

PENNSYLVANIA UTILITY LAW PROJECT

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October 6, 2014

VIA ELECTRONIC FILING (E-FILING)

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

**Re: FE rate cases, PUC v. West Penn, et al
R-2014-2428742; R-2014-2428743; R-2014-2428744; R-2014-2428745**


Dear Secretary Chiavetta:

Please accept for filing the Prehearing Memorandum in the above referenced matters, filed on behalf of The Coalition for Affordable Utility Services and Energy Efficiency in Pennsylvania ("CAUSE-PA").

All parties to this proceeding received notice of the Petition via first class or electronic mail. A Certificate of Service is attached.

Please feel free to contact me directly should you have any questions.

Very truly yours,


Harry S. Geller, Esq.

Enclosure

cc: Certificate of Service
Hon Dennis J. Buckley

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

Pennsylvania Public Utility Commission
v.
West Penn Power Company

Docket Number
R-2014-2428742

Pennsylvania Public Utility Commission
v.
Pennsylvania Electric Company

Docket Number
R-2014-2428743

Pennsylvania Public Utility Commission
v.
Pennsylvania Power Company

Docket Number
R-2014-2428744

Pennsylvania Public Utility Commission
v.
Metropolitan Edison Company

Docket Number
R-2014-2428745

West Penn Power Company

Docket Number:
M-2013-2341991

Pennsylvania Electric Company

Docket Number:
M-2013-2341994

Pennsylvania Power Company

Docket Number:
M-2013-2341993

Metropolitan Edison Company

Docket Number:
M-2013-2341990

**Prehearing Memorandum of the
Coalition for Affordable Utility Services and Energy Efficiency in Pennsylvania**

On September 30, 2014, a Prehearing Conference Order was issued by the Honorable
Dennis A. Buckley, Administrative Law Judge, Pennsylvania Public Utility Commission

(“Commission”) setting a prehearing conference for Wednesday, October 8, 2014, 10 a.m. and requiring the submission of prehearing conference memorandum on or before October 6, 2014.

In response, the Coalition for Affordable Utility Services and Energy Efficiency in Pennsylvania (“CAUSE-PA”), through its counsel at the Pennsylvania Utility Law Project, hereby files this Prehearing Conference Memorandum.

I. Background

On August 4, 2014, West Penn Power Company (West Penn), Penn Electric Company (Penelec), Penn Power Company (Penn Power), and Metropolitan Edison Company (Met-Ed) (collectively the “First Energy Companies” or “Companies”) filed original tariffs proposing an increase in base rates. The Companies are requesting an increase in distribution base rates due to investments in Plant-In Service, an increase in Depreciation Expense, and unrecovered investment in meter costs due to Act 129 requiring the installation of Smart Meters. Additionally, West Penn, Penelec, and Met-Ed have also experienced extensive damage to its distribution systems that resulted in significant storm damage remediation costs and the Companies are seeking to amortize the deferred storm expenses and requesting a return on the unamortized balance. West Penn also has included additional Universal Service Program costs to align its program with its Pennsylvania affiliates Met-Ed, Penelec, and Penn Power. The Tariff filings are also proposing revisions to certain rules and regulations, rate schedules and riders in the Companies currently effective tariffs.

On October 2, 2014, the Pennsylvania Public Utility Commission (“Commission”) entered an order (“October 2d Order”) instituting an investigation to determine the lawfulness, justness, and reasonableness of the rates, rules, and regulations contained in the West Penn

Power Company's Tariff Electric – Pa. P.U.C. No. 38 and Tariff Electric – Pa. P.U.C. No. 40, Pennsylvania Electric Company's Tariff Electric – Pa. P.U.C. No. 81, Penn Power Company's Tariff Electric – Pa. P.U.C. No. 36 and Metropolitan Edison Company's Tariff Electric – Pa. P.U.C. No. 52.

In the October 2d Order, the Pennsylvania Public Utility Commission (“Commission”) suspended by operation of law until May 3, 2015, unless otherwise directed by Order of the Commission the implementation of :

- a. West Penn Power Company's Tariff Electric – Pa. P.U.C. No. 38 and Tariff Electric – Pa. P.U.C. No. 40;
- b. Pennsylvania Electric Company's Tariff Electric – Pa. P.U.C. No. 81;
- c. Penn Power Company's Tariff Electric – Pa. P.U.C. No. 36; and
- d. Metropolitan Edison Company's Tariff Electric – Pa. P.U.C. No. 52 ;

The Commission further ordered that West Penn Power Company's filing at Docket M-2013-2341991, Pennsylvania Electric Company's filing at Docket M-2013-2341994, Pennsylvania Power Company's filing at Docket M-2013-22341993 and Metropolitan Edison Company's filing at Docket M-2013-2341990 regarding how cost saving measures achieved from the deployment of smart meters will be calculated in the SMT-C Rider services be addressed in the general base rate case.

On October 6, 2014, CAUSE-PA filed a Petition to Intervene, which is pending.

II. Issues to be Presented

In addition to complying with sound rate making principles, the Companies must also ensure that its rates and tariff comply with universal service requirements, and the Commission must ensure that universal service programs assist low-income customers to afford electric

service, and that these programs are appropriately funded and available in each electric distribution territory. The Electricity Generation Customer Choice and Competition Act, 66 Pa.C.S. § 2802(10).

In the event that the Commission approves any rate increase, the Commission should condition approval on the companies' agreement to perform such actions as are necessary to assure compliance with applicable sections of the Public Utility Code, Commission regulations and guidelines, and settlement agreements.

CAUSE-PA has conducted an initial review of the proposed tariff changes and testimony, and it opposes the requests on the grounds that the proposed rate increase and tariff changes may result in unjust and unreasonable rates that would impose severe hardship on low and moderate income residential customers. The following specific issues of concern must be addressed in this proceeding:

- i. The conformity to law and the effect on low and lower income households of the proposed rate increases; and,
- ii. The conformity to law, adequacy and the effect on low and lower income households of the current Universal Service Programs, including, but not limited to, its Low Income Usage Reduction Programs and other assistance programs designed to assist low-income customers pay their bills.

III. Witnesses and Testimony

CAUSE-PA reserves the right to present the following witness to testify in these matters, as well as the right to call additional witnesses as may be warranted upon proper notice to Your Honors and the parties:

Mitchell Miller
Mitch Miller Consulting LLC

60 Geisel Road
Harrisburg, PA 17112
717-903-2196
Mitchmiller77@hotmail.com

Mr. Miller will address the issues identified above and any other issues that may arise in the course of this proceeding.

IV. Proposed Schedule

CAUSE-PA will work with the other parties to come to a schedule which suits the needs of all of the parties and the Commission. CAUSE-PA has no objection to the schedule proposed by ALJ Buckley in the event the parties are unable to arrive at a schedule. CAUSE-PA supports the submission of the testimony of witnesses in writing in advance of the hearing.

V. Public Input Hearings

CAUSE-PA does not oppose the scheduling of public input hearings as put forth by ALJ Buckley, but is not presently requesting that they be scheduled.

VI. Settlement

CAUSE-PA is willing and ready to engage in settlement discussions in an attempt to resolve or narrow the issues in this proceeding, with any and all parties, and encourages the parties to engage in settlement early in the process.

VII. Service on CAUSE-PA

CAUSE-PA is represented by the attorneys at the Pennsylvania Utility Law Project. Electronic service and one hard copy of all documents should be served on CAUSE-PA as follows:

Harry S. Geller, Esq.
Elizabeth R. Marx, Esquire
PENNSYLVANIA UTILITY LAW PROJECT

118 Locust Street
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WHEREFORE, CAUSE-PA respectfully submits this Prehearing Conference Memorandum.

Respectfully submitted,

PENNSYLVANIA UTILITY LAW PROJECT
Counsel for CAUSE-PA



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October 6, 2014

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

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| Pennsylvania Public Utility Commission v. West Penn Power Company | Docket Number R-2014-2428742 |
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| Metropolitan Edison Company | Docket Number: M-2013-2341990 |
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CERTIFICATE OF SERVICE

I hereby certify that I have October 6, 2014, served copies of the **Prehearing Memorandum of CAUSE-PA**, as set forth below in accordance with the requirements of 52 Pa. Code § 1.54 (relating to service by a party).

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