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June 20, 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: (1) Approval of its Microgrid Integrated Technology Pilot Plan and (2) Issuance of a Declaratory Order Regarding the Recovery of Microgrid Costs; Docket No. P-2016-2546452

Application for Construction of Microgrid Distributed Energy Resources Fueled by Natural Gas; Docket No. A-2016-2546450

Dear Secretary Chiavetta:

Attached for filing with the Pennsylvania Public Utility Commission is the Petition to Intervene 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 the proceeding are being served with a copy of this document. Thank you.

Sincerely,

McNEES WALLACE & NURICK LLC

By

A handwritten signature in black ink, appearing to read 'A. Bakare', written over a horizontal line.

Adeolu A. Bakare

Counsel to the Philadelphia Area Industrial Energy Users Group

Enclosures

- c: Administrative Law Judge Eranda Vero (via E-Mail and First-Class Mail)
- Administrative Law Judge Cynthia W. Fordham (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 Section 1.54 (relating to service by a participant).

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Certificate of Service

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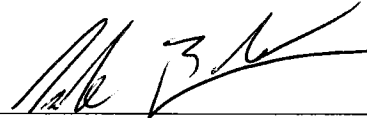
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Adeolu A. Bakare

Counsel to the Philadelphia Area Industrial
Energy Users Group

Dated this 20th day of June, 2016, in Harrisburg, Pennsylvania.

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

Petition of PECO Energy Company for: :
(1) Approval of its Microgrid Integrated Technology : P-2016-2546452
Pilot Plan and (2) Issuance of a Declaratory Order :
Regarding the Recovery of Microgrid Costs :

Application for Construction of :
Microgrid Distributed Energy Resources : A-2016-2546450
Fueled by Natural Gas :

**PETITION TO INTERVENE AND PROTEST
OF THE PHILADELPHIA AREA INDUSTRIAL
ENERGY USERS GROUP**

Pursuant to Sections 5.71 through 5.74 of the Pennsylvania Public Utility Commission's ("PUC" or "Commission") Regulations, 52 Pa. Code §§ 5.71 - 5.74, the Philadelphia Area Industrial Energy Users Group ("PAIEUG") hereby files this Petition to Intervene in the above-captioned proceeding. In addition, pursuant to Section 5.51 of the Commission's Regulations, 52 Pa. Code § 5.51, PAIEUG hereby files this Protest in response to the above-captioned filing of PECO Energy Company ("PECO" or "Company").

On May 18, 2016, PECO filed for Commission approval of a Petition for: (1) Approval of its Microgrid Technology Pilot Plan; and (2) Issuance of a Declaratory Order Regarding the Recovery of Microgrid Costs ("Petition"), as well as an Application for Construction of Microgrid Distributed Energy Resources Fueled by Natural Gas ("Application"). PECO's Petition and Application set forth a comprehensive proposal to implement a Microgrid Pilot Plan in Concord Township, Pennsylvania. Through the Petition, PECO seeks general approval of the plan and issuance of a declaratory order affirming that PECO may recover costs of the distributed energy

resources ("DERs") in a future distribution base rate case.¹ The Application additionally requests authority to construct, own, and operate DERs in Concord Township.

Accordingly, in support of its Petition to Intervene and Protest, PAIEUG asserts the following:

I. PETITION TO INTERVENE

1. PAIEUG is an ad hoc group of energy-intensive customers receiving electric service from PECO under Rate HT. PAIEUG members use substantial volumes of electricity in their manufacturing and operational processes, and these electric costs are a significant element of their respective costs of operation. Any modification to PECO's electric rates may impact PAIEUG members' cost of operations.

2. For purposes of this proceeding, PAIEUG includes the members listed in Attachment A hereto. As necessary, PAIEUG will update Attachment A during the course of this proceeding as needed to reflect any changes in its membership.

3. PAIEUG members are concerned with issues regarding the terms and conditions of their electricity service and are continuing to review PECO's as-filed Microgrid Pilot Plan, including the cost recovery proposals set forth therein. The Commission's final disposition of this proceeding will directly affect the rates applicable to PAIEUG members for default service. As some of PECO's largest customers, PAIEUG members are in a unique position to comment to the Commission on the customer impact of PECO's filing and its consequences for Large Commercial and Industrial ("C&I") customers.

¹ PECO has not requested approval of the underlying costs, but seeks a Commission Order confirming that utility-owned DERs may be included in a public utility's rate base pursuant to Section 1308 of the Public Utility Code, 66 Pa. C.S. § 1308. See Petition and Application, p. 23.

4. PAIEUG members thus have an interest in this proceeding that is not represented by any other party of record; consequently, PAIEUG satisfies the standards for intervention under Section 5.72 of the Commission's Regulations, 52 Pa. Code § 5.72.

5. The names and address of PAIEUG's attorneys are:

Charis Mincavage (I.D. No. 82039)
Adeolu A. Bakare (I.D. No. 208541)
Alessandra L. Hylander (I.D. No. 320967)
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II. PROTEST

6. PAIEUG has concerns with the costs to be recovered from customers to support PECO's Microgrid Pilot Plan. As set forth in the Petition and Application, PECO intends to construct the microgrid entirely within Concord Township, but recover the associated costs from all customers, including the Large C&I customers comprising PAIEUG's membership. PECO projects to spend approximately \$15.3 million for necessary system upgrades to support the microgrid, which the Company proposes to recover through its Distribution System Improvement Charge ("DSIC"). *See* Petition and Application, p. 15. PECO also projects to spend approximately \$19.6 million to construct and install the DERs, which the Company anticipates recovering through a future base distribution rate case. *See id.* at 16. In total, the proposed Microgrid Pilot Plan will add approximately \$35 million of costs to PECO's distribution rates and riders. PAIEUG is concerned with the impact of these additional costs upon its members. *See id.* at 16.

7. PAIEUG is also concerned with PECO's proposal to recover the Microgrid Pilot Plan costs through its distribution rates and riders is consistent with the Electricity Generation Customer Choice and Competition Act. In particular, PECO's cost recovery proposal may contradict Section 2804(3) of the Public Utility Code, which requires Electric Distribution Companies to unbundle generation costs from distribution rates. 66 Pa. C.S. § 2804(3).

8. Additionally, PAIEUG is initially opposed to PECO's proposal to allocate costs of the Microgrid Pilot Plan to all customers. Following an initial review, the benefits to all customers remain unclear and potentially inconsistent with cost-of-service ratemaking principles.

9. PAIEUG reserves the right to raise and address additional issues of concern during the course of the proceeding based on further review of the Petition and Application, issues identified via discovery, and issues raised by other parties.

III. CONCLUSION

WHEREFORE, the Philadelphia Area Industrial Energy Users Group respectfully requests that the Pennsylvania Public Utility Commission grant the Petition to Intervene, provide PAIEUG with full-party status in this proceeding, consider the issues raised in its Protest, and grant any other relief deemed necessary and consistent with this Petition to Intervene and Protest.

Respectfully submitted,

McNEES WALLACE & NURICK LLC

By 

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Counsel to the Philadelphia Area Industrial
Energy Users Group

Dated: June 20, 2016

ATTACHMENT A

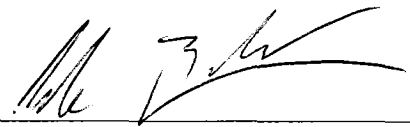
PHILADELPHIA AREA INDUSTRIAL ENERGY USERS GROUP

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Building Owners & Managers Association of Philadelphia
Drexel University
Einstein Healthcare Network
Evonik Corporation
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Kimberly-Clark Corporation
Magee Rehabilitation Hospital
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Merck & Co., Inc.
Philadelphia College of Osteopathic Medicine
Philadelphia Energy Solutions
Saint Joseph's University
Temple University
Thomas Jefferson University
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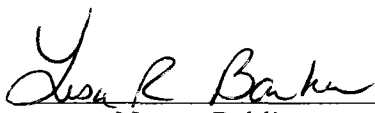
COMMONWEALTH OF PENNSYLVANIA)
)
COUNTY OF DAUPHIN) SS:

ADEOLU A. BAKARE, being duly sworn according to law, deposes and says that he is Counsel to the Philadelphia Area Industrial Energy Users Group, and that in this capacity he is authorized to and does make this affidavit for them, and that the facts set forth in the foregoing Petition to Intervene and Protest are true and correct to the best of his knowledge, information, and belief.



Adeolu A. Bakare

SWORN TO and subscribed
before me this 20th day
of June, 2016.



Notary Public

(SEAL)

COMMONWEALTH OF PENNSYLVANIA
Notarial Seal
Lisa R. Barker, Notary Public
City of Harrisburg, Dauphin County
My Commission Expires Nov. 5, 2016