



COMMONWEALTH OF PENNSYLVANIA

May 4, 2018

E-FILED

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

**Re: Pennsylvania Public Utility Commission v. PECO Energy Company – Electric
Division / Docket No. R-2018-3000164**

Dear Secretary Chiavetta:

I am delivering for filing today my Prehearing Memorandum, on behalf of the Office of Small Business Advocate (“OSBA”), in the above-captioned proceeding.

Copies will be served on all known parties in this proceeding, as indicated on the attached Certificate of Service.

If you have any questions, please do not hesitate to contact me.

Sincerely,

A handwritten signature in blue ink that reads "Elizabeth Rose Triscari".

Elizabeth Rose Triscari
Deputy Small Business Advocate
Attorney ID No. 306921

Enclosures

cc: The Honorable Christopher P. Pell
The Honorable F. Joseph Brady
Brian Kalcic
Parties of Record

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

Pennsylvania Public Utility Commission	:	Docket No. R-2018-3000164
	:	C-2018-3001043
v.	:	C-2018-3001112
	:	C-2018-3001471
PECO Energy Company – Electric	:	C-2018-3001636
Division	:	

**OFFICE OF SMALL BUSINESS ADVOCATE
PREHEARING MEMORANDUM**

I. INTRODUCTION

The Office of Small Business Advocate (“OSBA”) is authorized to represent the interests of small business consumers of utility services before the Pennsylvania Public Utility Commission (the “Commission”) pursuant to the provisions of the Small Business Advocate Act, Act 181 of 1988, 73 P.S. §§399.41 – 399.50 (“the Act”). In order to discharge this statutory duty, the Small Business Advocate deems it necessary to participate as a party to this proceeding. Representing the OSBA is Deputy Small Business Advocate Elizabeth Rose Triscari. Please address all correspondence as follows:

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300 North Second Street, Suite 202
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II. PROCEDURAL BACKGROUND

On March 29, 2018, PECO Energy Company (“PECO” or “the Company”) filed with the Commission proposed Tariff – Electric Pa. P.U.C. No. 6 (“Proposed Tariff”), which, if approved by the Commission, would increase the retail electric distribution rates of PECO by \$82 million per year, representing a 2.2% increase over the Company’s total present revenues. PECO’s proposed increase reflects a \$71 million savings in 2019 from changes in federal tax law under the Tax Cuts and Jobs Act (“TCJA”). PECO has proposed returning 2018 federal tax savings from the TCJA of approximately \$68 million through a reconcilable surcharge mechanism.

The Commission’s Bureau of Investigation and Enforcement (“I&E”) filed a Notice of Appearance on April 4, 2018.

On April 9, 2018, the OSBA filed a formal Complaint in this proceeding to protect the interests of the Company’s small business customers, docketed at C-2018-3001043.

A formal Complaint was also filed by the Office of Consumer Advocate (“OCA”) on April 12, 2018, docketed at C-2018-3001112, the Philadelphia Area Industrial Energy Users Group (“PAIEUG”), on April 26, 2018, docketed at C-2018-3001471, and the Trustees of the University of Pennsylvania (“UPENN”), on May 2, 2018, docketed at C-2018-3001636.

Petitions to Intervene were filed by the Coalition for Affordable Utility Service and Energy Efficiency in Pennsylvania (“CAUSE-PA”) on April 10, 2018, the International Brotherhood of Electrical Workers, Local 614 (“IBEW”), on April 17, 2018, the Community Action Association of Pennsylvania (“CAAP”), on April 23, 2018,

the Delaware Valley Regional Planning Commission (“DVRPC”), on April 27, 2018, the Tenant Union Representative Network and Action Alliance of Seniors of Greater Philadelphia (together, “TURN *et al.*”), on May 3, 2018, Tesla, Inc. (“Tesla”), on May 3, 2018, Wal-Mart Stores East, LP and Sam’s East (collectively, “Walmart”), on May 3, 2018, NRG Energy, Inc. (“NRG”), on May 4, 2018, and the Retail Energy Supply Association (“RESA”), on May 4, 2018.

By Order entered April 19, 2018, the Commission suspended the Proposed Tariff by operation of law until December 18, 2018, and instituted an investigation into the lawfulness, justness, and reasonableness of the proposed rate increases. The Commission further ordered that the investigation include consideration of the lawfulness, justness and reasonableness of PECO’s existing rates, rules, and regulations.

This matter has been assigned to Deputy Chief Administrative Law Judge (“ALJ”) Christopher P. Pell and ALJ F. Joseph Brady. ALJs Pell and Brady issued a Prehearing Conference Order on April 20, 2018, informing the parties that a prehearing conference will be held on May 8, 2018, at 9:30 a.m. The OSBA submits this prehearing memorandum in accordance with that Order.

III. WITNESS

Assisting in the development and presentation of the OSBA’s position in this proceeding will be:

Mr. Brian Kalcic
Excel Consulting
Suite 720
225 S. Meramec Ave.
St. Louis, MO 63105
(314) 725-2511
(314) 725-2022 (fax)
excel.consulting@sbcglobal.net

The OSBA requests that all parties provide courtesy copies of all documents, including discovery, testimony and briefs, upon Mr. Kalcic, simultaneously with service upon the OSBA.

IV. IDENTIFICATION OF ISSUES

The OSBA is participating in this case to ensure that the interests of small business customers of PECO are adequately represented and protected. As appropriate and necessary, the OSBA will investigate and analyze the claims and proposals of the Company and other parties, primarily through discovery, cross-examination of witnesses appearing for those parties, filing of testimony, and briefing of the issues that arise in this proceeding.

The OSBA will particularly focus on issues where the impact upon the interests of PECO's small business customers would be unjustifiably different from or disproportionate to the impact on other classes of customers, or is otherwise lacking in reasonableness or basic fairness.

At this time, the OSBA is concentrating on the following issues:

1. Whether the Company's class cost-of-service study methodology is appropriate, including whether the study properly allocates all CAP-related costs to the residential class;
2. Whether the Company's proposed class revenue allocation is cost based;
3. Whether PECO's proposed rate design for Rate GS – General Service is cost based; and
4. Whether PECO's proposed Pilot EV-FC Rider is reasonable and appropriate.

The OSBA reserves the right to pursue additional issues as they may arise throughout the course of the proceeding.

V. DISCOVERY

Discovery amongst the parties is well underway. The OSBA will cooperate with the ALJs and other parties to arrive at any mutually agreeable discovery modifications. The OSBA supports the discovery modifications outlined in PECO's prehearing memorandum.

VI. SERVICE OF DOCUMENTS

The OSBA agrees to accept electronic mail delivery of documents on the due date as satisfying the in-hand requirement, *provided that such documents are followed by hard copy delivery to OSBA by first class mail*. Service by electronic mail *only* is not acceptable. The OSBA requests that such hard copies are also provided to its witness identified above.

In addition to hard copies of pleadings, briefs, and exceptions, the OSBA requests hard copies of responses to discovery propounded by the OSBA or any other party. The OSBA also requests that all parties serve an electronic copy of all interrogatory responses upon the OSBA and the OSBA witness identified above.

VII. SETTLEMENT

The OSBA is willing to enter into settlement discussions at the appropriate phase of this proceeding, including participation in those settlement conferences outlined in the proposed schedule below.

VIII. PROCEDURAL SCHEDULE

The OSBA will work with the ALJ and the parties to arrive at a mutually agreeable schedule. The OSBA supports the following proposed schedule:

Rate Case Filing	March 29, 2018
Prehearing Conference	May 8, 2018
Technical Conference #1	May 22, 2018
Technical Conference #2	June 5, 2018
Public Input Hearings	June 6 - 12
Non-Company Direct Testimony	June 26, 2018
Settlement Conference #1	June 29, 2018
Settlement Conference #2	July 13, 2018
Rebuttal Testimony	July 24, 2018
Settlement Conference #3	July 27, 2018
Surrebuttal Testimony	August 8, 2018
Oral Rejoinder Outline	August 16, 2018
Oral Rejoinder Testimony and Hearings	August 20-22, 2018
Record Closes	August 14, 2018
Main Briefs	September 7
Reply Briefs	September 17

Respectfully submitted,



Elizabeth Rose Triscari
Deputy Small Business Advocate
Attorney ID No. 306921

For:

John R. Evans
Small Business Advocate

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Dated: May 4, 2018

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PENNSYLVANIA PUBLIC UTILITY COMMISSION**

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Division	:	

CERTIFICATE OF SERVICE

I hereby certify that true and correct copies of the foregoing have been served via email and/or First-Class mail (*unless other noted below*) upon the following persons, in accordance with the requirements of 52 Pa. Code § 1.54 (relating to service by a participant).

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DATE: May 4, 2018


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