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May 4, 2018

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

VIA ELECTRONIC FILING

**RE: Pennsylvania Public Utility Commission v. PECO Energy Company;
Docket No. R-2018-3000164**

Dear Secretary Chiavetta:

Attached for filing with the Pennsylvania Public Utility Commission is the Prehearing Memorandum of the Philadelphia Area Industrial Energy Users Group ("PAIEUG") in the above-referenced proceeding.

As shown on the attached Certificate of Service, all parties to this proceeding are being duly served. Thank you.

Very truly yours,

McNEES WALLACE & NURICK LLC

By 

Charis Mincavage

Counsel to the Philadelphia Area Industrial Energy Users Group

Enclosures

- c: Deputy Chief Administrative Law Judge Christopher P. Pell (via e-mail and First-Class Mail)
- Administrative Law Judge F. Joseph Brady (via e-mail and First-Class Mail)
- Certificate of Service

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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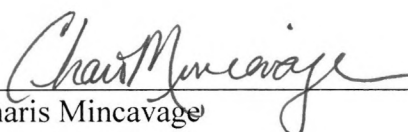
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Charis Mincavage

Counsel to the Philadelphia Area Industrial
Energy Users Group

Dated this 4th day of May, 2018, in Harrisburg, Pennsylvania.

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

Pennsylvania Public Utility Commission	:	
	:	
v.	:	Docket No. R-2018-3000164
	:	
PECO Energy Company	:	

**PREHEARING MEMORANDUM OF
THE PHILADELPHIA AREA INDUSTRIAL ENERGY USERS GROUP**

As requested by Deputy Chief Administrative Law Judge ("ALJ") Christopher P. Pell and ALJ F. Joseph Brady in their Prehearing Conference Order dated April 20, 2018, the Philadelphia Area Industrial Energy Users Group ("PAIEUG") hereby submits this Prehearing Memorandum.

I. HISTORY OF THE PROCEEDING

On March 29, 2018, PECO Energy Company ("PECO" or "Company") filed with the Pennsylvania Public Utility Commission ("PUC" or "Commission") Proposed Tariff Electric-Pa. P.U.C. No. 6 ("Tariff No. 6"), proposed to become effective on May 28, 2018. Through this filing, PECO is requesting a general rate increase of approximately \$82 million over its present annual revenues. In addition, PECO proposes significant modifications to its current tariff that may affect the service and rates for the Company's largest customers, including: (1) the addition of a Federal Tax Adjustment Credit ("FTAC") to refund customers the amount of PECO's reduced tax expense from 2018 due to the implementation of the Tax Cuts and Jobs Act ("TCJA"); (2) the change to the Rate HT discount; and (3) the continuation of the Capacity Reservation Rider ("CRR") as a pilot program through at least the Company's next base rate proceeding.

On April 19, 2018, the Commission suspended PECO's proposed filing by operation of law until December 28, 2018, and instituted an investigation into the Company's proposed Tariff No. 6.

On April 27, 2018, PAIEUG filed a Complaint in this proceeding. A description of PAIEUG is set forth in Paragraph 5 of PAIEUG's Complaint. A Prehearing Conference has been scheduled in this proceeding for May 8, 2018.

II. ANTICIPATED ISSUES AND SUB-ISSUES

PAIEUG's preliminary review of the Company's filing indicates a need for Commission investigation into at least the following issues:

- a) whether the size of the requested rate increase is appropriate;
- b) whether the expenses claimed by PECO were prudently incurred;
- c) whether the allocation of the proposed increase among customer classes is just, reasonable and non-discriminatory;
- d) whether the Return on Equity ("ROE") proposed by the Company results in a fair Rate of Return ("ROR");
- e) whether the rate design and rate structure proposed by PECO are appropriate;
- f) whether PECO's claimed Cost of Service Study ("COSS") is accurate and legitimate; and
- g) whether the proposed tariff changes affecting customers served by Rate HT are just, reasonable and non-discriminatory.

PAIEUG anticipates pursuing these issues during this proceeding and reserves the right to raise further issues and to respond to all issues raised by other parties.

III. PROPOSED WITNESS

PAIEUG expects to sponsor testimony regarding the aforementioned issues by the following witness:

Mr. Jeffry Pollock
J. Pollock, Inc.
12647 Olive Blvd, Suite 585
St. Louis, MO 63141
Phone: (314) 878-5814
JCP@jpollockinc.com

PAIEUG reserves the right to modify or supplement this witness list during the course of this proceeding. In the event that PAIEUG decides to modify or supplement the witness list, it will inform the parties and the ALJs as soon as possible of the intended witnesses. PAIEUG also intends to participate in this proceeding through the submission of discovery, cross-examination of other parties' witnesses, and the submission of briefs, exceptions, and reply exceptions, if necessary.

IV. PROPOSED SCHEDULE AND DISCOVERY RULES

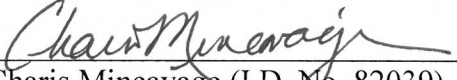
PAIEUG will cooperate with the ALJs and the parties at the Prehearing Conference to finalize an appropriate procedural schedule and discovery rules in accordance with the Commission's regulations and any directives issued by the ALJs. Additionally, PAIEUG will defer to the parties at the Prehearing Conference on the need for public input hearings, as well as on the amount of hearing time needed.

V. POSSIBILITY OF SETTLEMENT

PAIEUG is willing to participate in discussions with the other parties to amicably resolve the issues in this proceeding.

Respectfully Submitted,

McNEES WALLACE & NURICK LLC

By 
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Dated: May 4, 2018