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April 26, 2022

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

VIA ELECTRONIC FILING

**RE: Pennsylvania Public Utility Commission v. PECO Energy Company – Gas Division;
Docket No. R-2022-3031113**

Dear Secretary Chiavetta:

Attached for filing with the Pennsylvania Public Utility Commission is the Prehearing Memorandum of the Philadelphia Area Industrial Energy Users Group (“PAIEUG”) in the above-referenced proceeding.

As evidenced by the attached Certificate of Service, all parties to this proceeding are being duly served with a copy of this document. Thank you.

Sincerely,

A handwritten signature in black ink that reads 'Charis Mincavage'.

Charis Mincavage
MCNEES WALLACE & NURICK LLC

c: F. Joseph Brady, Administrative Law Judge (via e-mail)
Certificate of Service

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

Pennsylvania Public Utility Commission	:	
	:	
v.	:	Docket No. R-2022-3031113
	:	
PECO Energy Company – Gas Division	:	

**PREHEARING MEMORANDUM
OF THE PHILADELPHIA AREA INDUSTRIAL ENERGY USERS GROUP**

As requested by Administrative Law Judge (“ALJ”) F. Joseph Brady in the Prehearing Conference Order dated April 20, 2022, the Philadelphia Area Industrial Energy Users Group (“PAIEUG”) hereby submits this Prehearing Memorandum.

I. HISTORY OF THE PROCEEDING

On March 31, 2022, PECO Energy Company – Gas Division (“PECO” or “Company”) filed with the Pennsylvania Public Utility Commission (“PUC” or “Commission”) proposed Tariff Gas – Pa. P.U.C. No. 5 (“Tariff No. 5”), which requests a general rate increase of approximately \$82.1 million over its present annual revenues proposed to become effective on May 30, 2022. PECO’s filing included the Direct Testimony of several witnesses, responses to filing requirements and documentation regarding the Company’s proposals.

On April 14, 2022, the Commission suspended PECO’s proposed Tariff No. 5 by operation of law until December 30, 2022, and instituted an investigation into the Company’s proposed Tariff No. 5.

On April 25, 2022, PAIEUG filed a Complaint in this proceeding. A description of PAIEUG is set forth in Paragraph 5 of PAIEUG’s Complaint. A Prehearing Conference has been scheduled in this proceeding for April 27, 2022.

II. IDENTIFICATION OF LEAD ATTORNEY

For purposes of the Prehearing Conference, Charis Mincavage will speak as the lead attorney on behalf of PAIEUG.

III. ANTICIPATED ISSUES AND SUB-ISSUES

PAIEUG's preliminary review of the Company's filing indicates a need for Commission investigation into at least the following issues:

- a) whether the size of the requested rate increase is appropriate;
- b) whether the expenses claimed by PECO were prudently incurred;
- c) whether the allocation of the proposed increase among customer classes is just, reasonable and non-discriminatory;
- d) whether the Return on Equity ("ROE") proposed by PECO results in a fair Rate of Return ("ROR");
- e) whether the rate design and rate structure proposed by PECO are appropriate; and
- f) whether PECO's claimed Cost of Service Study ("COSS") is accurate and legitimate.

PAIEUG anticipates pursuing these issues during this proceeding and reserves the right to raise further issues and to respond to all issues raised by other parties.

IV. PROPOSED WITNESS

PAIEUG is in the process of confirming its witnesses for this proceeding. Once PAIEUG has confirmed its witnesses, it will inform the parties and the ALJ as soon as possible of the intended witnesses. PAIEUG 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

PAIEUG will cooperate with the ALJ and the parties at the Prehearing Conference to finalize an appropriate procedural schedule and discovery rules in accordance with the Commission's regulations and any directives issued by the ALJ. Additionally, PAIEUG will defer to the other parties at the Prehearing Conference as to the need for public input hearings.

VI. POSSIBILITY OF SETTLEMENT

PAIEUG is willing to participate in discussions with the other parties to amicably resolve the issues in this proceeding.

Respectfully Submitted,

McNEES WALLACE & NURICK LLC

By 

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Counsel to the Philadelphia Area Industrial Energy
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Dated: April 26, 2022

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 Section 1.54 (relating to service by a participant).

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Dated this 26th day of April, 2022, in Harrisburg, Pennsylvania