Via Federal Express

April 27, 2011

RECEIVED

APR 27 2011

PA PUBLIC UTILITY COMMISSION
SECRETARY'S BUREAU

Dear Secretary Chiavetta:

Re: Prehearing Conference Memorandum of Metropolitan Edison Company, Pennsylvania Electric Company and Pennsylvania Power Company

Pursuant to Section 1901 of the Public Utility Code (66 Pa. C.S.A. § 1901), enclosed for filing in the above-referenced dockets are an original and four (4) copies of the Prehearing Memorandum of Metropolitan Edison Company, Pennsylvania Electric Company and Pennsylvania Power Company ("Companies"). Please date stamp the additional copy and return it to me in the enclosed postage-prepaid envelope.

A copy of this Prehearing Memorandum has been served upon the parties as indicated in the attached Certificate of Service.

Please contact me at the above number should you have any questions.

Sincerely,

Kathy J. Kolich, Esq.

Enclosures
To The Honorable Dennis J. Buckley, Administrative Law Judge:

To assist the Administrative Law Judge ("ALJ") with the disposition of procedural issues in the above-captioned proceeding Metropolitan Edison Company ("Met-Ed"), Pennsylvania Electric Company ("Penelec") Pennsylvania Power Company ("Penn Power") (collectively, the "Companies") submit this Prehearing Conference Memorandum, pursuant to Section 333 of the Public Utility Code, 66 Pa.C.S. 333, and in response to the April 13, 2011 Prehearing Conference Order.

I. Introduction

On February 18, 2011, the Companies petitioned the Commission for an amendment of the Commission Orders approving their Energy Efficiency and Conservation ("EE&C") Plans and for approval of the Companies' First Amended EE&C Plans. The Office of Consumer
Advocate ("OCA") and The Met-Ed Industrial Users Group, Penelec Industrial Customer Alliance and The Penn Power Users Group ("MEIUG") submitted Answers on March 10, 2011.

The Petition was assigned to the Office of Administrative Law Judge and was then assigned to ALJ Dennis J. Buckley for further investigation and the scheduling of hearings. A Prehearing Conference Order was issued on April 13, 2011, in which the parties’ obligations with respect to the Prehearing Conference were set forth. In response to that Order, the Companies submit this Prehearing Conference Memorandum.

Counsel designated for service on behalf of the Companies in this proceeding will be

Kathy J. Kolich, Esq.
FirstEnergy Service Company
76 South Main Street
Akron, Ohio 44308
330-384-4580 (T)
330-384-3875 (F)
kjkolich@firstenergycorp.com

who requests that she be included on parties’ certificates of service and email distribution lists in this case.

II. Discovery

If the accelerated procedural schedule described below is adopted, the Companies agree to provide responses to discovery requests within seven (7) days of receipt, with all discovery completed at least one week prior to hearing.

III. Proposed Procedural Schedule

Inasmuch as many of the proposed changes submitted in the Petition affect energy efficiency and peak demand reduction programs that will be used for compliance with 2013 statutory benchmarks, the Companies request the following accelerated procedural schedule:

Company Direct Testimony February 18, 2011
Intervenor Direct Testimony May 20, 2011
All Parties Rebuttal Testimony May 27, 2011
Oral Rejoinder/ Hearing Week of June 6, 2011
Main Briefs 2 weeks after close of hearing
Reply Briefs 7-10 days later

At the time of this filing, the parties have not yet reached agreement on a procedural schedule and will continue to try to resolve their issues before the Prehearing Conference on April 29, 2011.

IV. Identification of Witnesses

Concurrently with the filing of the Petition in this case, the Companies filed the testimony of the following individuals who are expected to testify at the hearing in this matter:

George Fitzpatrick  
Black & Veatch Corporation  
888 Veteran’s Highway  
Suite 120  
Hauppauge, New York 11788

Charles V. Fullem  
FirstEnergy  
P.O. Box 16001  
Reading, PA 19612-6001

Both witnesses can be reached through counsel.

Mr. Fitzpatrick’s testimony will demonstrate how all of the proposed changes included in the plans that are the subject of the Petition in this Proceeding (“First Amended Plans”), other than those involving the changes to Rider EEC-C, are necessary and how they impact the program portfolios.

Mr. Fullem’s testimony will demonstrate the changes to Rider EEC-C that are necessary as a result of the changes being proposed in this filing. In essence, while rider charges are...
changing for all customer classes as a result of revised sales and revenue collection projections, only the rider charge for Large Commercial and Industrial ("C/I") customers is increasing as a result of increases in program budgets.

The Companies reserve the right to modify this position if any positions of the Parties change during the course of this proceeding.

V. Issues In This Proceeding

The Companies found it necessary to amend their current EE&C Plans ("Current Plans") for several reasons. First, the Current Plans include an 11% transmission and distribution loss factor that was used to gross up all EE&C program savings calculations so as to reflect savings at the system generation level. After the Current Plans were approved, the Statewide Evaluator and the Commission's Bureau of Conservation Economics and Energy Planning clarified that EE&C savings projections should be calculated at the retail level for Act 129 compliance purposes, and at the system generation level for Total Resource Cost test purposes. As a result, all of the savings projections included in the Current Plans are overstated by approximately 11%. Therefore, the First Amended Plans recalculate projected savings, which, in turn, requires plan modifications to make up this 11% deficit.

Second, certain programs are performing at energy or demand savings levels below those originally anticipated, partly due to: (i) the downturn in the economy; (ii) updates to the Technical Reference Manual ("TRM"); and (iii) customer participation levels in certain programs and measures different from those assumed in the Current Plans. The First Amended Plans re-balance the programs so that the Companies can meet their EE&C targets.

Lastly, some programs are exceeding expectations, even to the point where the funding for the C/I Equipment Programs in the Large C/I Sector are fully committed for Met-Ed and
Penelec, thus requiring their suspension until additional funding can be approved by the Commission. The First Amended Plans request additional funding for those programs, which will affect the amount charged to the Large C/I Sector.

VI. Settlement

The Companies will attempt to resolve any or all of the issues through settlement conferences which will be scheduled as parties’ availability permits.

Respectfully submitted,

Dated: April 27, 2011

Kathy J. Kolich
Attorney ID No. 92203
FirstEnergy Service Company
76 South Main Street
Akron, OH 44308
330-384-4580 (T)
330-384-3875 (F)
kjkolich@firstenergycorp.com

Counsel for Metropolitan Edison Company,
Pennsylvania Electric Company and Pennsylvania Power Company
CERTIFICATE OF SERVICE

I hereby certify that I have this day served a true and correct copy of the foregoing document upon the individuals listed below, in accordance with the requirements of 52 Pa. Code § 1.54 (relating to service by a participant).

Service via Federal Express, as follows:

Rosemary Chiavetta, Secretary
Pennsylvania Public Utility Commission
Commonwealth Keystone Building
400 North Street, 2nd Floor
Harrisburg, PA 17120

Service via Federal Express and Electronic Mail, as follows:

The Honorable Dennis J. Buckley
PO Box 3265
Harrisburg, PA 17105-2365
debuckley@state.pa.us

Service via Electronic Mail and First Class Mail as follows:

CANDIS A. TUNILO, ESQUIRE
TANYA MCCLOSKEY, ESQUIRE
ARON J. BEATTY, ESQUIRE
OFFICE OF CONSUMER ADVOCATE
5TH FLOOR FORUM PLACE
555 WALNUT STREET
HARRISBURG, PA 17101-1923
tunilo@paoca.org
tmccloskey@paoca.org
abeatty@paoca.org
717.783.5048

THOMAS J. SNISCAK, ESQUIRE
KEVIN J. MCKEON, ESQUIRE
TORI GIESLER, ESQUIRE
HAWKE MCKEON & SNISCAK LLP
PO BOX 1778
100 NORTH TENTH STREET
HARRISBURG, PA 17101
ijsniscak@hmslegal.com
kmckeon@hmslegal.com
tlgiesler@hmslegal.com
717.236.1300

DANIEL G. ASMUS, ESQUIRE
OFFICE OF SMALL BUSINESS ADVOCATE
COMMERCE BUILDING
SUITE 110
2300 NORTH SECOND STREET
HARRISBURG, PA 17101
dasmus@state.pa.us
717.783.2525

KURT E. KLPKOWSKI, ESQUIRE
PA DEPRCSOB
9TH FLOOR
400 MARKET STREET
HARRISBURG, PA 17101-2301
kklapkowski@state.pa.us
717.787.7060
CERTIFICATE OF SERVICE

I hereby certify that I have this day served a true and correct copy of the foregoing document upon the individuals listed below, in accordance with the requirements of 52 Pa. Code § 1.54 (relating to service by a participant).

Service via Federal express, as follows:

Rosemary Chiavetta, Secretary
Pennsylvania Public Utility Commission
Commonwealth Keystone Building
400 North Street, 2nd Floor
Harrisburg, PA 17120

Service via Federal Express and Electronic Mail, as follows:

The Honorable Dennis J. Buckley
PO Box 3265
Harrisburg, PA 17105-2365
dcbuckley@state.pa.us

Service via Electronic Mail and First Class Mail as follows:

CANDIS A. TUNILO, ESQUIRE
TANYA MCCLOSKEY, ESQUIRE
ARON J. BEATTY, ESQUIRE
OFFICE OF CONSUMER ADVOCATE
5TH FLOOR FORUM PLACE
555 WALNUT STREET
HARRISBURG, PA 17101-1923
cunilo@paoca.org
tmccloskey@paoca.org
abeatty@paoca.org
717.783.5048

DANIEL G. ASMUS, ESQUIRE
OFFICE OF SMALL BUSINESS ADVOCATE
COMMERCE BUILDING
SUITE 110
2300 NORTH SECOND STREET
HARRISBURG, PA 17101
dasmus@state.pa.us
717.783.2525

RECEIVED
APR 27 2011
PA PUBLIC UTILITY COMMISSION
SECRETARY'S BUREAU
THEODORE J. GALLAGHER, ESQUIRE
SENIOR COUNSEL
NISOURCE CORPORATE SERVICES COMPANY
501 TECHNOLOGY DRIVE
CANONSBURG, PA 15317
tjgallagher@nisource.com
724.416.6355

PAMELA C. POLACEK, ESQUIRE
VASILI KI KARANDRIKAS, ESQUIRE
MCNEES WALLACE & NURICK
100 PINE STREET
PO BOX 1166
HARRISBURG, PA 17108-1166
ppolacek@mwn.com
717.237.5368

EDWARD P. YIM, ESQUIRE
OFFICE OF REPRESENTATIVE CAMILLE GEORGE
4 EAST WING
PO BOX 202074
HARRISBURG, PA 17120
eyim@pahouse.net

SUSAN E. BRUCE, ESQUIRE
VASILI KI KARANDRIKAS, ESQUIRE
MCNEES WALLACE & NURICK LLC
100 PINE STREET
PO BOX 1166
HARRISBURG, PA 17108-1166
sbruce@mwn.com
vkarandrikas@mwn.com
717.237.5368

LILLIAN S. HARRIS, ESQUIRE
HAWKE McKEON & SNISCAK LLP
100 NORTH TENTH STREET
HARRISBURG, PA 17105
lsharris@hmslegal.com

RUBEN S. BROWN
THE E CUBED COMPANY LLC
1700 YORK AVENUE, B1
NEW YORK, NY 10128
rsbrown@ecubedllc.com
After printing this label:
1. Use the 'Print' button on this page to print your label to your laser or inkjet printer.
2. Fold the printed page along the horizontal line.
3. Place label in shipping pouch and affix it to your shipment so that the barcode portion of the label can be read and scanned.

Warning: Use only the printed original label for shipping. Using a photocopy of this label for shipping purposes is fraudulent and could result in additional billing charges, along with the cancellation of your FedEx account number.

Use of this system constitutes your agreement to the service conditions in the current FedEx Service Guide, available on fedex.com. FedEx will not be responsible for any claim in excess of $100 per package, whether the result of loss, damage, delay, non-delivery, misdelivery, or misinformation, unless you declare a higher value, pay an additional charge, document your actual loss and file a timely claim. Limitations found in the current FedEx Service Guide apply. Your right to recover from FedEx for any loss, including intrinsic value of the package, loss of sales, income interest, profit, attorney's fees, costs, and other forms of damage whether direct, incidental, consequential, or special is limited to the greater of $100 or the authorized declared value. Recovery cannot exceed actual documented loss. Maximum for items of extraordinary value is $500, e.g. jewelry, precious metals, negotiable instruments and other items listed in our Service Guide. Written claims must be filed within strict time limits, see current FedEx Service Guide.


4/27/2011