



COMMONWEALTH OF PENNSYLVANIA

October 6, 2014

E-FILED

Rosemary Chiavetta, Secretary
Pennsylvania Public Utility Commission
Commonwealth Keystone Building
P. O. Box 3265
Harrisburg, PA 17105-3265

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

**Pennsylvania Public Utility Commission v. Pennsylvania Power Company
Docket No. R-2014-2428744**

**Pennsylvania Public Utility Commission v. Pennsylvania Electric Company
Docket No. R-2014-2428743**

**Pennsylvania Public Utility Commission v. Metropolitan Edison Company
Docket No. R-2014-2428745**

Dear Secretary Chiavetta:

I am delivering for filing today the original of the **Prehearing Memorandum**, on behalf of the Office of Small Business Advocate, in the above-captioned proceedings.

Two copies have been served today on all known parties in these proceedings. A Certificate of Service to that effect is enclosed.

If you have any questions, please do not hesitate to contact me.

Sincerely,

Daniel G. Asmus
Assistant Small Business Advocate
Attorney ID No. 83789

Enclosures

cc: Parties of Record
Robert D. Knecht
Brian Kalcic

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

PENNSYLVANIA PUBLIC UTILITY COMMISSION	:	
	:	
v.	:	
METROPOLITAN EDISON CO.,	:	Docket No. R-2014-2428745
PENNSYLVANIA ELECTRIC CO.,	:	Docket No. R-2014-2428743
PENNSYLVANIA POWER CO., and	:	Docket No. R-2014-2428744
WEST PENN POWER CO.	:	Docket No. R-2014-2428742

**OFFICE OF SMALL BUSINESS ADVOCATE
PREHEARING MEMORANDUM**

I. INTRODUCTION

The Office of Small Business Advocate (“OSBA”) is authorized to represent the interests of small business consumers of utility services before the Pennsylvania Public Utility Commission (the “Commission”) pursuant to the provisions of the Small Business Advocate Act, Act 181 of 1988, 73 P.S. §§ 399.41 – 399.50 (“the Act”). In order to discharge this statutory duty, the Small Business Advocate deems it necessary to participate as a party to this proceeding. Please address all correspondence as follows:

Daniel G. Asmus, Esq.
Assistant Small Business Advocate
Office of Small Business Advocate
300 North Second Street – Suite 202
Harrisburg, PA 17101
(717) 793-2525
(717) 783-2831 (fax)
dasmus@pa.gov

II. BACKGROUND

On or about August 4, 2014, Metropolitan Edison Company (“Met-Ed”), Pennsylvania Electric Company (“Penelec”), Pennsylvania Power Company (“Penn Power”) and West Penn Power Company (“West Penn”) (collectively, “First Energy” or “the Companies”) each filed a Tariff with the Pennsylvania Public Utility Commission (“Commission”) seeking approval for an increase in distribution rates. Those filings are Tariff Electric Pa. P.U.C. No. 52 (Met-Ed), Tariff Electric Pa. P.U.C. No. 81 (Penelec), Tariff Electric Pa. P.U.C. No. 36 (Penn Power), and Tariff Electric Pa. P.U.C. No. 40 (West Penn).

Met-Ed seeks an increase in total electric distribution revenues of approximately \$151.9 million per year. Met-Ed’s proposed rate increase will be 11.5%. Penelec seeks an increase in total electric distribution revenues of approximately \$119.8 million per year. Penelec’s proposed rate increase will be 8.6%. Penn Power seeks an increase in total electric distribution revenues of approximately \$28.5 million per year. Penn Power’s proposed rate increase will be 8.7%. West Penn seeks an increase in total electric distribution revenues of approximately \$115.5 million per year. West Penn’s proposed overall rate increase will be 8.4%.

The OSBA filed a Complaint in each individual case, as well as a Notice of Appearance and Public Statement on August 25, 2014. The OSBA filed a revised Complaint at the West Penn docket on August 25, 2014.

Other parties to these cases include the Pennsylvania Office of Consumer Advocate (“OCA”); the Commission’s Bureau of Investigation and Enforcement (“I&E”); the Pennsylvania State University (“PSU”) (in the West Penn case); the Met-Ed

Industrial Users Group ("MEIUG"), the Penelec Industrial Customer Alliance ("PICA"), and the Penn Power Users Group ("PPUG") (in a joint complaint filed in all cases except the West Penn case); AK Steel Corp. (in the West Penn case); and several individual complainants.

A Prehearing Conference is scheduled for October 8, 2014, at 10:00 am. This Prehearing Memorandum is being filed pursuant to the First Prehearing Order issued by Administrative Law Judge ("ALJ") Dennis J. Buckley, dated September 30, 2014.

III. WITNESS

Assisting in the development and presentation of the OSBA's positions in this case will be:

Penn Power and West Penn:

Robert D. Knecht
Industrial Economics Incorporated
2067 Massachusetts Avenue
Cambridge, MA 02140
(617) 354-0074
(617) 354-0463 – Fax
rdk@indecon.com

Met-Ed and Penelec:

Brian Kalcic
Excel Consulting
Suite 720
225 S. Meramec Ave.
St. Louis, MO 63105
(314) 725-2511
excel.consulting@sbcglobal.net

The OSBA requests that all parties serve copies of all documents, including discovery, testimony and briefs, upon Mr. Knecht and Mr. Kalcic simultaneously with service upon the OSBA.

The OSBA anticipates that it will present testimony by Mr. Knecht and Mr. Kalcic.

IV. IDENTIFICATION OF ISSUES

The OSBA is participating in this case to ensure that the interests of small commercial and industrial (“small C&I”) customers of First Energy are adequately represented and protected. As appropriate and necessary, the OSBA will investigate and analyze the claims and proposals of the parties, primarily through discovery, cross-examination of witnesses appearing for those parties, submission of testimony and briefing of the issues that arise in this proceeding. The OSBA is still in the process of analyzing the filing, but will most likely focus on the following issues:

1. Small C&I rates.
2. Cost of service and cost allocation.
3. Revenue allocation.
4. Rate design.

The OSBA anticipates filing the direct, rebuttal and surrebuttal testimony of its witnesses, Robert D. Knecht and Brian Kalcic, pursuant to the procedural schedule currently being developed by the parties, and will make every attempt to provide written requests for information from another party prior to the time of the hearing.

The OSBA will work diligently with the ALJ and the other parties to ensure that exhibits, admissions, stipulations, limitations of witnesses, discovery/production and other matters pertaining to the orderly conduct and disposition of this proceeding will be

handled in an expeditious manner.

The OSBA reserves the right to pursue additional issues as they may arise throughout the course of this proceeding.

V. DISCOVERY

The OSBA has propounded interrogatories to the Companies, and discovery is ongoing.

VI. SERVICE OF DOCUMENTS

The OSBA agrees to accept electronic delivery of documents on the due date as satisfying the in-hand requirement, if followed by hard copy delivery to the OSBA and its witness by first class mail. Electronic service only is not acceptable.

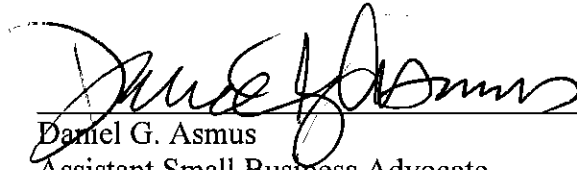
VII. SETTLEMENT

The OSBA is willing to enter into settlement discussions at any phase of this proceeding.

VIII. PROCEDURAL SCHEDULE

The OSBA is cooperating with the other parties to develop a mutually acceptable schedule for the remainder of the case. It is the OSBA's understanding that the Companies have requested the consolidation of these four rate cases for purposes of scheduling, hearings, briefing and decision. The OSBA supports that request.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Daniel G. Asmus", written over a horizontal line.

Daniel G. Asmus
Assistant Small Business Advocate
Attorney ID No. 83789

For:

John R. Evans.
Small Business Advocate

Office of Small Business Advocate
300 North Second Street – Suite 202
Harrisburg, PA 17101
(717) 783-2525
(717) 783-2831 (fax)

Dated: October 6, 2014

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

Pennsylvania Public Utility Commission	:	
v.	:	Docket No. R-2014-2428745
Metropolitan Edison Company	:	
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v.	:	Docket No. R-2014-2428744
Pennsylvania Power Company	:	
Pennsylvania Public Utility Commission	:	
v.	:	Docket No. R-2014-2428743
Pennsylvania Electric Company	:	
Pennsylvania Public Utility Commission	:	
v.	:	Docket No. R-2014-2428742
West Penn Power Company	:	

CERTIFICATE OF SERVICE

I certify that I am serving two copies of the Prehearing Memorandum, on behalf of the Office of Small Business Advocate, by e-filing, e-mail, and/or first-class mail (unless otherwise noted) upon the persons addressed below:

Hon. Dennis J. Buckley
Administrative Law Judge
Pa. Public Utility Commission
P.O. Box 3265
Harrisburg, PA 17105
(717) 787-1191
(717) 787-0481 (fax)
debuckley@pa.gov
(E-mail and Hand Delivery)

Allison C. Kaster, Esquire
Carrie B. Wright, Esquire
Scott B. Granger, Esquire
Bureau of Investigation and Enforcement
Pa. Public Utility Commission
P.O. Box 3265
Harrisburg, PA 17105
(717) 787-1191
(717) 787-0481 (fax)
akaster@pa.gov
carwright@pa.gov
sgranger@pa.gov
(E-mail and Hand Delivery)

Aron J. Beatty, Esquire
Darryl A. Lawrence, Esquire
Kristine E. Robinson, Esquire
Brandon J. Pierce, Esquire
Lauren M. Burge, Esquire
Office of Consumer Advocate
555 Walnut Street - 5th Floor
Harrisburg, PA 17101-1923
(717) 783-5048
(717) 783-7152 (fax)
abeatty@paoca.org
dlawrence@paoca.org
krobinson@paoca.org
bpierce@paoca.org
lburge@paoca.org
(E-mail and Hand Delivery)

Tori L. Giesler, Esquire
Lauren M. Lepkoski, Esquire
FirstEnergy
2800 Pottsville Pike
P. O. Box 16001
Reading, PA 19612-6001
(619) 921-6658
(610) 939-8655 (fax)
tgiesler@firstenergycorp.com
llepkoski@firstenergycorp.com

Thomas P. Gadsden, Esquire
Anthony C. DeCusatis, Esquire
Catherine G. Vasudevan, Esquire
Morgan Lewis & Bockius LLP
1701 Market Street
Philadelphia, PA 19103-2921
(215) 963-5234
(215) 963-5001 (fax)
tgadsden@morganlewis.com
adecusatis@morganlewis.com
cvasudevan@morganlewis.com

Bruce and Sandra Hilbert
441 Orchard Road
Fleetwood, PA 19522
(First-class Mail Only)

Clarence L. Johnson
CJ Energy Consulting
3707 Robinson Avenue
Austin, TX 78722
cjenergy@grandecom.net
(E-mail Only)

Roger D. Colton
Fisher, Sheehan & Colton
34 Warwick Road
Belmont, MA 02478
(617) 484-0597
roger@fsconline.com
(E-mail Only)

Barbara R. Alexander
83 Wedgewood Drive
Winthrop, ME 04364
(207) 395-4143
barbalex@ctel.net
(E-Mail Only)

Marlon Griffing
Charles W. King
Snavely King Majoros & Associates
4351 Garden City Drive - #350C
Landover, MD 20785
mgriffing@snavely-king.com
charlieking@snavely-king.com
(E-mail Only)

David J. Dulick, Esquire
Allegheny Electric Cooperative, Inc.
P. O. Box 1266
Harrisburg, PA 17108-1266
(717) 901-4432
(717) 233-5677 (fax)
david_dulick@Allegheny.com

Thomas T. Niesen, Esquire
Charles E. Thomas, III, Esquire
Thomas, Niesen & Thomas, LLC
212 Locust Street - #600
Harrisburg, PA 17101
(717) 255-7600
(717) 236-8278 (fax)
tniesen@tntlawfirm.com
cet3@tntlawfirm.com

Susan E. Bruce, Esquire
Charis Mincavage, Esquire
Vasiliki Karandrikas, Esquire
Teresa K. Schmittberger, Esquire
Elizabeth P. Trinkle, Esquire
McNees Wallace & Nurick, LLC
P. O. Box 1166
Harrisburg, PA 17108-1166
(717) 232-8000
(717) 237-5300 (fax)
sbruce@mwn.com
cmincavage@mwn.com
vkandrikas@mwn.com
tschmittberger@mwn.com
etrinkle@mwn.com

Thomas J. Sniscak, Esquire
William E. Lehman, Esquire
Hawke McKeon & Sniscak, LLP
P. O. Box 1778
Harrisburg, PA 17105-1778
(717) 236-1300
(717) 236-4841 (fax)
tjsniscak@hmslegal.com
welehman@hmslegal.com

Joan E. Group
1040 Rosewood Drive
Altoona, PA 16601
(First-class Mail Only)

Stephen S. Dunham
Pennsylvania State University
Office of the General Counsel
227 West Beaver Avenue - #507
University Park, PA 16801
ssd13@psu.edu

Rob Cooper
Pennsylvania State University
208 Office of Physical Plant
University Park, PA 16802
rec3@psu.edu

Mike Prinkey
Pennsylvania State University
152M Office of Physical Plant
University Park, PA 16802
mip103@psu.edu

James L. Crist
Lumen Group, Inc.
4226 Yarmouth Drive - #101
Allison Park, PA 15101
jlcrist@aol.com

Stephen J. Baron, Esquire
J. Kennedy & Associates
570 Colonial Park Drive - #305
Roswell, GA 30075
(770) 992-2027
(770) 992-0806 (fax)
sbaron@jkenn.com

Jeffrey Pollock
J. Pollock, Inc.
12647 Olive Blvd. - #585
St. Louis, MO 63141
JCP@jpollockinc.com
(E-mail Only)

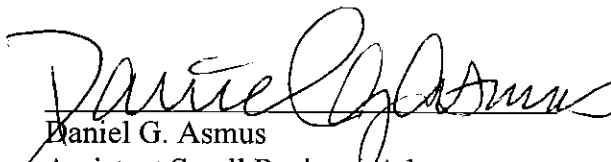
Scott J. Rubin, Esquire
333 Oak Lane
Bloomsburg, PA 17815-2036
(570) 387-1893
(570) 387-1894 (fax)
scott.j.rubin@gmail.com

Chuck Dobbins
Pennsylvania State University
155G Office of Physical Plant
University Park, PA 16802
ccd10@psu.edu

James F. Mrozek
1199 Cleland Mill Road
New Castle, PA 16102
(First-class Mail Only)

Ralph Smith
Larkin & Associates
15728 Farmington Road
Livonia, MI 48154
rsmithla@aol.com
(E-mail Only)

David F. Boehm, Esquire
Boehm, Kurtz & Lowry
36 East Seventh Street - #1510
Cincinnati, OH 45202
(513) 421-2255
(513) 421-2764 (fax)
dboehm@BKLlawfirm.com


Daniel G. Asmus
Assistant Small Business Advocate
Attorney ID # 83789

Dated: October 6, 2014