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September 7, 2012

VIA E-FILING

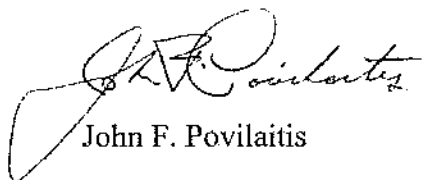
Rosemary Chiavetta, Secretary
Pennsylvania Public Utility Commission
Commonwealth Keystone Building
400 North Street, 2nd Floor
Harrisburg, PA 17120

Re: Petition of Metropolitan Edison Company, Pennsylvania Electric Company,
Pennsylvania Power Company and West Penn Power Company for an Evidentiary
Hearing on the Energy Efficiency Benchmarks Established for the Period June 1,
2013 through May 31, 2016; Docket Nos. P-2012-2320450, P-2012-2320468,
P-2012-2320480, and P-2012-2320484

Dear Secretary Chiavetta:

On behalf of Metropolitan Edison Company, Pennsylvania Electric Company,
Pennsylvania Power Company and West Penn Power Company, I have enclosed for electronic
filing the Prehearing Conference Memorandum in the above-captioned matter. Copies have been
served on all parties as indicated in the attached certificate of service.

Very truly yours,



John F. Povilaitis

JFP/kra
Enclosure

cc: Administrative Law Judge Elizabeth H. Barnes (via email and first class mail)

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

Petition of Metropolitan Edison Company, :
Pennsylvania Electric Company, Pennsylvania : Docket Nos. P-2012-2320450
Power Company and West Penn Power : P-2012-2320468
Company for an Evidentiary Hearing on the : P-2012-2320480
Energy Efficiency Benchmarks Established : P-2012-2320484
For the Period June 1, 2013 through May 31, 2016 :

**PREHEARING MEMORANDUM OF METROPOLITAN EDISON COMPANY,
PENNSYLVANIA ELECTRIC COMPANY, PENNSYLVANIA POWER
COMPANY AND WEST PENN POWER COMPANY**

TO THE HONORABLE ELIZABETH H. BARNES:

Pursuant to the Prehearing Order of the Presiding Officer, Metropolitan Edison Company, Pennsylvania Electric Company, Pennsylvania Power Company and West Penn Power Company (collectively, the “Companies”), by and through its counsel, submits this Prehearing Memorandum:

I. Name and Address of the Companies’ Legal Representation

The attorney authorized to accept service for purposes of the Pennsylvania Public Utility Commission’s (“Commission”) service list is:

Kathy J. Kolich (Attorney I.D. No. 92203)
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Parties are requested to also serve documents on the following attorney as a courtesy:

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II. History of the Proceeding

On October 15, 2008 Governor Rendell signed into law Act 129 of 2008 ("Act 129"), which took effect on November 14, 2008. Among other things, Act 129 requires electric distribution companies ("EDCs") in Pennsylvania with at least 100,000 customers to file energy efficiency and conservation ("EE&C") plans. *See* 66 Pa.C.S. § 2806.1(b).

Under Act 129, the Commission is responsible for evaluating the costs and benefits of an EDC's EE&C Plan by November 30, 2013.¹ Should the benefits of the reductions in consumption in Phase I of the EE&C Plan exceed the costs, the Commission must review and approve additional reductions in consumption in the form of a Phase II EE&C Plan.

On August 3, 2012, the Commission entered an Order that set forth mandatory Phase II consumption reductions for EDCs subject to Act 129.² Met-Ed, Penelec, Penn Power and West Penn are subject to Act 129's requirements. This Implementation Order established new consumption reduction benchmarks for Met-Ed, Penelec, Penn Power and West Penn.

¹ Additional evaluations are due every five years. 66 Pa.C.S. § 2806.1(c)(3).

² *Energy Efficiency and Conservation Program*, Docket Nos. M-2012-2289411, M-2008-2069887 (August 3, 2012) ("Implementation Order").

The Implementation Order set August 20, 2012, as the deadline for EDCs to file challenges and requests for evidentiary hearings to the newly established consumption reduction benchmarks. The Companies filed a Petition for an Evidentiary Hearing, challenging the new Phase II benchmarks on August 20, 2012. At the same time this challenge to the Phase 2 reductions was filed, the Companies also filed a separate Petition for Reconsideration and Clarification of the Implementation Order.

Both of these Petitions by the Companies make the same salient argument with respect to the issue of the timing of challenges to the Implementation Order. The Commission has established a procedural schedule that required the submission of challenges to the Phase II benchmarks (August 20, 2012) that falls due significantly before Phase II programs are scheduled to be finalized and filed with the Commission (November 1, 2012). Before a final conclusion can be reached regarding the feasibility of achieving the Phase II benchmarks, the Companies must assess programs, determine appropriate participants and participation rates, all in the context of the budget allowances prescribed in the Implementation Order.³ To preserve its rights in the event that the Companies ultimately determine the reduction benchmarks cannot be reached under the conditions established in the Implementation Order, it was necessary for the Companies to file a challenge to the Phase II benchmarks.

³ The full scope of the Companies issues in its Phase II challenge cannot be determined with specificity at this time since any basis for the Companies not being able to reach the Phase II benchmarks has not been determined. Issues relating to Commission specified budget, the method of determining the reduction goals and future modifications of the Technical Resource Manual ("TRM"), including issues raised by PECO and PPL in their requests for evidentiary hearings, could be related to an ultimate conclusion that the new benchmarks are not feasible goals for the Companies.

III. Witnesses and Subject Matter of Testimony

The Companies' testimony in this matter will be presented by Edward Miller. Mr. Miller will address all issues relating to the feasibility of the Companies' achieving the Phase II benchmarks.

IV. Proposed Procedural Schedule

The Companies propose the following procedural schedule, with the understanding that it will discuss the proposed schedule dates with the Public Advocates and Intervenors. The Companies' hope is to present the ALJ with a schedule agreeable to all participants at the September 10, 2012 Prehearing Conference.

The following schedule is proposed for consideration:

September 28, 2012 – Companies' Initial Testimony due

October 12, 2012 – Intervenor Direct Testimony due

October 19, 2012 – Oral Rebuttal Testimony at hearing

October 19, 2012 – Hearing

October 31, 2012 – Main Briefs

November 2, 2012 – Certification of the Record

This schedule proposes a due date for the Companies' Initial Testimony of September 28, 2012 due to the need of the Companies to continue analyzing their ability to meet the Phase II reductions under the conditions of the Implementation Order. To meet the Commission's Implementation Order deadline of November 2, 2012 for certification of the record to the Commission, it is necessary to make the final round of testimony oral and waive the filing of Reply Briefs. This is not the Companies' preference, but it is a necessity given the need to evaluate the feasibility of reaching the

Phase II reduction goals before committing to a position on that issue in the form of testimony.

V. Consolidation Issue

Consolidation of the PECO and PPL Phase II challenge proceedings with the Companies' proceeding is unlikely to achieve any efficiencies or judicial economies due to different issues and different witnesses being presented by each EDC. Nor would scheduling back-to-back hearings be feasible due to uncertainties with respect to the amount of time needed to complete each Company's hearings.

VI. Discovery

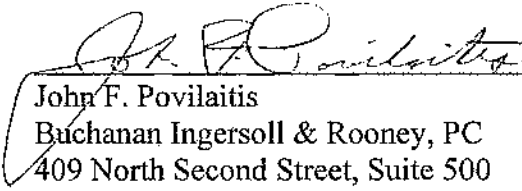
The Companies agree with the amendments to the Commission's discovery regulations proposed by counsel for the Statewide Evaluator in their Prehearing Memorandum, with two exceptions. First, due to the proposed short interval between the filing of Intervenor Direct Testimony and Oral Rebuttal Testimony, rather than a ten (10) day answer period, Parties should be required to provide answers to written interrogatories during this testimony interval informally, and orally if necessary, no later than the day prior to hearing. Second, reasonable on-the record data requests should be served on a best efforts basis.

VII. Settlement

The rapid pace of this proceeding may preclude the possibility of settlement discussions, but the Companies will participate in any settlement discussions to the extent other Parties are amenable to such discussions.

Respectfully submitted,

Dated: September 7, 2012



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Counsel for Metropolitan Edison Company,
Pennsylvania Electric Company, Pennsylvania
Power Company and West Penn Power Company

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For the Period June 1, 2013 through May 31, 2016 :

CERTIFICATE OF SERVICE

I hereby certify that I have this day served a true copy of the foregoing document upon the parties, listed below, in accordance with the requirements of § 1.54 (relating to service by a party).

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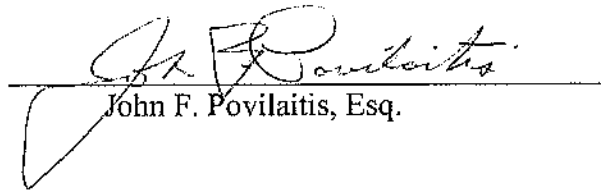
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Date: September 7, 2012


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