



COMMONWEALTH OF PENNSYLVANIA
PENNSYLVANIA PUBLIC UTILITY COMMISSION
COMMONWEALTH KEYSTONE BUILDING
400 NORTH STREET, HARRISBURG, PA 17120

BUREAU OF
INVESTIGATION
&
ENFORCEMENT

May 6, 2024

Via Electronic Filing

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

Re: Pennsylvania Public Utility Commission v.
PECO Energy Company – Electric Division
Docket No. R-2024-3046931
I&E Prehearing Memorandum

Dear Secretary Chiavetta:

Enclosed for electronic filing please find the Prehearing Memorandum of the Bureau of Investigation and Enforcement (I&E) in the above-captioned proceeding.

Copies are being served on parties of record per the attached Certificate of Service. Should you have any questions, please do not hesitate to contact me.

Sincerely,

A handwritten signature in black ink that reads 'Carrie B. Wright' with a stylized flourish at the end.

Carrie B. Wright
Prosecutor
Bureau of Investigation and Enforcement
PA Attorney ID No. 208185
(717) 783-6156
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CBW/ac
Enclosures

cc: Administrative Law Judge Marta Guhl (*via email and First-Class Mail*)
Administrative Law Judge Darlene Heep (*via email*)
Per Certificate of Service

I. BACKGROUND

On March 28, 2024, PECO Energy Company Electric Division (PECO Electric or Company) filed with the Commission proposed Tariff Electric – Pa. P.U.C. No. 8 (Tariff No. 8). Tariff No. 8 contained rates rules and regulations designed to produce approximately \$464 million (29.2%) based on data for a fully projected future test year ending December 31, 2025. PECO Electric also proposed a one-time credit of \$64 million, resulting in a net electric increase of \$399 million (25.1%) in 2025. Tariff No. 8 has a proposed an effective date of May 27, 2024.

At Public Meeting on April 25, 2024 the Commission stated that pursuant to 66 Pa. C.S. § 1308(d), the filing will be suspended by operation of law until December 27, 2024, unless permitted by Commission Order to become effective at an earlier date. The case was subsequently assigned to the Officer of Administrative Law Judge (OALJ) for the development of an evidentiary record including a Recommended Decision. The OALJs assigned the suspended proceeding to Administrative Law Judge Marta Guhl and Darlene Heap (the ALJs) for investigation and scheduling of hearings to consider the lawfulness, justness and reasonableness of the Company's Rate increase request. A Prehearing Conference has been scheduled for May 7, 2024.

II. ISSUES

Based upon a preliminary review of the filing, I&E has identified certain areas of inquiry. The following statement of areas of inquiry represents the potential issues in this proceeding at this time and is as complete as I&E is currently able to make the list of

issues. However, I&E specifically reserves the right to address such other issues should other issues arise during the course of this proceeding:

- a) Overall Rate of Return including:
 - Cost of Debt;
 - Cost of Common Equity;
 - Capital Structure;
 - Proxy Group;
 - Return on Equity Adjustments;

- b) Rate Structure/Rate Design including:
 - Cost of Service;
 - Proposed Rates;
 - Scale Back of Rates;
 - Customer Charge;
 - Budgeted Revenue;
 - Number of Customers;
 - Usage and Usage Decline;
 - Present Rate Revenue;
 - Proposed Revenue;

- c) Rate Base including:
 - Plant in Service;
 - Accrued Depreciation;
 - Annual Depreciation;
 - Plant Additions;
 - Amortizations;
 - Reporting Requirements;
 - Net Plant;
 - Cash Working Capital;
 - Pension Asset;

- d) Operation and Maintenance Expense Claims including:
 - Salaries, Wages and Benefits;
 - Payroll Tax;
 - Rate Case Expense;
 - ESBC Allocated Costs;
 - Distribution Maintenance Expense;
 - Distribution Operation Expense;
 - Customer Account Expense;
 - Administrative and General Expense;
 - Amortization of Regulatory Expense;

Incremental Bad Debt Expense Amortization;
Storm Expense;
Regulatory Assets and Liabilities;
EV-DCFC Pilot Expansion Costs;

- e) Tariff Changes;
- f) EV Charging Pilot Program;
- g) Electric Safety Issues:

Most of the issues raised by I&E will be supported by the Direct Testimony of an I&E witness in his or her area of responsibility. However, there may be issues of Commission policy or legal interpretation that are not properly the subject of testimony; or there may be factual issues that are clear on the record and need not be supported by testimony. I&E reserves the right to dispense with testimony when, in its opinion, an issue can be adequately addressed in Brief.

III. WITNESSES

It is currently expected that I&E may call the following expert witnesses without being limited thereto:

- Christine Wilson Fixed Utility Financial Analyst Supervisor
- DC Patel Fixed Utility Financial Analyst
- Esyan Sakaya Fixed Utility Valuation Engineer
- Benedict Tarr Electric Safety Engineer

I&E reserves the right to call additional witnesses and/or delete witnesses listed above. The above listing is provided without analysis of the positions of all parties to this proceeding and without the benefit of completed discovery. All active parties will be

notified of any additions or deletions to the I&E witness list. The I&E witnesses may be contacted at the above contact information for the I&E prosecutor.

IV. SCHEDULE

I&E will work with the Parties and the ALJ to develop a mutually agreeable schedule in this proceeding.

I&E requests that hearings be held telephonically in this proceeding. However, given that this proceeding involves multiple Commission employees who are based out of the Harrisburg PUC offices, I&E request that if in person hearings are held, those hearings be held in Harrisburg in order to conserve the Commission's financial resources.

V. PUBLIC INPUT HEARINGS

To the extent that Public Input Hearings are deemed necessary in this proceeding I&E requests that Public Input Hearings be held electronically or telephonically.

VI. SETTLEMENT

I&E intends to participate in any settlement discussions and is willing to reach a resolution of any or all issues. However, a discussion of issues that may be settled is not possible until further discovery has been conducted and the positions of the other parties are known.

VII. DISCOVERY

I&E will work with the parties and the ALJs to develop the appropriate discovery modifications in this proceeding.

VIII. SERVICE OF DOCUMENTS

For purposes of satisfying in-hand requirements for discovery responses, prepared testimony and briefs, I&E will accept and prefers electronic delivery of documents.

Respectfully submitted,

A handwritten signature in cursive script that reads "Carrie B. Wright".

Carrie B. Wright
Prosecutor
PA Attorney ID No. 208185

Pennsylvania Public Utility Commission
Bureau of Investigation and Enforcement
Commonwealth Keystone Building
400 North Street
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Dated: May 6, 2024

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