



COMMONWEALTH OF PENNSYLVANIA
PENNSYLVANIA PUBLIC UTILITY COMMISSION
P.O. BOX 3265, HARRISBURG, PA 17105-3265

IN REPLY PLEASE
REFER TO OUR FILE

June 21, 2016

Via E-Filing

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

Re: Petition of PECO Energy Company for: (1) Approval of its Microgrid Integrated
Technology Pilot Plan and (2) Issuance of a Declaratory Order Regarding the
Recovery of Microgrid Costs
Docket No. P-2016-2546452

Application for Construction of Microgrid Distributed Energy Resources Fueled by
Natural Gas
Docket No. A-2016-2546450

Dear Secretary Chiavetta:

Enclosed please find the Bureau of Investigation and Enforcement's (I&E)
Prehearing Memorandum in the above-captioned proceeding.

Copies are being served on parties as identified in the attached certificate of
service. If you have any questions, please contact me at (717) 787-8754.

Sincerely,

Phillip C. Kirchner
Prosecutor
Bureau of Investigation and Enforcement
PA Attorney I.D. #313870

Enclosure
PCK/sea

cc: Certificate of Service
ALJ Eranda Vero
ALJ Cynthia W. Fordham

BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION

Petition of PECO Energy Company for:	:	
(1) Approval of its Microgrid Integrated	:	
Technology Pilot Plan and (2) Issuance of	:	Docket No. P-2016-2546452
a Declaratory Order Regarding the	:	
Recovery of Microgrid Costs	:	
	:	
Application for Construction of	:	
Microgrid Distributed Energy Resources	:	Docket No. A-2016-2546450
Fueled by Natural Gas	:	

CERTIFICATE OF SERVICE

I hereby certify that I am serving the foregoing **Prehearing Memorandum** dated June 21, 2016, either personally, by first class mail, electronic mail, express mail and/or by fax upon the persons listed below, in accordance with the requirements of 52 Pa. Code § 1.54 (relating to service by a party):

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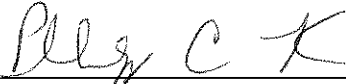
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Phillip C. Kirchner
Prosecutor
Bureau of Investigation and Enforcement
PA Attorney I.D. #313870

BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION

Petition of PECO Energy Company for : P-2016-2546452
Approval of its Microgrid Integrated :
Technology Pilot Plan and Issuance :
Of a Declaratory Order Regarding :
the Recovery of Microgrid Costs :

&

Application for Construction of Microgrid : A-2016-2546450
Distributed Energy Resources Fueled :
by Natural Gas :

PREHEARING MEMORANDUM
OF THE
BUREAU OF INVESTIGATION AND ENFORCEMENT

TO ADMINISTRATIVE LAW JUDGES ERANDA VERO AND CYNTHIA W.

FORDHAM:

The Bureau of Investigation and Enforcement (“I&E”) of the Pennsylvania Public Utility Commission (“Commission”) respectfully submits the following Prehearing Memorandum in the above-captioned proceeding.

The Bureau of Investigation and Enforcement Prosecutor in this proceeding will be Phillip C. Kirchner. Contact information is as follows:

By mail: Phillip C. Kirchner, Esq.
Pennsylvania Public Utility Commission
P.O. Box 3265
Harrisburg, PA 17105-3265

By e-mail: phikirchne@pa.gov

By telephone: (717) 783-6151

By fax: (717) 772-2677

I. INTRODUCTION

On May 18, 2016, PECO Energy Company, Inc. (“PECO” or “Company”) filed a contemporaneous petition and application with the Pennsylvania Public Utility Commission (“Commission”) at the above-captioned dockets. These filings request approval to implement a Microgrid Technology Pilot Plan in Concord Township, Pennsylvania through the use of distributed energy resources to be fueled by natural gas and a declaratory order regarding the recovery of associated costs with this undertaking.

A Prehearing Conference is now scheduled for June 22,, 2016, with Administrative Law Judges Eranda Vero and Cynthia W. Fordham presiding. I&E respectfully submits this Prehearing Memorandum in accordance with the Prehearing Conference Order dated June 10, 2016.

II. ISSUES

At this time, I&E has identified the following potential issues in this matter:

- The appropriateness of PECO owning and operating generation assets.
- Whether the cost of constructing and operating the proposed microgrid is sufficiently beneficial to customers.
- Whether the goals and benefits of the microgrid pilot plan could be accomplished through other, less costly, means.
- Whether the cost of implementing and operating the microgrid will result in just and reasonable rates for all PECO customers.
- Appropriateness of recovery of generation costs in distribution rates.
- Redistribution of the proceeds from the sales of electricity generated by the microgrid during service disruptions.

Considering that this determination has been made without the benefit of complete discovery or analysis of the positions of other parties to this proceeding, I&E respectfully reserves the right to address issues raised in direct, rebuttal, or surrebuttal testimony or any other issues that become apparent at a later point in time.

III. WITNESSES

It is currently expected that I&E may call the following expert witness without being limited thereto:

- Kokou Apetoh, *Fixed Utility Valuation Engineer*
- Rachel Maurer, *Fixed Utility Financial Analyst*

The I&E witnesses may be contacted through the information listed above for undersigned prosecutor. The witness list is provided without the benefit of complete

discovery or analysis of the positions of potential other parties to this proceeding.

Accordingly, I&E reserves the right to call additional witnesses or withdraw the names of the witnesses listed above.

IV. EVIDENCE

I&E expects to present any written direct, rebuttal and surrebuttal testimony and accompanying exhibits at the evidentiary hearing. Moreover, I&E intends to rely on the Company's filing, answers to data requests and interrogatories, annual reports and other documents submitted to the Commission, other relevant Commission filings, any other relevant Commonwealth agency letters or reports, general financial market information sources and other public documents and reports.

V. SCHEDULE

I&E is in agreement with the schedule propounded by PECO's witness William J. Patterer on page twenty-nine (29) of his direct testimony.

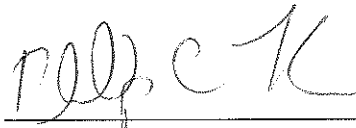
VI. SERVICE OF DOCUMENTS AND DISCOVERY MODIFICATIONS

For purposes of satisfying in-hand requirements for discovery responses, prepared testimony and briefs, I&E will accept electronic delivery of documents with a follow-up hard copy provided by regular first class mail.

VII. SETTLEMENT

I&E is willing to make good faith efforts to successfully resolve this matter through settlement. In the event settlement discussions fail to result in a full and complete resolution of the matter, I&E is prepared to fully or partially litigate this proceeding.

Respectfully Submitted,



Phillip C. Kirchner, Esq.
Prosecutor
PA Attorney I.D. # 313870

Bureau of Investigation and Enforcement
Pennsylvania Public Utility Commission
Post Office Box 3265
Harrisburg, Pennsylvania 17105-3265

Dated: June 21, 2016