



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

Alessandra L. Hylander  
Direct Dial: 717.237.5435  
Direct Fax: 717.260.1689  
ahylander@mcneeslaw.com

August 3, 2016

Rosemary Chiavetta, Secretary  
Pennsylvania Public Utility Commission  
Commonwealth Keystone Building  
400 North Street, 2<sup>nd</sup> Floor  
Harrisburg, PA 17120

**VIA ELECTRONIC FILING**

**RE: Petition of Pennsylvania Power Company for Approval to Establish and Implement  
a Distribution System Improvement Charge;  
Docket No. P-2015-2508931**

Dear Secretary Chiavetta:

Please find enclosed for filing with the Pennsylvania Public Utility Commission the Prehearing Memorandum of the Penn Power Users Group ("PPUG") in the above-referenced proceeding.

As shown by the attached Certificate of Service, all parties to this proceeding are being duly served.

Very truly yours,

McNEES WALLACE & NURICK LLC

By   
Alessandra L. Hylander

Counsel to the Penn Power Users Group

/leh

Enclosures

c: Administrative Law Judge Joel H. Cheskis (via e-mail and First-Class Mail)  
Certificate of Service

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## CERTIFICATE OF SERVICE

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

### VIA E-MAIL AND FIRST-CLASS MAIL

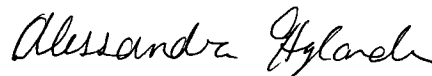
John L. Munsch  
Pennsylvania Energy Company  
800 Cabin Hill Drive  
Greensburg, PA 15601  
[jmunsch@firstenergycorp.com](mailto:jmunsch@firstenergycorp.com)

Anthony C. DeCusatis  
Morgan, Lewis & Bockius LLP  
1701 Market Street  
Philadelphia, PA 19103-2921  
[adecusatis@morganlewis.com](mailto:adecusatis@morganlewis.com)

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

Darryl A. Lawrence  
Erin L. Gannon  
Office of Consumer Advocate  
555 Walnut Street  
Fifth Floor, Forum Place  
Harrisburg, PA 17101-1923  
[dlawrence@paoca.org](mailto:dlawrence@paoca.org)  
[egannon@paoca.org](mailto:egannon@paoca.org)

William B. Johnson  
102 Fox Hill Road  
Valencia, PA 16059  
*via First Class Mail*



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Alessandra L. Hylander

Counsel to the Penn Power Users Group

Dated this 3rd day of August, 2016, at Harrisburg, Pennsylvania

**BEFORE THE  
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

Petition of Pennsylvania Power Company for :  
Approval to Establish and Implement a : Docket No. P-2015-2508931  
Distribution System Improvement Charge :

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**PREHEARING MEMORANDUM OF  
THE PENN POWER USERS GROUP**

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Pursuant to Administrative Law Judge ("ALJ") Joel H. Cheskis' July 21, 2016, Prehearing Conference Order, the Penn Power Users Group ("PPUG") hereby submits this Prehearing Memorandum in the above-captioned proceeding.

**I. HISTORY OF THE PROCEEDING**

On February 16, 2016, Pennsylvania Power Company ("Penn Power" or "Company") filed with the Pennsylvania Public Utility Commission ("Commission" or "PUC") a Petition requesting approval to establish a Distribution System Improvement Charge ("DSIC") ("Petition"). Through the Petition, the Company requested implementation of an initial DSIC rate of 0.299% to become effective on July 1, 2016. The Company proposed to allocate this DSIC across all customer classes with the exception of customers receiving service under Rate Schedules GSDS and GT at voltage levels over 46,000 volts ("Exempt Classes").

On March 7, 2016, and as amended on April 19, 2016, PPUG filed a Petition to Intervene and Answer to Penn Power's filing. A description of PPUG is set forth in Paragraph 1 of PPUG's Petition to Intervene.

The Commission entered an Order on June 9, 2016, approving Penn Power's Petition, and referring the following issues to the Office of Administrative Law Judge ("OALJ") for hearing and preparation of a Recommended Decision ("R.D."):

- (a) Whether certain customers taking service at transmission voltage rates should be included under the DSIC;
- (b) Whether other customers should also be exempt from the DSIC;
- (c) If revenues associated with the riders in Penn Power's tariff are properly included as distribution revenues;
- (d) PPUG's Petition to Intervene;
- (e) The Joint Petition for Intervention of the Citizens for Pennsylvania's Future ("PennFuture") and the Environmental Defense Fund ("EDF"); and
- (f) PennFuture/EDF's Joint Motion to Compel.

A Prehearing Conference has been scheduled in this proceeding for August 10, 2016.

## **II. SERVICE LIST**

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

Charis Mincavage (Pa. I.D. No. 82039)  
Alessandra L. Hylander (Pa. I.D. No. 320967)  
McNEES WALLACE & NURICK LLC  
100 Pine Street  
P.O. Box 1166  
Harrisburg, PA 17108-1166  
Phone: (717) 232-8000  
Fax: (717) 237-5300  
cmincavage@mcneeslaw.com  
ahylander@mcneeslaw.com

## **III. ANTICIPATED ISSUES AND SUB-ISSUES**

PPUG is concerned with issues regarding the terms and conditions of its electricity service, including:

- (a) whether Penn Power fully demonstrated that full application of the DSIC among all customer classes, except the Exempt Classes, is just and reasonable;
- (b) whether the Exempt Classes should be expanded to include customers who use only a small portion of distribution infrastructure; and

- (c) whether revenues associated with the riders in Penn Power's tariff are properly included as distribution revenues.

PPUG 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 WITNESSES**

PPUG is in the process of evaluating whether it will sponsor any testimony in this proceeding. In the event that PPUG decides to sponsor testimony, PPUG will inform the ALJ and the other parties of any intended witnesses and topics of testimony. PPUG 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**

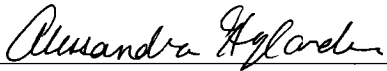
PPUG will cooperate with the ALJ and the parties at the Prehearing Conference to develop an appropriate procedural schedule and discovery rules in accordance with the Commission's regulations and any directives issued by the ALJ.

**VI. POSSIBILITY OF SETTLEMENT**

PPUG is willing to participate in discussions with the other parties to amicably resolve the issues in this proceeding, subject to Commission approval.

Respectfully submitted,

McNEES WALLACE & NURICK LLC

By   
Charis Mincavage (Pa. I.D. No. 82039)  
Alessandra L. Hylander (Pa. I.D. No. 320967)  
McNEES WALLACE & NURICK LLC  
100 Pine Street  
P.O. Box 1166  
Harrisburg, PA 17108-1166  
Phone: (717) 232-8000  
Fax: (717) 237-5300  
cmincavage@mcneeslaw.com  
ahylander@mcneeslaw.com

Counsel to the Penn Power Users Group

Dated: August 3, 2016