

COMMONWEALTH OF PENNSYLVANIA



OFFICE OF CONSUMER ADVOCATE

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August 3, 2016

Rosemary Chiavetta, Secretary
PA Public Utility Commission
Commonwealth Keystone Bldg.
400 North Street
Harrisburg, PA 17120

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

Dear Secretary Chiavetta:

Attached for electronic filing please find the Office of Consumer Advocate's Prehearing Memorandum in the above-referenced proceeding.

Copies have been served per the attached Certificate of Service.

Respectfully submitted,

/s/ Darryl A. Lawrence

Darryl A. Lawrence
Senior Assistant Consumer Advocate
PA Attorney I.D. # 93682
E-Mail: DLawrence@paoca.org

Attachment

cc: Honorable Joel H. Cheskis
Certificate of Service

224463

CERTIFICATE OF SERVICE

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

I hereby certify that I have this day served a true copy of the following document, Office of Consumer Advocate's Prehearing Memorandum, upon parties of record in this proceeding in accordance with the requirements of 52 Pa. Code § 1.54 (relating to service by a participant), in the manner and upon the persons listed below:

Dated this 3rd day of August, 2016.

SERVICE BY E-MAIL & INTER-OFFICE MAIL

Daniel G. Asmus
Small Business Advocate
Office of Small Business Advocate
300 North Second Street
Harrisburg, PA 17101

SERVICE BY E-MAIL & FIRST CLASS MAIL

John L. Munsch
Pennsylvania Power Company
800 Cabin Hill Drive
Greensburg, PA 15601
*Counsel for Pennsylvania
Power Company*

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Alessandra L Hylander, Esquire
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*Representing Penn Power Users Group
Alliance*

SERVICE BY FIRST CLASS MAIL

William B. Johnson
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/s/ Darryl Lawrence

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*224465

BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION

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

PREHEARING MEMORANDUM
OF THE
OFFICE OF CONSUMER ADVOCATE

Pursuant to Section 333 of the Public Utility Code, 66 Pa. C.S. Section 333 and the Prehearing Conference Order issued by Administrative Law Judge Joel Cheskis on July 21, 2016, the Office of Consumer Advocate (OCA) provides the following:

I. BACKGROUND

On February 16, 2016 Pennsylvania Power Company (Penn Power or Company) filed a Petition for Approval of a Distribution System Improvement Charge (DSIC) for its electric operations and seeks permission to implement a surcharge of up to 5% on all customers under Section 1353 of the Public Utility Code, 66 Pa. C.S. §1353). On February 26, 2016, the OCA filed a Formal Complaint, Public Statement and Answer to Penn Power's Petition.

On March 7, 2016, Citizens for Pennsylvania's Future (CPF) and Environmental Defense Fund (EDF) filed a joint Petition to Intervene, Motion for Admission *Pro Hac Vice*, and Notice of Appearance. On that same day, Penn Power Users Group (PPUG) filed a Petition to Intervene and Answer to Penn Power's Petition. The Office of Small Business Advocate (OSBA) filed a Notice of Appearance, Notice of Intervention, Answer and Public Statement on March 9, 2016. On July 25, 2016, CPF and EDF filed a Notice of Withdraw from the proceeding.

The OCA now files this Prehearing Memorandum to set forth the procedure and issues that the OCA submits are relevant to this proceeding.

II. ISSUES

In its June 9, 2016 Order, the Commission directed that the following issues be assigned to the OALJ for hearing and preparation of a Recommended Decision:

- 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 Pennsylvania Power Company's tariff are properly included as distribution revenues;
- d. The Petition for Intervention of Penn Power Users Group;
- e. The Joint Petition for Intervention of the Citizen's for Pennsylvania's Future and the Environmental Defense Fund; and
- f. The Joint Motion to Compel of the Citizen's for Pennsylvania's Future and the Environmental Defense Fund and the Commission waives the fifteen (15) day timeframe restriction set forth in 52 Pa. Code § 5.342.

The OCA also reserves the right to raise additional issues as discovery and review of additional Company testimony continues.

III. WITNESSES

The OCA intends to present the Direct, Rebuttal and Surrebuttal testimony, as may be necessary, of Jerome D. Mierzwa regarding the accounting and policy issues identified above. Mr. Mierzwa will present testimony in written form and will also attach various exhibits, documents, and explanatory information, which will assist in the presentation of the OCA's case.

His contact information is as follows:

Jerome D. Mierzwa
Exeter Associates, Inc.
10480 Little Patuxent Parkway, Ste. 300
Columbia, MD 21044
Telephone: (410) 992-7500
Email: jmierzwa@exeterassociates.com

The OCA specifically reserves the right to call additional witnesses and to expand the issues addressed in testimony, as necessary. If the OCA determines that an additional witness is necessary for any portion of its case, it will notify all parties of record immediately.

IV. PROPOSED SCHEDULE

The OCA will work with the parties to develop a litigation schedule that is acceptable to the ALJ and parties. The OCA's proposed litigation schedule is attached hereto as Appendix A.

V. SETTLEMENT

The OCA is willing to participate in settlement discussions, to the extent possible within the litigation timeframe.

VI. PROPOSED REVISED RULES FOR DISCOVERY

The OCA proposes that the Commission's rules and regulations, 52 Pa. Code §5.321, *et seq.*, be modified as follows:

1. Answers to written interrogatories will be served in-hand within ten (10) calendar days of service of the interrogatories except that service of interrogatories on a Friday shall be deemed service on the following business day;
2. Objections to interrogatories will be communicated orally within three (3) business days of service; unresolved objections shall be served on the parties in writing within five (5) business days of service of the interrogatories;
3. Motions to dismiss objections and/or direct the answering of interrogatories will be filed within three (3) business days of service of written objections;

4. Answers to motions to dismiss objections and/or direct the answering of interrogatories will be filed within three (3) business days of service of such motions;

5. Responses to requests for document production, entry for inspection, or other purposes will be served in-hand within ten (10) calendar days;

6. Requests for admission will be deemed admitted unless answered within ten (10) calendar days or objected to within five (5) business days of service;

7. Rulings over motions shall be issued, if possible, within seven (7) calendar days of the filing of the motion;

8. Any discovery or discovery related pleadings such as objections, motions, answers to motions served on a Friday or on any business day preceding a state holiday shall be deemed to have been served on the following business day for purposes of tracking responsive due dates; and

9. Due dates will be “in-hand” with electronic service on the due date satisfying the “in-hand” requirement and where such service is immediately followed by a hard copy sent by first-class mail.

VII. SERVICE ON THE OCA

The OCA will be represented in this proceeding by Senior Assistant Consumer Advocates Erin L. Gannon and Darryl A. Lawrence. Two copies of all documents should be served on the OCA as follows:

Erin L. Gannon
Senior Assistant Consumer Advocate
Office of Consumer Advocate
5th Floor, Forum Place
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Harrisburg, Pa. 17101-1923
Telephone: 717-783-5048
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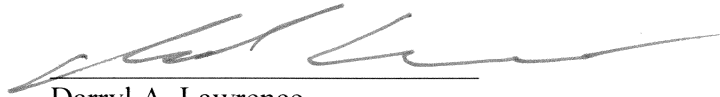
Darryl A. Lawrence
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Fax: 717-783-7152
E-mail: dlawrence@paoca.org

In order to expedite the resolution of this proceeding, the OCA requests that copies of all interrogatories, testimony, and answers to interrogatories be mailed directly to the expert

witness(es) responsible for the area of the case, as well as mailing a copy to counsel for the OCA. The OCA also requests that emails containing any interrogatory responses be emailed directly to the expert witness(es) and to the OCA's support person, Valerie Hironimus.

Jerome Mierzwa jmierzwa@exeterassociates.com
Valerie Hironimus vhironimus@paoca.org.

Respectfully Submitted,



Darryl A. Lawrence
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Erin L. Gannon
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Counsel for:
Tanya J. McCloskey
Acting Consumer Advocate

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Phone: (717) 783-5048
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DATE: August 3, 2016

224430

BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION

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

OFFICE OF CONSUMER ADVOCATE
PROPOSED LITIGATION SCHEDULE

| | |
|------------------------|----------------------|
| Prehearing Conference | August 10, 2016 |
| Non-Company Direct | September 6, 2016 |
| Rebuttal | October 5, 2016 |
| Surrebuttal | October 26, 2016 |
| Written Rejoinder | November 9, 2016 |
| Hearings in Harrisburg | November 17-18, 2016 |
| Main Brief | December 15, 2016 |
| Reply Brief | January 5, 2016 |