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June 20, 2016

Via Electronic Filing

Rosemary Chiavetta, Secretary
PA Public Utility Commission
P.O. Box 3265
Harrisburg, PA 17105-3265

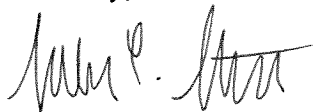
Re: Petition of PECO Energy Company for: (1) Approval of its Microgrid Integrated Technology Pilot Plan and (2) Issuance of a Declaratory Order Regarding the Recovery of Microgrid Costs; Docket No. P-2016-2546452; and

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

Dear Secretary Chiavetta:

Enclosed for electronic filing please find the Prehearing Memorandum of Direct Energy Services, LLC and Direct Energy Business, LLC (collectively, Direct Energy) with regard to the above-referenced matters. Copies to be served in accordance with the attached Certificate of Service.

Sincerely,



Sarah C. Stoner

SCS/lww

cc: Hon. Eranda Vero w/enc.
Hon. Cynthia W. Fordham w/enc.
Cert. of Service w/enc.

CERTIFICATE OF SERVICE

I hereby certify that this day I served a copy of Direct Energy's Prehearing Memorandum upon the persons listed below in the manner indicated in accordance with the requirements of 52 Pa. Code Section 1.54.

Via Email and/or First Class Mail

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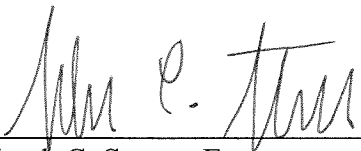
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Sarah C. Stoner, Esq.

Dated: June 20, 2016

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

| | | |
|---|---|---------------------------|
| Petition of PECO Energy Company for: | : | |
| (1) Approval of Its Microgrid Integrated | : | |
| Technology Pilot Plan and (2) Issuance of a | : | Docket No. P-2016-2546452 |
| Declaratory Order Regarding the Recovery | : | |
| of Microgrid Costs | : | |
| | : | |
| Application for Construction of Microgrid | : | Docket No. A-2016-2546450 |
| Distributed Energy Resources Fueled by | : | |
| Natural Gas | : | |

**PREHEARING MEMORANDUM OF
DIRECT ENERGY SERVICES, LLC AND
DIRECT ENERGY BUSINESS, LLC**

Pursuant to 52 Pa. Code §§ 5.72-5.75, the public notice published in the Pennsylvania Bulletin on June 4, 2016 and the Prehearing Conference Order issued June 10, 2016, and subject to the granting of the Petition to Intervene being filed on this same date, Direct Energy Services, LLC and Direct Energy Business, LLC (“Direct Energy”) submit this Prehearing Memorandum.

I. PROPOSED PLAN AND SCHEDULE OF DISCOVERY

Direct Energy is amenable to working with the other parties in this matter to adopt a reasonable proposed plan and schedule of discovery. Direct Energy does not have any proposals regarding discovery modifications.

II. SETTLEMENT

Direct Energy is willing to participate in settlement discussions with any party to narrow the issues in this matter.

III. SCHEDULE FOR SUBMISSION OF TESTIMONY, HEARINGS AND BRIEFS

Direct Energy will cooperate with the other parties and the Presiding Officers to facilitate a workable litigation schedule.

IV. AMOUNT OF HEARING TIME NEEDED

At this time, Direct Energy continues to evaluate the issues in this proceeding and is currently unable to estimate the amount of hearing time that may be needed.

V. WITNESSES

At this time, Direct Energy is still evaluating whether or not to present testimony in this matter. Direct Energy reserves the right to present a witness as may be necessary depending on the course of the proceeding and will provide the Presiding Officers as well as the other parties in this matter reasonable notice if necessary. Direct Energy also reserves its right to add additional witnesses or change the identity of its witnesses at any time upon appropriate notice to the Presiding Officers and the parties.

VI. PRESENTLY IDENTIFIED ISSUES

Direct Energy Services, LLC is licensed by the Commission at No. A-110164 to provide electricity and related services to all classes of retail customers throughout Pennsylvania, including the service territory of PECO Energy Company. Direct Energy Business, LLC is an EGS licensed by the Commission at A-110025 and serves business and commercial customers. Direct Energy's intervention to participate in the above-captioned action is being filed simultaneously. Direct Energy has identified the following issues that should be examined in this proceeding:

- Whether PECO's Petition and Application satisfies the standards set forth in 66 Pa.C.S. § 519;
- Whether PECO's Petition and Application is consistent with the Competition Act; and,
- Whether the Petition and Application is in the public interest.

At this time, Direct Energy continues to evaluate its position on and will refine its position based on further study of the proposals, review of discovery and additional input from

other parties. Direct Energy reserves the right to address other issues identified through its continued review and analysis of the filing or raised by other parties

VII. SERVICE OF DOCUMENTS


Direct Energy requests that all documents be served on:

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Direct Energy also agrees to receive service of documents electronically in this proceeding. To the extent that materials are available electronically, it is requested that copies be served upon:

Daniel Clearfield – dclearfield@eckertseamans.com
Deanne O'Dell – dodell@eckertseamans.com
Sarah C. Stoner – sstoner@eckertseamans.com

Respectfully submitted,



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Date: June 20, 2016

Attorneys for Direct Energy Services, LLC and
Direct Energy Business, LLC