



100 Pine Street • PO Box 1166 • Harrisburg, PA 17108-1166
Tel: 717.232.8000 • Fax: 717.237.5300

Susan E. Bruce
Direct Dial: 717.237.5254
Direct Fax: 717.260.1666
sbruce@mwn.com

October 6, 2014

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. West Penn Power Company
Docket No. R-2014-2428742**

Dear Secretary Chiavetta:

Please find enclosed for filing with the Pennsylvania Public Utility Commission ("PUC" or "Commission") the Prehearing Memorandum of the West Penn Power Industrial Intervenors ("WPPII") in the above-referenced proceeding.

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

Very truly yours,

McNEES WALLACE & NURICK LLC

By 
Susan E. Bruce

Counsel to the West Penn Power Industrial Intervenors

Enclosures

c: Administrative Law Judge Dennis J. Buckley (via E-mail and First-Class Mail)
Certificate of Service

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CERTIFICATE OF SERVICE

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

VIA EMAIL AND FIRST-CLASS MAIL

Tori L. Giesler, Esq.
Lauren M. Lepkoski, Esq.
FirstEnergy Service Company
2800 Pottsville Pike
Reading, PA 19612
tgiesler@firstenergycorp.com
llepkoski@firstenergycorp.com

Thomas P. Gadsden, Esq.
Anthony C. DeCusatis, Esq.
Catherine G. Vasudevan, Esq.
Morgan, Lewis & Bockius LLP
1701 Market Street
Philadelphia, PA 19103
tgadsden@morganlewis.com
adecusatis@morganlewis.com
cvasudevan@morganlewis.com

Bradley A. Bingaman, Esq.
FirstEnergy
76 South Main Street
Akron, OH 44308-1890
bbingaman@firstenergycorp.com

John R. Evans, Esq.
Daniel G. Asmus, Esq.
Office of Small Business Advocate
Suite 202, Commerce Building
300 North Second Street
Harrisburg, PA 17101
jorevan@pa.gov
dasmus@pa.gov


Clarence L. Johnson
CJ Energy Consulting
3707 Robinson Ave.
Austin, TX 78722
cjenergy@grandecom.net

Aron J. Beatty, Esq.
Darryl A. Lawrence, Esq.
Kristine E. Robinson, Esq.
Brandon J. Pierce, Esq.
Lauren M. Burge, Esq.
Office of Consumer Advocate
555 Walnut Street
Forum Place - 5th Floor
Harrisburg, PA 17101-1923
abeatty@paoca.org
dlawrence@paoca.org
krobinson@paoca.org
bpierce@paoca.org
lburge@paoca.org

Allison C. Kaster, Esq.
Bureau of Investigation and Enforcement
Pennsylvania Public Utility Commission
Commonwealth Keystone Building
400 North Street, 2nd Floor
Harrisburg, PA 17120
akaster@pa.gov

David F. Boehm, Esq.
Boehm, Kurtz & Lowry
36 East Seventh Street, Suite 1510
Cincinnati, OH 45202
dboehm@BKLawfirm.com

Stephen J. Baron
J. Kennedy & Associates
570 Colonial Park Drive, Suite 305
Roswell, GA 30075
sbaron@jkenn.com


Susan L. Bruce

Counsel to the West Penn Power Industrial Intervenors

Dated this 6th day of October, 2014 at Harrisburg, Pennsylvania.

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

Pennsylvania Public Utility Commission	:	
	:	
v.	:	Docket No. R-2014-2428742
	:	
West Penn Power Company	:	

**PREHEARING MEMORANDUM OF
THE WEST PENN POWER INDUSTRIAL INTERVENORS**

Pursuant to Administrative Law Judge ("ALJ") Dennis J. Buckley's September 30, 2014, First Prehearing Order, the West Penn Power Industrial Intervenors ("WPPII") hereby submit this Prehearing Memorandum in the above-captioned proceeding.

I. HISTORY OF THE PROCEEDING

On August 4, 2014, West Penn Power Company ("West Penn" or "Company") filed with the Pennsylvania Public Utility Commission ("Commission" or "PUC") Tariff Electric – Pa. PUC No. 40, and Supplements thereto, proposed to become effective on October 3, 2014. Through this filing, West Penn requested a distribution rate increase of \$115.5 million and a proposed Return on Equity ("ROE") of 10.9%. In addition, West Penn proposed significant changes to the rate design for Large Commercial and Industrial ("C&I") customers in its service territory, specifically for Schedule 30 and 40 customers, including, among other things, a modified demand charge, customer charge, reactive billing demand charge, and minimum charge. Moreover, West Penn proposed to overhaul its tariff rules to more closely align with those of the other FirstEnergy utility companies in Pennsylvania (*i.e.*, the Metropolitan Edison Company, the Pennsylvania Electric Company, and the Pennsylvania Power Company). Finally, West Penn proposed a number of changes to its riders, in particular, a proposed Storm Damage

Charge Rider through which West Penn would recover from ratepayers any storm damage expenses beyond those recovered in base rates.

On September 12, 2014, WPPII filed a Complaint to West Penn's filing. A description of WPPII is set forth in Paragraph 6 of the Complaint.

A Prehearing Conference has been scheduled in this proceeding for October 8, 2014.

II. SERVICE LIST

For purposes of service in the above-captioned proceeding, please direct all communications to:

Susan E. Bruce (Pa. I.D. No. 80146)
Vasiliki Karandrikas (Pa. I.D. No. 89711)
Teresa K. Schmittberger (Pa. I.D. No. 311082)
Elizabeth P. Trinkle (Pa. I.D. No. 313763)
100 Pine Street
P.O. Box 1166
Harrisburg, PA 17108-1166
Phone: (717) 232-8000
Fax: (717) 237-5300
sbruce@mwn.com
vkarandrikas@mwn.com
tschmittberger@mwn.com
etrinkle@mwn.com

III. ANTICIPATED ISSUES AND SUB-ISSUES

WPPII's preliminary review of West Penn's filing indicates the need for Commission investigation into at least the following issues:

- a. whether the size of West Penn's requested rate increase is appropriate;
- b. whether the expenses claimed by West Penn were prudently incurred;
- c. whether the allocation of the proposed distribution rate increase between and among West Penn's customer classes is just, reasonable, and non-discriminatory;
- d. whether West Penn's proposed rate structure and rate design is appropriate;
- e. whether the 10.9% ROE proposed by West Penn results in a fair rate of return;

- f. whether West Penn's claimed cost of service is accurate, legitimate, and appropriately allocated;
- g. whether implementation of the proposed changes to West Penn's rules and riders is appropriate and lawful; and
- h. whether West Penn's proposed tariff changes result in unjust and unreasonable service for customers.

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

IV. PROPOSED WITNESS

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

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

WPPII also is considering offering customer impact testimony.

WPPII reserves the right to modify or supplement this witness list during the course of this proceeding. In the event that WPPII decides to modify or supplement the witness list, it will inform the parties and the ALJ as soon as possible of the intended witnesses. WPPII 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.

V. PROPOSED SCHEDULE AND DISCOVERY RULES

WPPII will cooperate with the ALJ and the parties at the Prehearing Conference to develop an appropriate procedural schedule and discovery rules in accordance with the Commission's regulations and any directives issued by the ALJ.

VI. STATEMENT OF EVIDENCE

WPPII's witness(es) plan to submit Direct Testimony, as well as Rebuttal and Surrebuttal Testimony, as necessary, in addition to providing evidence, in the form of cross-examination and exhibits, at the Hearing related to the issues and sub-issues as mentioned above.

VII. PROTECTIVE ORDER

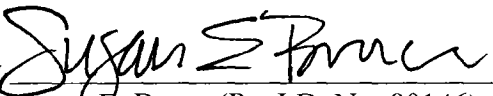
WPPII will cooperate with the ALJ and the parties at the Prehearing Conference to develop a protective order in accordance with the Commission's regulations and any directives issued by the ALJ.

VIII. POSSIBILITY OF SETTLEMENT

WPPII 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 

Susan E. Bruce (Pa. I.D. No. 80146)
Vasiliki Karandrikas (Pa. I.D. No. 89711)
Teresa K. Schmittberger (Pa. I.D. No. 311082)
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Counsel to the West Penn Power Industrial
Intervenors

Dated: October 6, 2014