

May 4, 2018

**VIA E-FILE**

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

**Re: Pennsylvania Public Utility Commission et al. v. PECO Energy Company; Docket  
Nos. R-2018-3000164; C-2018-3001636**

**PREHEARING MEMORANDUM OF THE TRUSTEES OF THE UNIVERSITY OF  
PENNSYLVANIA**

Dear Secretary Chiavetta:

Enclosed for filing with the Commission, please find the Prehearing Memorandum of The Trustees of the University of Pennsylvania in the above-referenced proceeding. A copy of this document has been served in accordance with the attached Certificate of Service.

If you have any questions regarding this filing, please direct them to me. Thank you for your attention to this matter.

Sincerely,

COZEN O'CONNOR



By: David P. Zambito  
Counsel for *The Trustees of the University of  
Pennsylvania*

DPZ/kmg  
Enclosure

cc: Honorable Christopher P. Pell  
Honorable F. Joseph Brady  
Per Certificate of Service

**BEFORE THE  
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

Pennsylvania Public Utility Commission, <i>et al.</i>	:	
	:	Docket Nos. R-2018-3000164
v.	:	C-2018-3001636
	:	
PECO Energy Company	:	

**CERTIFICATE OF SERVICE**

I hereby certify that I have this day served a true copy of the foregoing Prehearing Memorandum of The Trustees of the University of Pennsylvania, upon the parties, listed below, in accordance with the requirements of 52 Pa. Code § 1.54 (relating to service by a party).

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DATED: May 4, 2018



David P. Zambito, Esquire  
Counsel for *The Trustees of the University of Pennsylvania*

**BEFORE THE  
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

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**Deputy Chief Administrative Law Judge Christopher P. Pell  
and  
Administrative Law Judge F. Joseph Brady**

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Pennsylvania Public Utility Commission, <i>et al.</i>	:	
	:	Docket Nos. R-2018-3000164
v.	:	C-2018-3001636
	:	
PECO Energy Company	:	
	:	
	:	
	:	

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**PREHEARING CONFERENCE MEMORANDUM OF  
THE TRUSTEES OF THE UNIVERSITY OF PENNSYLVANIA**

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AND NOW COMES, The Trustees of the University of Pennsylvania (“UPENN”), by and through its counsel, Cozen O’Connor, pursuant to 52 Pa. Code § 5.222(d) and in compliance with the Prehearing Conference Order of the Honorable Deputy Chief Administrative Law Judge Christopher P. Pell and Administrative Law Judge F. Joseph Brady (the “Administrative Law Judges” or “ALJs”), dated April 20, 2018, to file this Prehearing Conference Memorandum in the above-captioned matter. In support thereof, UPENN states as follows:

**I. INTRODUCTION AND PROCEDURAL HISTORY**

On March 29, 2018, PECO Energy Company (“PECO”) filed proposed Tariff Electric – Pa. P.U.C. No. 6, proposing a general increase in electric distribution rates of approximately \$82.0 million. On April 4, 2018, counsel for the Pennsylvania Public Utility Commission’s

(“Commission’s”) Bureau of Investigation and Enforcement (“I&E”) entered her appearance. On April 9, 2018, the Office of Small Business Advocate (“OSBA”) filed a Complaint, which was docketed at C-2018-3001043. On April 10, 2018, the Coalition for Affordable Utility Services and Energy Efficiency in Pennsylvania (CAUSE-PA) filed a Petition to Intervene in this proceeding. On April 12, 2018, the Office of Consumer Advocate (“OCA”) filed a Complaint, which was docketed at C-2018-3001112. On April 17, 2018, the International Brotherhood of Electrical Workers Local 614 filed a Petition to Intervene. On April 23, 2018, the Community Action Association of Pennsylvania (“CAAP”) filed a Petition to Intervene.

By Order entered April 19, 2018, the Commission suspended Tariff No. 6 by operation of law until December 28, 2018, unless permitted by Commission Order to become effective at an earlier date. On May 2, 2018, UPENN timely filed its Complaint, which was assigned Docket No. C-2018-3001636.

## **II. COUNSEL**

Counsel for UPENN are:

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### **III. SERVICE OF DOCUMENTS**

UPENN's attorneys are authorized to accept service on behalf of UPENN in this proceeding. UPENN requests that hard copies of documents be served on Attorneys Zambito and Petyk at the addresses listed above. UPENN agrees to receive service of documents electronically in this proceeding and requests that all listed counsel for UPENN receive electronic service.

### **IV. ISSUES**

#### **A. Lack of Tariff Provisions Concerning the Relocation of Low-Voltage Transmission Lines when Requested by PECO**

PECO's Proposed Tariff does not appear to include provisions concerning the relocation of low voltage transmission lines (*i.e.*, lines between 35,000 volts and 100,000 volts) when that relocation is proposed by PECO. While the Commission has regulations for the siting of high voltage transmission lines (*i.e.*, designed for 100,000 volts or greater), the Commission has no such regulations for the siting of low voltage transmission lines. *See* 52 Pa. Code §§ 57.71-57.77 ("Commission Review of Siting and Construction of Electric Transmission Lines"). The absence of Commission regulations for the siting of low voltage transmission lines necessitates that such sitings be specifically governed by the electric distribution company's Commission-approved tariff and not left to the unbridled discretion of the company. PECO's tariff should be required to include rates, rules, and regulations governing situations in which PECO charges customers for the cost of relocating low voltage transmission lines when the relocation is initiated by PECO.

In addition, PECO sometimes desires to relocate its low voltage transmission lines on or near property owned by a customer, but the proposal is not acceptable to the customer. In such



situations, PECO typically charges the customer for the “incremental cost” of siting the transmission line on an alternative route to the low-cost route initially proposed by PECO. It is uncertain how PECO determines these incremental costs and whether the costs are assessed between customers in a non-discriminatory manner.

The manner in which PECO determines these “incremental costs” should be memorialized in “tariffs.” The Pennsylvania Public Utility Code (“Code”), 66 Pa. C.S. § 102 (relating to definitions), defines “tariff” as “all schedules of rates, *all rules, regulations, practices or contracts involving any rate or rates* ....” (emphasis added). In turn, “rate” is defined as:

Every individual or joint fare, toll, charge, rental or *other compensation whatsoever* of any public utility ... *made, demanded, or received* for any service within this part, offered, rendered, or furnished by such public utility ... whether in currency, legal tender, or evidence thereof, in kind, in services or in any other medium or manner whatsoever, and whether received directly or indirectly, *and any rules, regulations, practices, classifications or contracts affecting any such compensation, charge, fare, toll or rental.*

66 Pa. C.S. § 102 (relating to definitions) (emphasis added). While the amount demanded from a customer for locating a low voltage transmission line on an alternative site will vary on a case-by-case basis, PECO’s *practices for determining the amount demanded* from a property owner should be reasonable, uniform and public, rather than arbitrary and potentially discriminatory. Moreover, PECO’s service must always be reasonable. *See* 66 Pa. C.S. § 1501 (regarding “Character of service and facilities”).

**B. Accounting for Funds Received as a Result of Locating Low-Voltage Transmission Lines at an Alternative Site**

As part of these proceedings, PECO should be required to identify specific revenues that it has collected through alternative siting charges for low voltage transmission lines. It should also be required to identify any such revenues that it anticipates for the fully projected future test year.

The Commission should review such claims for accuracy and reasonableness, and ensure that customer-contributed revenue is properly offset against PECO's claimed plant-in-service. Failure to identify and account for these contributions accurately would result in a windfall to PECO. Ratepayers, rather than PECO shareholders, should benefit from these contributions.

## **V. WITNESSES AND EVIDENCE**

UPENN expects to call two or three witnesses. UPENN is still in the process of identifying its witnesses and will notify the Administrative Law Judges and the other parties as soon as the witnesses are identified. The witnesses will testify to the following topics:

### **A. Rates**

The primary issue in this proceeding is whether the rates proposed by PECO are just and reasonable, and in conformity with regulations and orders of the Commission, as required by 66 Pa. C.S. § 1301. In addition, the proposed allocation of the revenue increase and the proposed rate design may be unlawfully discriminatory in violation of the Code, 66 Pa. C.S. §§ 1301 and 1304, and may otherwise be contrary to sound ratemaking principles and public policy. In particular, PECO should be required to account for funds received from property-owners when they pay PECO the "incremental costs" of relocating low-voltage transmission lines to a location other than the site proposed by PECO.

### **B. Tariff Provisions Concerning the Relocation of Low-Voltage Transmission Lines at PECO's Request**

PECO should be required to add provisions to its tariff addressing the relocation of its facilities at PECO's request. In particular, PECO's practices and procedures for determining the "incremental cost" of relocating facilities to an alternative site at the request of the property-owner,



and the method of determining the property owner's share of these "incremental costs," should be set forth in tariffs.

**VI. DISCOVERY**

UPENN is willing to agree to reasonable modifications of the Commission's standard discovery rules.

**VII. PROTECTIVE ORDER**

UPENN has no objection to the entry of a reasonable Protective Order.

**VIII. PROCEDURAL SCHEDULE**

UPENN is willing to agree to a reasonable procedural schedule.

**IX. PUBLIC INPUT HEARINGS**

UPENN requests that the Commission hold at least one public input hearing in downtown Philadelphia at which interested customers and property owners can express concern regarding PECO's practices in the relocation of low voltage transmission lines.

**X. SETTLEMENT DISCUSSIONS**

UPENN is open to and available for settlement discussions to resolve this proceeding.

Respectfully submitted,



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Dated: May 4, 2018