



COMMONWEALTH OF PENNSYLVANIA
PENNSYLVANIA PUBLIC UTILITY COMMISSION
COMMONWEALTH KEYSTONE BUILDING
400 NORTH STREET, HARRISBURG, PA 17120

BUREAU OF
INVESTIGATION
&
ENFORCEMENT

May 1, 2024

Via Electronic Filing

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

Re: Pennsylvania Public Utility Commission v.
FirstEnergy Pennsylvania Electric Company
Docket No. R-2024-3047068
I&E Prehearing Memorandum

Dear Secretary Chiavetta:

Enclosed for electronic filing please find the Prehearing Memorandum of the Bureau of Investigation and Enforcement for the above-captioned proceeding.

Copies are being served on parties per the attached Certificate of Service. Should you have any questions, please do not hesitate to contact me.

Sincerely,

A handwritten signature in black ink that reads 'Scott B. Granger'. The signature is written in a cursive, flowing style.

Scott B. Granger
Prosecutor
Bureau of Investigation and Enforcement
PA Attorney ID No. 63641
(717) 425-7593
sgranger@pa.gov

SBC/ac
Enclosures

cc: Administrative Law Judge Katrina L. Dunderdale (*via email*)
Per Certificate of Service

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

Pennsylvania Public Utility Commission :
v. : Docket No. R-2024-3047068
FirstEnergy Pennsylvania Electric Company :
Base Rates :

**PREHEARING MEMORANDUM
OF THE
BUREAU OF INVESTIGATION AND ENFORCEMENT**

TO ADMINISTRATIVE LAW JUDGE KATRINA L. DUNDERDALE:

The Bureau of Investigation and Enforcement (“I&E”) of the Pennsylvania Public Utility Commission (“Commission”) respectfully submits the following Prehearing Memorandum in the above-captioned proceeding.

The Bureau of Investigation and Enforcement Prosecutor in these proceedings will be Scott B. Granger. Contact information is as follows:

By mail: Scott B. Granger
Pennsylvania Public Utility Commission
Bureau of Investigation and Enforcement
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400 North Street, 2nd Floor West
Harrisburg, PA 17120

By e-mail: sgranger@pa.gov

By telephone: (717) 425-7593

I. INTRODUCTION

On April 2, 2024, FirstEnergy Pennsylvania Electric Company (“First Energy” or “FE” or the “Company”), filed Supplement No. 3 to Tariff Electric Pa. P.U.C. No. 1 to become effective June 1, 2024, containing proposed changes in rates, rules, and regulations calculated to produce \$503,848,000 (34%) in additional annual revenues.

On a Rate District basis, the proposed changes in rates, rules, and regulations are calculated to produce revenues as follows:

Met-Ed Rate District – proposed increase of \$146,332,000 (31%), residential customer’s bills using 1,000 kWh’s will increase from \$187.70 to \$205.00/month (9.2 %);

Penelec Rate District – proposed increase of \$132,963,000 (28%), residential customer’s bills using 1,000 kWh’s will increase from \$200.96 to \$220.75/month (9.8 %);

Penn Power Rate District – proposed increase of \$54,764,000 (43%), residential customer’s bills using 1,000 kWh will increase from \$180.59 to \$201.88/month (11.8 %); and

West Penn Rate District – proposed increase of \$169,789,000 (40%), residential customer’s bills using 1,000 kWh will increase from \$156.36 to \$172.98/month (10.6 %).

On April 9, 2024, I&E filed a Notice of Appearance in this proceeding.

On April 10, 2024, the Office of Consumer Advocate (“OCA”) filed a Notice of Appearances and Formal Complaint in this base rate proceeding.

On April 15, 2024, the Office of Small Business Advocate (“OSBA”) filed a Notice of Appearance and Complaint in this base rate proceeding.

On April 16, 2024, the Coalition for Affordable Utilities Services and Energy Efficiency in Pennsylvania (“CAUSE-PA”) filed a Petition to Intervene in this base rate proceeding.

On April 24, 2024, the Met-Ed Industrial Users Group (“MEIUG”), the Penelec Industrial Customer Alliance (“PICA”), and the West Penn Power Industrial Intervenors (“WPPII”) filed a Joint Complaint in this base rate proceeding.

On April 25, 2024, the International Brotherhood of Electrical Workers Local 459 (“IBEW”) filed a Petition to Intervene in this base rate proceeding.

On April 25, 2024, State Senator Wayne Langerholc, Jr., Pennsylvania’s 35th District, filed a letter with the Commission formally opposing First Energy’s requested rate increase.

Various individuals filed protests, oppositions, and formal complaints in response to First Energy’s proposed base rate increase.

A telephonic Prehearing Conference is scheduled for Thursday, May 2, 2024, beginning at 9:00 am before Administrative Law Judge Katrina L. Dunderdale presiding telephonically from Pittsburgh.

II. WITNESSES AND ISSUES

I&E currently expects that it may call the following expert witnesses, without being limited thereto, who will address the issues listed *infra*. The list represents I&E’s preliminary determination of the potential issues in these proceedings. The listing is as

complete as can be made at this time. I&E specifically reserves the right to address other issues as it deems appropriate if any such relevant issues arise. The witnesses and issues are as follows:

Witnesses:

- Vanessa Okum, Fixed Utility Financial Analyst.
- D.C. Patel, Fixed Utility Financial Analyst.
- Joseph Kubas, Fixed Utility Valuation Engineer.
- Benedict Tarr, Electric Safety Engineer
- Christine Wilson, Fixed Utility, Supervisor.

Issues:

- Pension and OPEB expenses
- Proposed Mechanism to Normalize Pension and OPEBs
- Rate Case Expense
- Vegetation Management
- Storm Expense, Storm Reserve, and Extraordinary Storm Deferrals
- COVID-19 Regulatory Asset Amortization
- Credit Card Fees
- Electric Vehicle Pilot
- Refund to Customers
- Payroll, Benefits, and Taxes
- Energy Assistance Outreach Team
- Employee Activity Costs
- Membership Dues
- Donations
- Assessments
- Cash Working Capital
- Iteration
- Proxy Group
- Cost of Debt
- Capital Structure
- Cost of Equity Analysis (including the methods and adjusted data used)
- Size Premium Adjustment
- Flotation Cost Adjustment
- Overall Rate of Return
- Business and Financial Risk Assessments
- Present Rate Revenue

- Customer Charges
- Cost of Service Studies
- Verizon Complaint
- Rate Base
- Plant In Service
- Accrued Depreciation
- Annual Deprecation Expense
- Other Plant In Rate Base
- Revenue Allocation / Rate Design
- Gradualism
- Scale Back
- Electric Safety
- Work Safety / Contractor Safety
- Distribution Circuits / Primary Voltages
- System Average Interruption Duration Index (SAIDI)
- Customer Average Interruption Duration Index (CAIDI)
- System Average Interruption Frequency Index (SAIFI)
- Equipment Capital Improvement Projects
- Vegetation Management
- Electric Vehicle Infrastructure Upgrades

The I&E witnesses may be contacted through the information listed above for Prosecutor Granger. The witness list is provided without the benefit of complete discovery or analysis of the positions of potential other parties to this proceeding. Accordingly, I&E reserves the right to call additional witnesses or withdraw the name of any witnesses listed above.

III. EVIDENCE

I&E expects to present all written direct, rebuttal and surrebuttal testimony and accompanying exhibits at the evidentiary hearing. Moreover, I&E intends to rely on the Company's filing, answers to data requests and interrogatories, quarterly and annual reports and other documents submitted to the Commission, other relevant Commission filings, any other relevant Commonwealth agency letters or reports, general financial

market information sources and other public documents and reports.

IV. DISCOVERY

Discovery in these proceedings will be conducted according to 52 Pa. Code §§5.321 et. seq. No modifications to the rules of discovery have been proposed by I&E. I&E will give due consideration to any discovery modifications proposed by any other party. In the past, I&E has not opposed the discovery modifications as routinely proposed by the OCA. Also, pursuant to 52 Pa. Code §§5.322 and 5.331(b), discovery has begun and is ongoing.

V. SCHEDULE

As of this date, the parties are actively negotiating an amicable litigation schedule. I&E tentatively proposes the following schedule.

Filed	April 2, 2024
Prehearing Conference	May 2, 2024
Other Parties Direct	June 25, 2024
Rebuttal Testimony	July 22, 2024
Surrebuttal Testimony	August 8, 2024
Rejoinder Outline	August 12, 2024
Evidentiary Hearings ¹	August 14-16, 2024
Main Brief	September 4, 2024
Reply Brief	September 13, 2024

¹ Upon the rescinding of Governor Tom Wolf's Proclamation of Disaster Emergency, and the re-opening of the Keystone Commonwealth Building, if in-person Hearings are requested, I&E requests that Hearings be held in Harrisburg, PA.

VI. SERVICE OF DOCUMENTS

For purposes of satisfying in-hand requirements for discovery responses, prepared testimony and briefs during the closure of Commission offices, and consistent with Paragraph 8 of the Commission's March 20, 2020 Emergency Order,² I&E will both only serve and accept electronic delivery of documents. Upon re-opening of Commission offices, and only on a forward-moving basis from that point forward, I&E requests parties provide a follow-up hard copy by regular first-class mail in addition to electronic delivery.

VII. SETTLEMENT

I&E is willing to make good faith efforts to successfully resolve this matter through settlement. In the event settlement discussions fail to result in a full and complete resolution of the matter, I&E is prepared to fully, or partially, litigate this proceeding.

Respectfully Submitted,



Scott B. Granger

Prosecutor

PA Attorney ID No. 63641

Pennsylvania Public Utility Commission
Bureau of Investigation and Enforcement
Commonwealth Keystone Building
400 North Street
Harrisburg, Pennsylvania 17120
(717) 425-7593

Dated: May 1, 2024

² *Re: Suspension of Regulatory and Statutory Deadlines, Modification to Filing and Service Requirements, Docket No. M-2020-3019262.*

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

Pennsylvania Public Utility Commission :
 :
 v. : Docket No. R-2024-3047068
 :
 FirstEnergy Pennsylvania Electric Company :

CERTIFICATE OF SERVICE

I hereby certify that I am serving the foregoing **Prehearing Memorandum** dated May 1, 2024, in the manner and upon the persons listed below:

Served via Electronic Mail Only

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