**BEFORE THE**

**PENNSYLVANIA PUBLIC UTILITY COMMISSION**

Petition of PECO Energy Company for (1) Approval : P-2016-2546452

of its Microgrid Integrated Technology Pilot Plan :

and (2) 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 ORDER #3-REVISED SCHEDULE**

On October 22, 2015, the Commission approved PECO Energy Company’s (“PECO”) electric Long-Term Infrastructure Improvement Plan (“LTIIP”) to invest an additional $274 million over a five-year period (2016 through 2020) for infrastructure improvements designed to enhance reliability by strengthening and modernizing PECO’s electric distribution system.[[1]](#footnote-1) In its LTIIP, PECO indicated that it intended to develop one or more microgrid projects in the 2017-2020 period.[[2]](#footnote-2)

On May 18, 2016, PECO filed a Petition (“Petition”) and the related Application (“Application”) as the basis for PECO’s Microgrid Integrated Technology Pilot (“Microgrid Pilot” or “Pilot”) in which PECO will construct, own and operate a community microgrid in its service territory. In the Petition, PECO requests that the Commission: (1) approve PECO’s Microgrid Pilot as being in the public interest; and (2) issue a declaratory order that PECO may seek to recover the costs of the Pilot that are not recoverable through its electric Distribution System Improvement Charge (“DSIC”) in a future distribution base rate case filed under Section 1308 of the Pennsylvania Public Utility Code (“Public Utility Code”), 66 Pa.C.S. § 1308. Since PECO is proposing to construct, own and operate DERs to power the proposed microgrid, which

will include natural gas engines, PECO also filed the Application to request approval to construct generation fueled by natural gas in accordance with Section 519 of the Public Utility Code, 66 Pa.C.S. § 519.

On May 25, 2016, PECO filed correspondence explaining that it proposed a detailed schedule for consideration of both its Petition and Application and requested a Commission decision by February 2017. PECO noted that Section 519(d) provides that “[if] the commission fails to approve or disapprove an [application under Section 519] within six months of the date on which the application is filed, it shall be lawful for the affected utility to construct the proposed electric generating unit as though the commission had approved the application.” PECO waived its right to a decision within six months of the filing of the Application and requested that the Commission consider the schedule in the filing for both the Petition and Application.

Notice of the Petition and Application filings was published in the *Pennsylvania Bulletin* on June 4, 2016. The deadline for filing formal protests, petitions to intervene and answers was June 20, 2016.

The Office of Small Business Advocate (“OSBA”), through its counsel, filed a Notice of Intervention, Public Statement and Notice of Appearance on June 7, 2016. In addition, OSBA filed an Answer on June 7, 2016.

A Prehearing Order was sent to the parties on June 10, 2016.

On June 14, 2016, Phillip C. Kirchner, Prosecutor, filed a Notice of Appearance on behalf of the Commission’s Bureau of Investigation and Enforcement (“I&E”).

The Philadelphia Area Industrial Energy Users Group (“PAIEUG”), through its counsel, filed a Petition to Intervene and Answer on June 20, 2016.

The Office of Consumer Advocate (“OCA”), through its counsel, filed a Notice of Intervention, Public Statement and an Answer on June 20, 2016.

Direct Energy Services, LLC (“Direct Energy”), through its counsel, filed a Petition to Intervene on June 20, 2016.

The Retail Energy Supply Association (“RESA”), through its counsel, filed a Petition to Intervene on June 20, 2016.

Prior to the prehearing conference, the following parties filed Prehearing Memoranda: PECO, I&E, OCA, OSBA, Direct Energy, PAIEUG and RESA.

A prehearing conference was held on Wednesday, June 22, 2016, at 2:00 p.m. Counsel for the following parties participated: PECO, I&E, OCA, OSBA, Direct Energy, PAIEUG and RESA.

The Petitions to Intervene filed by PAIEUG; Direct Energy and RESA were granted.

The following procedural schedule was established:

May 18, 2016 Petition Filing

June 22, 2016 Prehearing Conference

August 4, 2016 Other Parties’ Direct Testimony Due

August 25, 2016 Rebuttal Testimony Due

September 8, 2016 Surrebuttal Testimony Due

September 12-14, 2016 Oral Rejoinder and Hearings

October 6, 2016 Initial Briefs

October 20, 2016 Reply Briefs

December 8, 2016 Recommended Decision

February 2017 Commission Order

All proposed dates for submission of testimony and briefs are for “in-hand” delivery, which may be satisfied by an e-mail or fax copy of the relevant documents.

Since there was no opposition to the language in the Protective Order, the Protective Order was granted.

The parties agreed to the discovery modifications in ordering paragraph 7 of Order #2.

The Parties filed Direct Testimony on August 4, 2016 and Rebuttal Testimony on August 25, 2016 in accordance with the procedural schedule.

On September 7, 2016, counsel for PECO contacted the presiding officers. He stated that based on a review of the testimony and discussions with other parties, PECO would like to file supplemental testimony to present several changes to its Microgrid Pilot design. The other parties do not object to PECO proposing a schedule adjustment which would permit PECO to file supplemental testimony and also provide sufficient time for other parties to respond prior to hearings rescheduled for mid-October.

The request is granted and the procedural schedule is revised as follows:

PECO Supplemental Direct September 16, 2016

Opposing Party Testimony (Surrebuttal and response to Supplemental Direct) –

October 5, 2016 instead of Sept 8, 2016

Oral Rejoinder and Hearings October 18-19, 2016 instead of Sept 12-14, 2016

Initial Briefs November 8, 2016 instead October 6, 2016

Reply Briefs November 22, 2016 instead of October 20, 2016

Recommended Decision January 16, 2017 instead of December 8, 2016

Commission Order March 2017 instead of February 2017

Any documents filed in this proceeding should be served on us at the Philadelphia office and the active participants. 52 Pa.Code § 154(a) and (d). Our contact information is:

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Since documents can be submitted to the presiding officers and the participants by e-mail, e-mail addresses will be included on the counsel service list. Please check the list for omissions and errors and contact our office to make corrections. Our e-mail addresses are [cfordham@pa.gov](mailto:cfordham@pa.gov) and [evero@pa.gov](mailto:evero@pa.gov) .

ORDER

THEREFORE,

IT IS ORDERED:

1. The procedural schedule in ordering paragraph 5 of Prehearing Order #2 is revised as follows:

PECO Supplemental Direct September 16, 2016

Opposing Party Testimony (Surrebuttal and response to Supplemental Direct) –

October 5, 2016

Oral Rejoinder and Hearings October 18-19, 2016

Initial Briefs November 8, 2016

Reply Briefs November 22, 2016

Recommended Decision January 16, 2017

Commission Order March 2017

1. All proposed dates for submission of testimony and briefs are for “in-hand” delivery, which may be satisfied by an e-mail or fax copy of the relevant documents.

3. That the parties shall comply with the procedural rules and regulations discussed herein.

Date: September 15, 2016 \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

Cynthia Williams Fordham

Administrative Law Judge

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Eranda Vero

Administrative Law Judge

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

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***(Retail Energy Supply Association &Direct Energy Services, LLC)***

1. *See Petition of PECO Energy Co. For Approval Of Its Long-Term Infrastructure Improvement Plan And To Establish A Distribution System Improvement Charge For Its Electric Operations*, Docket No. P-2015- 2471423 (Order entered Oct. 22, 2015) (“LTIIP Order”). [↑](#footnote-ref-1)
2. *See* LTIIP Order at 7. [↑](#footnote-ref-2)