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October 6, 2014

**VIA eFILING, eMAIL & FIRST CLASS MAIL**

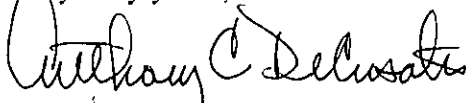
Rosemary Chiavetta, Secretary  
Pennsylvania Public Utility Commission  
Commonwealth Keystone Building  
400 North Street  
Harrisburg, PA 17105-3265

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

Dear Secretary Chiavetta:

On behalf of **Pennsylvania Electric Company**, enclosed is the **Prehearing Memorandum** for filing in the above-captioned matter.

Very truly yours,



Anthony C. DeCusatis

ACD/ap

Enclosure

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PA PUBLIC UTILITY COMMISSION  
SECRETARY'S BUREAU

**BEFORE THE  
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

**PENNSYLVANIA PUBLIC UTILITY  
COMMISSION**

v.

**PENNSYLVANIA ELECTRIC  
COMPANY**

**Docket No. R-2014-2428743**

**PREHEARING MEMORANDUM OF  
PENNSYLVANIA ELECTRIC COMPANY**

This memorandum is submitted in response to the Prehearing Conference Order issued by Administrative Law Judge Dennis J. Buckley dated September 30, 2014.

**I. INTRODUCTION**

On August 4, 2014, Pennsylvania Electric Company (“Penelec” or the “Company”) filed with the Pennsylvania Public Utility Commission (“Commission”) Tariff Electric – Pa. P.U.C. No. 81 (“Tariff No. 81”) which reflects an increase in annual distribution revenues of \$119.8 million, or 8.6% of its total electric operating revenues. By Order issued October 2, 2014, the Commission instituted a formal investigation to determine the lawfulness, justness and reasonableness of Penelec’s existing and proposed rates, rules and regulations. Accordingly, Tariff No. 81 was suspended by operation of law until May 3, 2015. Penelec’s current distribution base rates were established pursuant to the Commission’s Final Order entered January 11, 2007 at Docket No. R-00061366, which was the last base rate proceeding for the Company. That proceeding resulted in a decrease in Penelec’s distribution base rates. Consequently, Penelec’s base rates have not increased since 1986, when its fully bundled base rates were last increased.

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Accompanying its tariff filing, the Company submitted extensive and detailed supporting information, including the prepared written testimony and exhibits of its ten initial witnesses. During the course of this case, the Company may submit additional testimony and exhibits in response to the presentations of, or cross-examination by, other parties and with respect to any specific issues that might be raised by such parties. In addition, certain testimony and exhibits will be updated, as necessary, to reflect known changes that should be considered in this proceeding.

In support of its proposed rate increase, the Company has presented complete and separate data for the historic test year ended March 31, 2014, the future test year ending March 31, 2015 and the fully projected future test year ending April 30, 2016, but intends to rely primarily on data for the fully projected future test year.<sup>1</sup> The Company submits that the record at the close of this proceeding will fully demonstrate that the proposed rates are just, reasonable and lawful and should be approved in full by the Commission.

Notices of Appearance were served on behalf of the Bureau of Investigation and Enforcement (“I&E”) on September 9, 2014, the Office of Small Business Advocate (“OSBA”) on August 25, 2014, and Office of Consumer Advocate (“OCA”) on August 13, 2014. The OSBA and OCA also filed Complaints on August 25 and September 9, 2014, respectively. On September 12, 2014, a Joint Complaint was filed by the Met-Ed Industrial Users Group (“MEIUG”), the Penelec Industrial Customer Alliance (“PICA”) and the Penn Power Users Group (“PPUG”), and, on September 29, 2014, a Complaint was filed by the Pennsylvania State

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<sup>1</sup> On June 24, 2014, the Company requested permission to depart from the provisions of 52 Pa. Code § 53.52(b)(2) limiting to 120 days the period between the end of a historic test year and the date on which an increase in base rates under Section 1308(d) of the Pennsylvania Public Utility Code (66 Pa.C.S. § 1308(d)) may be filed reflecting that historic test year. The Company’s request, granted on June 30, 2014, allowed it to file for a general base rate increase on or before August 14, 2014.

University ("PSU"). Several Complaints have also been filed by individual residential customers. The Company has been served with Petitions to Intervene of: (1) the International Brotherhood of Electrical Workers Local 459 ("IBEW"), dated September 9, 2014; (2) the Utility Workers Unions of America System Local 102 ("UWUA"), dated September 9, 2014; and (3) the Pennsylvania Rural Electric Association ("PREA") and Allegheny Electric Cooperative, Inc. ("AEC"), dated September 30, 2014.

## II. ISSUES

Generally, every rate case presents two major issues for resolution: (1) the total amount of the revenue increase to which the utility is entitled; and (2) the allocation of the increased revenues among the utility's rate classifications through a rate structure and rate design that will produce the required revenue. As discussed below, the Company's calculation of its required revenue increase and its proposed allocation of the increase to each customer classification have been developed by applying principles and procedures that the Commission has previously reviewed and approved.

A determination of the total revenue increase to which a utility is entitled involves a number of elements which may be grouped under three headings and characterized as the following major sub-issues herein:

**A. Total Return.** The total return (utility operating income) required by the utility to provide a fair rate of return on its claimed rate base. Fair rate of return involves the determination of the appropriate cost or return rate for the capital employed by the Company to furnish electric service. Such return must be sufficient to enable the Company to maintain the financial integrity of its existing capital and to attract additional capital on reasonable terms. In addition, the Company must be permitted an opportunity to earn, on the portion of its rate base

financed by common equity, a return commensurate with the returns on investments in other enterprises having similar risks. The appropriate rate of return for the Company, and in particular the appropriate return rate for the Company's common equity, is an issue which is critical to the well-being of the Company and its ability to continue to provide the service that its customers have been receiving and are entitled to receive in the future.

**B. Operating Expenses.** The future or ongoing level of the utility's operating expenses to provide electric distribution service including depreciation, amortizations and taxes, which must be recovered from customers through rates.

**C. Revenues.** The electric distribution revenue normally available to the utility under present rates and the level of revenue that will be produced by the proposed rates.

By comparing the electric distribution revenue produced by the utility's present rates with its total required operating income and anticipated electric distribution operating expenses, depreciation, amortizations and taxes, the necessary increase in revenue and rate levels required to provide a fair rate of return are determined.

The allocation of the proposed revenue increase and the Company's proposed rate structure and rate design are discussed in detail in the direct testimony of Kevin M. Siedt and Hillary E. Stewart. In developing the Company's rate structure proposals, Mr. Siedt considered the results of the cost of service study performed by Ms. Stewart and the principle of gradualism that has traditionally been applied in Pennsylvania. Accordingly, the proposed rates were designed to achieve meaningful movement toward each class' cost of service while also moderating the impact of the requested increase on each major rate class, to the extent practicable, consistent with the principle of gradualism.

The Company is proposing certain changes to its rate design, including: (1) a Storm Damage Charge Rider, to recover the cost of storm damage in excess of what is recovered in base rates; (2) a Time-of-Use Default Service Rider as an option available to all residential customers that obtain default service from the Company; and (3) revisions to its Default Service Support (“DSS”) Rider and Hourly Pricing Default Service (“HPS”) so that default service-related uncollectible accounts expense for industrial customers will be recovered in its HPS Rider rather than as they are currently being recovered through the DSS Rider. In addition, the Company is proposing to include in its distribution base rate revenue requirements its test period costs to implement its Smart Meter Deployment Plan (“Smart Meter Plan”), to recover those costs in distribution base rates, and to reduce its Smart Meter Technologies Charge (“SMT-C”) Rider rates to zero. The SMT-C Rider will remain in the Company’s tariff as the mechanism to recover the costs of implementing its Smart Meter Plan, net of savings, in excess of such costs being recovered in base rates in the future.

### III. WITNESSES AND EVIDENCE<sup>2</sup>

Listed below are the initial witnesses with a brief summary of the subject matter of their testimony.

1. **Charles V. Fullem.** Mr. Fullem is the Director, Rates and Regulatory Affairs - Pennsylvania for the FirstEnergy Service Company. His business address is 2800 Pottsville Pike, Reading, Pennsylvania 19612 and his phone number is 610-921-6525. His direct testimony, which is identified as Met-Ed/Penelec/Penn Power/West Penn Statement No. 1

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<sup>2</sup> On August 4, 2014, Metropolitan Edison Company, Pennsylvania Power Company and West Penn Power Company also made tariff filings seeking an increase in base rates. Each filing was supported by the same written testimony from the ten witnesses identified below. Therefore, any use of the term “Companies” in the testimony descriptions refers to Metropolitan Edison Company (“Met-Ed”), Penelec, Pennsylvania Power Company (“Penn Power”) and West Penn Power Company (“West Penn”).

provides: (1) an overview of the distribution base rate increase requests; (2) a discussion of the initiatives to manage costs, enhance customer service and assure reliable service; (3) the primary reasons for the requested rate increases; (4) a description of the organization of the filing and an introduction of the witnesses submitting direct testimony; and (5) an explanation of the importance of adequate rate relief to the Companies.

2. **Richard A. D'Angelo.** Mr. D'Angelo is employed by FirstEnergy Service Company as Manager – Rates and Regulatory Affairs – Pennsylvania. His business address is 2800 Pottsville Pike, Reading, Pennsylvania 19605 and his phone number is 610-921-6498. His direct testimony, which is identified as Met-Ed/Penelec/Penn Power/West Penn Statement No. 2, describes and supports: (1) various accounting, rate case, and other financial data that are being submitted in response to the filing requirements for an electric utility base rate case proceeding; (2) the budget level of capital O&M expenses; (3) ratemaking adjustments to the budgeted test year rate base and operating income statement; (4) the rolling in to base rates of smart meter costs; (5) the proposed treatment of deferred storm damage expenses and recovery of ongoing storm damage costs; and (6) capital and O&M costs associated with the Commission's directive that electric distribution companies accelerate customer switching of electric generation suppliers.

3. **Kimberly L. Bortz.** Ms. Bortz is employed by FirstEnergy Service Company as a Rates Advisor-Rates and Regulatory Affairs – Pennsylvania. Her business address is 2800 Pottsville Pike, Reading, Pennsylvania 19612 and her phone number is 610-921-6717. Her direct testimony, which is identified as Met-Ed/Penelec/Penn Power/West Penn Statement No. 3, sets forth: (1) an explanation of the changes between the Companies' existing and proposed tariffs that are being made to establish standardized rules and regulations; (2) identification of the

riders that have been eliminated or modified in the proposed tariffs and a brief summary of the reasons for doing so; and (3) a description of the proposed Storm Damage Charge Riders and why adoption of these riders is appropriate.

4. **Kevin M. Siedt.** Mr. Siedt is employed by FirstEnergy Service Company as an Analyst in the Rates and Regulatory Affairs Department – Pennsylvania. His business address is 2800 Pottsville Pike, Reading, Pennsylvania 19612 and his phone number is 610-921-6063. His direct testimony, which is identified as Met-Ed/Penelec/Penn Power/West Penn Statement No. 4, discusses: (1) the annualization and normalization of sales and revenues used in the Companies' cost-of-service studies; (2) the rate design methodology used to develop the distribution rates proposed in this proceeding; (3) a customer impact analysis, which compares bills at current and proposed rates; and (4) a proof of revenue analysis.

5. **Hillary E. Stewart.** Ms. Stewart is employed by FirstEnergy Service Company as a Rates Analyst in the Rates and Regulatory Affairs Department – Pennsylvania. Her business address is 76 South Main Street, Akron, Ohio 44308 and her phone number is 330-252-1499. Her direct testimony, which is identified as Met-Ed/Penelec/Penn Power/West Penn Statement No. 5, provides: (1) an explanation of the cost of service principles underlying the cost of service studies that she performed; (2) the methods and procedures employed to perform those studies as well as the results those studies produced; and (3) the results of a jurisdictional separation study that was prepared under her supervision.

6. **Patricia M. Larkin.** Ms. Larkin is employed by FirstEnergy Service Company as a State Regulatory Analyst in the Rates and Regulatory Affairs Department – Pennsylvania. Her business address is 2800 Pottsville Pike, Reading, Pennsylvania 19612 and her phone number is 610-921-6457. Her direct testimony, which is identified as Met-Ed/Penelec/Penn

Power/West Penn Statement No. 6, describes the process used to determine the total Cash Working Capital requirement for each of the Companies.

7. **Laura W. Gifford.** Ms. Gifford is employed by FirstEnergy Service Company as a Rates Analyst V in the Rates and Regulatory Affairs Department – Pennsylvania. Her business address is 2800 Pottsville Pike, Reading, Pennsylvania 19612 and her phone number is 610-921-6352. Her direct testimony, which is identified as Met-Ed/Penelec/Penn Power/West Penn Statement No. 7, discusses: (1) the unbundling of default service related to uncollectible accounts expense; and (2) the roll-in of the revenue requirement associated with smart meters into distribution base rates, including the development of cost baselines for determining savings resulting from the deployment of smart meters.

8. **Christopher D. Ciccone.** Mr. Ciccone is employed by FirstEnergy Service Company as an Analyst II in the Rates and Regulatory Affairs Department – Pennsylvania. His business address is 2800 Pottsville Pike, Reading, Pennsylvania 19612 and his phone number is 610-921-6837. His direct testimony, which is identified as Met-Ed/Penelec/Penn Power/West Penn Statement No. 8, outlines the proposed tariff provisions to allow the Companies to implement new light emitting diode (“LED”) street lighting service and explains how the Companies propose to recover the costs associated with the offering.

9. **Michael J. Vilbert.** Mr. Vilbert is a Principal of the Brattle Group. His business address is 201 Mission Street, Suite 2800, San Francisco, CA 94105 and his phone number is 415-217-1016. His direct testimony, which is identified as Met-Ed/Penelec/Penn Power/West Penn Statement No. 9, provides an estimate of the cost of capital for the Companies. He specifically provides return on equity (“ROE”) estimates derived from a sample of comparable

risk, regulated electric utility companies; and considers the relative risk of the Companies' proposed capital structure ratios to arrive at a recommended range for allowed ROE.

10. **Steven R. Staub.** Mr. Staub is employed by FirstEnergy Service Company as Vice President and Treasurer. His business address is 76 South Main Street, Akron, Ohio 44308 and his phone number is 330-384-7989. His direct testimony, which is identified as Met-Ed/Penelec/Penn Power/West Penn Statement No. 10 describes and supports: (1) the capital structure, embedded cost of long-term debt and overall weighted average cost of capital claimed by each of the four Companies; and (2) explains why the Companies have requested that their authorized return on common equity be set at the high end of the range of values developed by their outside consultant on the cost of capital, Dr. Michael J. Vilbert of The Brattle Group. The claimed overall weighted average cost of capital claimed for the Companies is as follows:

<b>Company</b>	<b>Overall Weighted Cost of Capital</b>
Met-Ed	8.05%
Penelec	8.31%
Penn Power	8.51%
West Penn	8.14%

The Company may present additional witnesses to address the direct testimony of other parties; however, such witnesses cannot be identified until the direct testimony of such parties is reviewed and evaluated.

#### **IV. PROPOSED PROTECTIVE ORDER AND SERVICE MODIFICATIONS**

Penelec is submitting a proposed Protective Order, which is attached as Exhibit "A" hereto, that is substantially similar to Stipulated Protective Agreements that were executed in advance of the Prehearing Conference in order to facilitate the discovery of certain confidential information. To date, the Companies have executed Stipulated Protective Agreements with

OCA, OSBA, I&E, MEIUG/PICA/PPUG/WPPII, PSU and AK Steel Corporation. Penelec respectfully requests that the Administrative Law Judges enter the proposed Protective Order.

To date, Penelec has been served with 561 interrogatories and data requests and has responded to 281. Penelec encourages informal exchanges of information and is prepared to meet with representatives of the other active parties to discuss issues of interest.

Penelec also respectfully requests that the Administrative Law Judges approve the following modifications regarding the service of documents in this proceeding:

(1) Service of testimony, exhibits and briefs may be by electronic means on the due date with hard copies to follow via overnight delivery.

(2) Service of discovery may be by electronic means if hard copies follow. The hard copy requirement for discovery may be satisfied by providing a hard copy of the response and an electronic copy of any attachments.

#### **V. PROPOSED PROCEDURAL SCHEDULE**

The Companies have jointly developed, and propose, the schedule attached as Exhibit "B" to this Memorandum for the submission of testimony, the conduct of evidentiary hearings, and the filing of briefs. The Companies' proposed schedule follows that of the Administrative Law Judges with minor changes to dues dates for rebuttal and surrebuttal and a proposal to start hearings on December 16, 2014. The Companies believe this schedule is acceptable to OCA, I&E and OSBA. Penelec is open to working with the other parties to develop a specific schedule for public input hearings during the weeks of October 27, 2014 and November 3, 2014, as proposed by the Administrative Law Judges.

## VI. SETTLEMENT

Penelec is willing to pursue with the parties the possible stipulation of individual issues and/or more far-ranging settlement discussions that might lead to a comprehensive resolution of this matter.

## VII. SERVICE LIST

Penelec requests that the official service list entry for the Company be as follows:

Tori L. Giesler (Pa. No. 207742)  
Lauren M. Lepkoski (Pa. No. 94800)  
FirstEnergy Service Company  
2800 Pottsville Pike  
P.O. Box 16001  
Reading, PA 19612-6001  
Phone: 610.921.6658  
Fax: 610.939.8655  
[tgiesler@firstenergycorp.com](mailto:tgiesler@firstenergycorp.com)  
[llepkoski@firstenergycorp.com](mailto:llepkoski@firstenergycorp.com)

Penelec also requests that a copy of all correspondence, discovery, testimony and other materials sent to the Company be provided to:

Thomas P. Gadsden (Pa. No. 28478)  
Anthony C. DeCusatis (Pa. No. 25700)  
Catherine G. Vasudevan (Pa. No. 210254)  
Morgan, Lewis & Bockius LLP  
1701 Market Street  
Philadelphia, PA 19103-2921  
Phone: 215.963.5234  
Fax: 215.963.5001  
[tgadsden@morganlewis.com](mailto:tgadsden@morganlewis.com)  
[adecusatis@morganlewis.com](mailto:adecusatis@morganlewis.com)  
[cvasudevan@morganlewis.com](mailto:cvasudevan@morganlewis.com)

### VIII. REQUEST FOR CONSOLIDATION

Penelec's filing was made contemporaneously with general rate increase filings by Penelec's Pennsylvania affiliates at the docket numbers identified below:

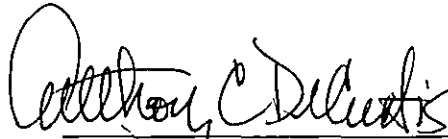
<b>METROPOLITAN EDISON COMPANY</b>	<b>R-2014-2428745</b>
<b>PENNSYLVANIA POWER COMPANY</b>	<b>R-2014-2428744</b>
<b>WEST PENN POWER COMPANY</b>	<b>R-2014-2428742</b>

Pursuant to 52 Pa. Code § 5.81, Penelec, by this Prehearing Memorandum, and Met-Ed, Penn Power and West Penn, in their respective Prehearing Memoranda, request that proceedings initiated with regard to their rate filings be consolidated for purposes of hearing, briefing and decision. Although each Company has developed its revenue requirement and proposed rates separately, there is a fundamental commonality to most of the components of the Companies' revenue requirements, cost of service methodology, and approach to revenue allocation and rate design. As a consequence, there are a substantial number of common questions of law and fact. Thus, the resources of the Commission and all parties would be used most efficiently and cost effectively by the requested consolidation.

## IX. CONCLUSION

Based on the evidence referenced above, Penelec submits that the rates proposed in Tariff Electric – Pa. P.U.C. No. 81 are just, reasonable and lawful in all respects. Accordingly, the requested rate increase should be approved by the Administrative Law Judges and the Commission at the close of this proceeding.

Respectfully submitted,



Tori L. Giesler (Pa. No. 207742)  
Lauren M. Lepkoski (Pa. No. 94800)  
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*Counsel for Pennsylvania Electric Company*

Dated: October 6, 2014

**EXHIBIT A**

**Protective Order**

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in this proceeding that the producing party believes to be of a proprietary or confidential nature and are so designated by being stamped "CONFIDENTIAL" or "HIGHLY CONFIDENTIAL" protected material. Such materials are referred to in this Protective Order as "Proprietary Information." When a statement or exhibit is identified for the record, the portions thereof that constitute *Proprietary Information* shall be designated as such for the record.

3. For purposes of this Protective Order, there are two categories of Proprietary Information: "CONFIDENTIAL" and "HIGHLY CONFIDENTIAL" protected material. A producing party may designate as "CONFIDENTIAL" those materials that are customarily treated by that party as sensitive or proprietary, that are not available to the public, and that, if generally disclosed, would subject that party to the risk of competitive disadvantage or other business injury. A producing party may designate as "HIGHLY CONFIDENTIAL" those materials that are of such a commercially sensitive nature, relative to the business interests of parties to this proceeding, or of such a private or personal nature, that the producing party is able to justify a heightened level of confidential protection with respect to those materials. The parties shall endeavor to limit the information designated as "HIGHLY CONFIDENTIAL" protected material.

4. Subject to the terms of this Protective Order, Proprietary Information shall be provided to counsel for a party who meets the criteria of a "Reviewing Representative" as set forth below. Such counsel shall use or disclose the Proprietary Information only for purposes of preparing or presenting evidence, testimony, cross-examination, argument, or settlement discussions in this proceeding. To the extent required for participation in this proceeding, such counsel may allow others to have access to Proprietary Information only in accordance with the conditions and limitations set forth in this Protective Order.

5. Nothing in this Protective Order precludes the use by the Commission and its Staff, consistent with this Protective Order, of Proprietary Information produced in this proceeding and made part of the record.

6. Information deemed "CONFIDENTIAL" shall be provided to a "Reviewing Representative." For purposes of "CONFIDENTIAL" Proprietary Information, a "Reviewing Representative" is a person who has signed a Non-Disclosure Certificate and is:

- i. An attorney who has formally entered an appearance in this proceeding on behalf of a party;
- ii. An attorney, paralegal, or other employee associated for purposes of this case with an attorney described in subparagraph (i) above;
- iii. An expert or an employee of an expert retained by a party for the purpose of advising that party or testifying in this proceeding on behalf of that party; or
- iv. Employees or other representatives of a party who have significant responsibility for developing or presenting that party's positions in this docket.

7. Information deemed "HIGHLY CONFIDENTIAL" protected material shall be provided to a Reviewing Representative, provided, however that a Reviewing Representative, for purposes of "HIGHLY CONFIDENTIAL" protected material, is limited to a person who has signed a Non-Disclosure Certificate and is:

- i.. An attorney who has formally entered an appearance in this proceeding on behalf of a party;
- ii. An attorney, paralegal, or other employee associated for purposes of this case with an attorney described in subparagraph (i) above;
- iii. An outside expert or an employee of an outside expert retained by a party for the purpose of advising that party or testifying in this proceeding on behalf of that party; or

- iv. A person designated as a Reviewing Representative for purposes of HIGHLY CONFIDENTIAL protected material pursuant to Paragraph 12.

8. For purposes of this Protective Order, a Reviewing Representative may not be a "Restricted Person" absent agreement of the party producing the Proprietary Information pursuant to Paragraph 12. A "Restricted Person" shall mean: (a) an officer, director, stockholder, partner, or owner of any competitor of the parties or an employee of such an entity if the employee's duties involve marketing or pricing of the competitor's products or services or advising another person who has such duties; (b) an officer, director, stockholder, partner, or owner of any affiliate of a competitor of the parties (including any association of competitors of the parties) or an employee of such an entity if the employee's duties involve marketing or pricing of the competitor's products or services or advising another person who has such duties; (c) an officer, director, stock holder, owner, agent or employee of a competitor of a customer of or vendor to the parties if the Proprietary Information concerns a specific, identifiable customer of or vendor of the parties; and (d) an officer, director, stockholder, owner or employee of an affiliate of a competitor of a customer of the parties if the Proprietary Information concerns a *specific, identifiable customer of the parties; provided, however, that no expert shall be disqualified on account of being a stockholder, partner, or owner unless that expert's interest in the business would provide a significant motive for violating the limitations of permissible use of the Proprietary Information. For purposes of this Protective Order, stocks, partnership or other ownership interests valued at more than \$10,000 or constituting more than a 1% interest in a business establish a significant motive for violation.*

9. If an expert for a party, another member of the expert's firm or the expert's firm generally also serves as an expert for, or as a consultant or advisor to, a Restricted Person, that expert must: (1) identify for the parties each Restricted Person and all personnel in or associated

with the expert's firm that work on behalf of the Restricted Person; (2) take all reasonable steps to segregate those personnel assisting in the expert's participation in this proceeding from those personnel working on behalf of a Restricted Person; and (3) if segregation of such personnel is impractical, the expert shall give to the producing party a written assurance that the lack of segregation will in no way adversely affect the interest of the parties or their customers. The parties retain the right to challenge the adequacy of the written assurance that the parties' or their customers' interests will not be adversely affected. No other persons may have access to the Proprietary Information except as authorized by order of the Commission or the presiding Administrative Law Judge(s).

10. *Reviewing Representatives qualified to receive "HIGHLY CONFIDENTIAL"* protected material may discuss HIGHLY CONFIDENTIAL protected material with their client or with the entity with which they are employed or associated, to the extent that the client or entity is not a "Restricted Person," but may not share with, or permit the client or entity to review or have access to, the HIGHLY CONFIDENTIAL protected material. Counsel for the Office of Consumer Advocate, Office of Small Business Advocate and Bureau of Investigation and Enforcement ("I&E") may share Proprietary Information with the Consumer Advocate, Small Business Advocate, or I&E Director, respectively, without obtaining a Non-Disclosure Certificate from the Consumer Advocate, Small Business Advocate, or I&E Director, provided however, that the Consumer Advocate, Small Business Advocate, or I&E Director otherwise abides by the terms of this Protective Order.

11. Proprietary Information shall be treated by the parties and by the Reviewing Representative in accordance with the terms of this Protective Order, which are hereby expressly incorporated into the certificate that must be executed pursuant to Paragraph 13(a). Proprietary

Information shall be used as necessary, for the conduct of this proceeding and for no other purpose. Proprietary Information shall not be disclosed in any manner to any person except a Reviewing Representative who is engaged in the conduct of this proceeding and who needs to know the information in order to carry out that person's responsibilities in this proceeding.

12. Reviewing Representatives may not use anything contained in any Proprietary Information obtained through this proceeding to give any party or any competitor of any party a commercial advantage. In the event that a party wishes to designate as a Reviewing Representative a person not described in Paragraph 7(i) through (iii) above, as qualified by Paragraph 8 above, the party must first seek agreement to do so from the party providing the Proprietary Information. If an agreement is reached, the designated individual shall be a Reviewing Representative pursuant to Paragraph 7(iv) above with respect to those materials. If no agreement is reached, the party seeking to have a person designated a Reviewing Representative shall submit the disputed designation to the presiding Administrative Law Judge(s) for resolution.

13. (a) A Reviewing Representative shall not be permitted to inspect, participate in discussions regarding, or otherwise be permitted access to Proprietary Information pursuant to this Protective Order unless that Reviewing Representative has first executed a Non-Disclosure Certificate in the form provided in Appendix A, provided, however, that if an attorney or expert qualified as a Reviewing Representative has executed such a certificate, the paralegals, secretarial and clerical personnel under the attorney's instruction, supervision or control need not do so. A copy of each executed Non-Disclosure Certificate shall be provided to counsel for the party asserting confidentiality prior to disclosure of any Proprietary Information to that Reviewing Representative.

(b) Attorneys and outside experts qualified as Reviewing Representatives are responsible for ensuring that persons under their supervision or control comply with this Protective Order.

14. The parties shall designate data or documents as constituting or containing Proprietary Information by stamping the documents "CONFIDENTIAL" or "HIGHLY CONFIDENTIAL" protected material. Where only part of data compilations or multi-page documents constitutes or contains Proprietary Information, the parties, insofar as reasonably practicable within discovery and other time constraints imposed in this proceeding, shall designate only the specific data or pages of documents which constitute or contain Proprietary Information.

15. The Commission and all parties, including the statutory advocates and any other agency or department of state government, will consider and treat the Proprietary Information as within the definition of "confidential proprietary information" in Section 102 of the Pennsylvania Right-to-Know Law of 2008, 65 P.S. § 67.102 and subject to the exemptions from disclosure provided in the Pennsylvania Right-to-Know Act (65 P.S. § 67.101 et seq.) until such information is found by a tribunal with jurisdiction to be not confidential or subject to one or more exemptions.

16. Any public reference to Proprietary Information by a party or its Reviewing Representative shall be to the title or exhibit reference in sufficient detail to permit persons with access to the Proprietary Information to understand fully the reference and not more. The Proprietary Information shall remain a part of the record, to the extent admitted, for all purposes of administrative or judicial review.

17. The part(s) of any record of this proceeding containing Proprietary Information, including but not limited to all exhibits (including discovery responses made part of the record), writings, testimony, cross examination, and argument, and including reference thereto as mentioned in Paragraph 16 above, shall be sealed for all purposes, including administrative and judicial review, unless such Proprietary Information is released from the restrictions of this Protective Order, either through the agreement of the parties to this proceeding or pursuant to an order of the Commission.

18. The parties shall retain the right to question or challenge the confidential or proprietary nature of Proprietary Information and to question or challenge the admissibility of Proprietary Information. If a party challenges the designation of a document or information as proprietary, the producing party retains the burden of demonstrating that the designation is appropriate.

19. The parties shall retain the right to object to the production of Proprietary Information on any proper ground, to refuse to produce Proprietary Information pending the adjudication of the objection, and to seek additional measures of protection of Proprietary Information beyond those provided in this Protective Order.

20. Within 30 days after a Commission final order is entered in the above-captioned proceedings, or in the event of appeals, within thirty days after appeals are finally decided, the receiving party, upon request, shall either destroy or return to the producing party all copies of all documents and other materials not entered into the record, including notes, which contain any Proprietary Information. This provision, however, shall not apply to I&E, the Office of Consumer Advocate, or the Office of Small Business Advocate, or any other party receiving the

consent of the producing party; except, however, that HIGHLY CONFIDENTIAL protected material provided to any party shall be returned to the producing party or destroyed in all cases. In the event that a receiving party elects to destroy all copies of documents and other materials containing Proprietary Information instead of returning the copies of documents and other materials containing Proprietary Information to the producing party, upon request, the receiving party shall certify in writing to the producing party that the Proprietary Information has been destroyed.

Date: \_\_\_\_\_.

\_\_\_\_\_  
Dennis J. Buckley  
Administrative Law Judge

\_\_\_\_\_  
Katrina Dunderdale  
Administrative Law Judge



**EXHIBIT B**

**Proposed Schedule**

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OCT 6 2014  
PA PUBLIC UTILITY COMMISSION  
SECRETARY'S BUREAU

**PENNSYLVANIA PUBLIC UTILITY COMMISSION**

**v.**

**METROPOLITAN EDISON COMPANY  
PENNSYLVANIA ELECTRIC COMPANY  
PENNSYLVANIA POWER COMPANY  
WEST PENN POWER COMPANY**

**Docket No. R-2014-2428745  
Docket No. R-2014-2428743  
Docket No. R-2014-2428744  
Docket No. R-2014-2428742**

**Met-Ed/Penelec/Penn Power/West Penn  
Proposed Schedule**

Filing Date	August 4, 2014
Prehearing Conference	October 8, 2014
Complainant and Intervenor Direct Testimony	November 10, 2014
All Parties' Rebuttal Testimony	November 26, 2014
All Parties' Surrebuttal Testimony	December 10, 2014
Outline of Rejoinder	December 12, 2014
Evidentiary Hearings and Oral Rejoinder	December 16 -19, 2014 (as needed)
Main Briefs	January 9, 2015
Reply Briefs	January 19, 2015
End of Suspension Period	May 3, 2015

**BEFORE THE  
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

**PENNSYLVANIA PUBLIC UTILITY  
COMMISSION**

**Docket No. R-2014-2428743**

v.

**PENNSYLVANIA ELECTRIC COMPANY**

**CERTIFICATE OF SERVICE**

I hereby certify that I served a true and correct copy of the **Prehearing Conference Memorandum on behalf of Pennsylvania Electric Company** on the following persons in the matter specified in accordance with the requirements of 52 Pa. Code § 1.54:

**VIA ELECTRONIC MAIL AND FIRST CLASS MAIL**

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OCT 6 2014

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Date: October 6, 2014