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August 3, 2016

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

VIA ELECTRONIC FILING

RE: Petition of Pennsylvania Electric Company for Approval to Establish and Implement a Distribution System Improvement Charge; Docket No. P-2015-2508936


Dear Secretary Chiavetta:

Please find enclosed for filing with the Pennsylvania Public Utility Commission the Prehearing Memorandum of the Penelec Industrial Customer Alliance ("PICA") 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 Penelec Industrial Customer Alliance

/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

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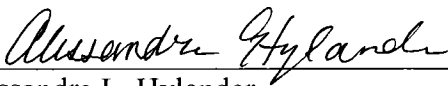
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Alessandra L. Hylander

Counsel to the Penelec Industrial Customer Alliance

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

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

Petition of Pennsylvania Electric Company for :
Approval to Establish and Implement a : Docket No. P-2015-2508936
Distribution System Improvement Charge :

**PREHEARING MEMORANDUM OF
THE PENELEC INDUSTRIAL CUSTOMER ALLIANCE**

Pursuant to Administrative Law Judge ("ALJ") Joel H. Cheskis' July 21, 2016, Prehearing Conference Order, the Penelec Industrial Customer Alliance ("PICA") hereby submits this Prehearing Memorandum in the above-captioned proceeding.

I. HISTORY OF THE PROCEEDING

On February 16, 2016, Pennsylvania Electric Company ("Penelec" 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 0.043% 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 GP and LP at voltage levels over 46,000 volts ("Exempt Classes").

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

The Commission entered an Order on June 9, 2016, approving Penelec'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 should or should not be included under the DSIC;
- (b) Whether other customers should also be exempt from the DSIC;
- (c) If revenues associated with the riders in Penelec's tariff are properly included as distribution revenues;
- (d) PICA'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)
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III. ANTICIPATED ISSUES AND SUB-ISSUES

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

- (a) whether Penelec 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 Penelec's tariff are properly included as distribution revenues.

PICA 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

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

PICA 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

PICA 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 *Alessandra Hylander*
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Counsel to the Penelec Industrial Customer Alliance

Dated: August 3, 2016