANTICIPATED ISSUES AND SUB-ISSUES

PAIEUG is concerned with issues regarding the terms and conditions of its members' electricity service and, therefore, intends to address the following issues related to PECO's proposed DSIC. First, PAIEUG strongly opposes the Company's proposal to apply the DSIC to transmission voltage customers. Second, PAIEUG intends to address PECO's calculation of the 5% cap on costs recovered through the DSIC, including the proper treatment of revenues collected through the Company's various riders. PAIEUG 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 all matters 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. In addition to potentially submitting testimony, PAIEUG 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

Consistent with informal communications between parties to this proceeding, PAIEUG is amenable to scheduling multiple settlement conferences before proceeding with further litigation. To that end, PAIEUG will cooperate with the ALJs and the parties at the Prehearing


Conference to develop, as necessary, an appropriate procedural schedule and discovery rules in accordance with the Commission's regulations and any ALJ directives.

V. SETTLEMENT

As noted above, 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: May 17, 2016