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April 9, 2014

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

VIA ELECTRONIC FILING

RE: Petition of PECO Energy Company for Approval of Its Default Service Program for the Period From June 1, 2015 Through May 31, 2017; Docket No. P-2014-2409362

Dear Secretary Chiavetta:

Enclosed 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 by the attached Certificate of Service, all parties to this proceeding are being duly served with a copy of this document. Thank you.

Sincerely,

McNEES WALLACE & NURICK LLC

By 
Adeolu A. Bakare

Counsel to the Philadelphia Area Industrial Energy Users Group

Enclosure

c: Administrative Law Judge Cynthia W. Fordham (via E-mail and First-Class Mail)
Certificate of Service

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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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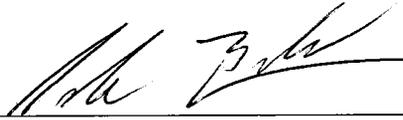
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Adeolu A. Bakare

Counsel to the Philadelphia Area Industrial
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Dated this 9th day of April, 2014, in Harrisburg, Pennsylvania.

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

Petition of PECO Energy Company	:	
for Approval of Its Default Service Program	:	Docket No. P-2014-2409362
for the Period From June 1, 2015 Through	:	
May 31, 2017	:	

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

As requested by Administrative Law Judge ("ALJ") Cynthia Williams Fordham in the Prehearing Order dated April 3, 2014, the Philadelphia Area Industrial Energy Users Group ("PAIEUG") hereby submits this Prehearing Memorandum.

I. HISTORY OF THE PROCEEDING

On March 10, 2014, PECO Energy Company ("PECO" or the "Company") filed with the Pennsylvania Public Utility Commission ("PUC" or "Commission") a Petition for Approval of the Company's third Default Service Program ("DSP III"). Through its Petition for Approval of DSP III ("Petition"), PECO outlined the Company's proposed procurement plan, implementation plan, and contingency plan for acquiring default service energy supply for all PECO customers who, upon expiration of the Company's current Default Service Program ("DSP II") on May 31, 2015, do not take generation service from an alternative electric generation supplier ("EGS") or who contract with an EGS for energy supply, which is not delivered. The Company's filing proposes to continue most of the existing products and programs approved under PECO's DSP II.

The limited modifications include a proposal to recover costs related to PJM Interconnection, L.L.C. ("PJM") meter error correction charges from all Load-Serving Entities ("LSEs"), including EGSs. PECO also intends to change its current practice of collecting generation deactivation charges from wholesale suppliers serving the Company's default service

customers and instead PECO would recover generation deactivation charges from non-shopping customers through the Company's bypassable Transmission Service Charge ("TSC").

On March 27, 2014, PAIEUG filed a Petition to Intervene and Answer in this proceeding. A description of PAIEUG is set forth in Paragraph 1 of PAIEUG's Petition to Intervene. PAIEUG's Petition to Intervene is outstanding and awaits disposition by the ALJ.

II. ANTICIPATED ISSUES AND SUB-ISSUES

As some of PECO's largest customers, PAIEUG members are in a unique position to comment to the Commission on the customer impact of PECO's Petition and the consequences for Large Commercial and Industrial ("C&I") customers. PAIEUG is concerned with issues regarding the terms and conditions of its members' electricity service, and therefore, intends to address the following issues related to PECO's proposed DSP III. The following is a preliminary list of potential issues to be examined by PAIEUG:

- a. Whether PECO's DSP III provides meaningful opportunities for Large C&I customers to obtain default service at just and reasonable rates as required by the Commission's default service regulations;
- b. Whether PECO's proposal to have PJM allocate meter adjustment charges to all LSEs is just and reasonable;
- c. Whether PECO's proposal to allocate generation deactivation charges to default service customers through PECO's bypassable TSC is just and reasonable and properly allocates costs between customer classes; and
- d. Whether PECO might propose additional modifications to its DSP III as a result of Commission action in the Metropolitan Edison Company, Pennsylvania Electric Company, Pennsylvania Power Company and West Penn Power Company ("FirstEnergy Companies") default service plan proceedings.

PAIEUG anticipates pursuing these issues during this proceeding and reserves the right to raise further issues as necessary and appropriate during the course of the proceeding and to respond to issues raised by other parties.

III. PROPOSED WITNESSES

PAIEUG is in the process of evaluating whether it will sponsor testimony in this proceeding. In the event that PAIEUG decides to sponsor testimony, it will immediately inform the parties and the ALJ of any intended witnesses and topics of testimony. 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 is agreeable to the procedural schedule proposed by PECO in its Petition. In addition, PAIEUG will defer to the parties at the Prehearing Conference regarding the amount of hearing time needed. PAIEUG will also cooperate with the ALJ and the parties at the Prehearing Conference to develop appropriate discovery rules in accordance with the Commission's regulations and any directives issued by the ALJ.

V. 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

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Dated: April 9, 2014