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PA PUBLIC UTILITY COMMISSION
SECRETARY'S BUREAU

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

Retail Markets Working Group : Docket No. M-00072009

POSITION PAPER OF PECO ENERGY COMPANY

On April 15, 2008, the Pennsylvania Public Utility Commission (“Commission”) issued a Secretarial Letter regarding the Retail Markets Working Group (“RMWG”) originally initiated by the Commission in its Final Policy Statement on Default Service and Retail Electric Markets (“Policy Statement”) adopted May 10, 2007 at Docket No. M-00072009. The Commission has asked for interested parties to submit position papers on the retail topics identified in the Policy Statement and referred to the RMWG, which include information and data access, rate and bill ready billing, purchase of receivables, customer referral program, supplier tariffs and retail choice ombudsman. PECO Energy Company (“PECO”) hereby submits its position on these items below. The Commission also requested that each Electric Distribution Company (“EDC”) provide a contact for each issue addressed. PECO hereby designates John J. McCawley, Director, Energy Acquisition and William J. Patterer, Manager, Regulatory Strategy as the contact persons for each topic included herein. Contact information is as follows:

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I. § 69.1812 Information and Data Access

The Commission stated the following in its Policy Statement regarding this issue:

The public interest would be served by common standards and processes for access to retail electric customer information and data. This includes customer names and addresses, customer rate schedule and profile information, historical billing data, and real time metered data. Retail choice, demand side response and energy conservation initiatives can be facilitated if EGSs, curtailment service providers and other appropriate parties can obtain this information and data under reasonable terms and conditions common to all service territories, that give due consideration to customer privacy, provide security of information and provide a customer an opportunity to restrict access to nonpublic customer information.

PECO Position

EDCs have dual obligations with respect to customer information and data access, which are sometimes at odds. The first is to assure the privacy of customer information where it is desired and the second is to provide customer information to EGSs in order to promote a robust electric choice marketplace by facilitating EGS sales and marketing efforts. PECO believes that both of these goals can be accomplished if certain principles are followed. First and foremost, customers should be provided information about the electric retail choice marketplace, including their transition schedule as well as information regarding their ability to opt-out of the release of their private information to EGSs. Customers should be given the opportunity to opt-out at any time, but a bill insert should be circulated from time to time giving customers the opportunity to update their release level if they so desire. PECO suggests that a five-year interval is appropriate for this purpose.

Secondly, although it is understandable why EGSs would want customer information to be standardized, standard formats and protocols must take into account the individual capabilities of each EDC and allow for appropriate levels of flexibility. In addition, should the Commission require the EDCs to make any changes to their current capabilities, EDCs should be granted a reasonable amount of time to make such changes

and must be assured the recovery of reasonable costs associated with the same. EDCs must also be granted the flexibility to propose a cost recovery mechanism that can either recover the reasonable costs of compiling and providing this data to EGSs, from customers, from EGSs as a group, from EGSs specifically requesting the data, or a combination of all.

PECO currently offers customers three levels of release of information: release name and address, release everything or release nothing. PECO maintains a customer eligibility list that includes their released information. New customers are asked at the time they set up their account to designate their desired release level. A customer may contact PECO and change their information release level at any time. Should the customer choose to release all of their information, the eligibility list contains customer account number, name, address, rate class, rate code, load profile, 12 months usage, 12 months of demand (if applicable) and capacity and transmission peak load contribution values. The amount of information provided on an individual account will coincide with the release level the customer chooses. These lists are currently posted five times throughout the year to the PECO's electric generation supplier web interface, a/k/a the SUCCESS website.

PECO believes that its current compilation of customer information as well as the access it grants to EGSs, accomplishes the goals of keeping customer information private if desired, while enabling retail competition to flourish by providing sufficient information to EGSs. PECO recommends that the Commission allow it to continue with its current program. Should the Commission require EDCs to follow different guidelines,

PECO must be permitted adequate time to make such changes, as well be as assured full cost recovery associated with the same.

II. § 69.1813 Rate and Bill Ready Billing

In its Policy Statement, the Commission stated that “[t]he public interest would be served by the consideration of the availability of rate and bill ready billing in each service territory.”

PECO Position

Under its current EGS coordination tariff, (http://www.exeloncorp.com/NR/rdonlyres/01883015-34E6-4F06-B905-724E66492C08/0/s6housekeeping_complete.pdf), PECO offers three billing service options: Separate EDC/EGS billing, sometimes referred to as dual billing, whereby PECO and the EGS will separately send their bills directly to the customer; Consolidated EGS billing (a billing option that has never been requested since the advent of Electric Choice); and Consolidated EDC Billing (the most popular billing option), which is a bill ready service. Currently, PECO offers EGSs Consolidated EDC Billing, which is a bill ready service, as one of its options. Under Consolidated EDC Billing, PECO transmits meter data (e.g. meter reads, consumption, demand, dates and type of reading) to the EGS. The EGS calculates its customers’ charges (“EGS Charges”) and transmits the charges to PECO Energy to be billed to the customers along with the PECO charges. These billing transactions utilize PA EDI protocols.¹

Under this option, as with all Bill Ready options, the non-billing party supplies the billing party with calculated results for the non-billing party's charges. In other words, each party calculates its own charges under Bill Ready billing. When Rate Ready Billing

¹ EGS charges include date of billing period, consumption, usage, rate and resulting calculation.

is used, the billing party has the non-billing party's rates and calculates the customer charges for the non-billing party.

PECO and EGSs operating in the PECO territory have been successfully using Bill Ready Consolidated EDC billing since 1999. Over this period, PECO has developed its billing system twice to accommodate Bill Ready billing: when Electric Choice first began in 1999 and in 2006, when PECO upgraded its customer billing system.

PECO believes Bill Ready billing is advantageous for two important reasons: 1) calculating EGS charges for its services is a core business function for each EGS and 2) investment and maintenance costs associated with either converting to Rate Ready or adding Rate Ready billing would likely cost customers more than the benefits they would derive from such a billing method change. For these reasons, it is PECO's position that each EDC be permitted the ability to use its current billing option for EGS billing purposes.

III. § 69.1814 Purchase of receivables

In its Policy Statement, the Commission also stated that the public interest would be served by the consideration of an EGS purchase of receivables ("POR") program in each service territory. It is PECO's understanding that the Commission is analyzing this issue as a way to increase EGS participation and expand customer participation in the retail electric generation markets. In a POR program, the EDC purchases a retail EGS' accounts receivable, in some instances at a discount, and collects those receivables from the consumer.

PECO Position

Since the inception of Electric Choice, PECO has been offering a POR program that is very favorable to EGSs. Specifically, PECO pays the EGS dollar-for-dollar, all undisputed EGS Charges, billed by PECO, regardless of whether or not the customer has paid PECO for the charges. Moreover, PECO also remits the amount owed to the EGS if the customer disputes the PECO charges on their bill. In addition, PECO does not consider a claim of inability to pay a dispute for purposes of paying the EGS.

PECO considers accounts that are undisputed but past due for 90 days or three billing cycles, whichever is shorter, seriously delinquent. Both PECO and the EGS have the option at this time to convert to separate EDC/EGS Billing (dual billing) for the next billing cycle. The customer is then provided notice at the same time that the EDC/EGS requests the conversion to separate EDC/EGS billing for the next billing cycle.

It is PECO's understanding that Duquesne Light Company is scheduled to roll out a Pilot POR program under which Duquesne purchases the accounts receivable associated with EGS sales of retail electric commodity services to residential and small commercial and small industrial customers. The program applies a small discount rate to the purchase price. The discount has two components. The first component of the discount rate recognizes the fact that Duquesne's distribution rate currently does not recover any costs associated with EGS uncollectibles. The second component of the discount rate will recover incremental initial and incremental ongoing operating and administrative costs associated with the POR program. The interested stakeholders in the Duquesne territory agreed that the first component is to be set at 0.42%. The second component will initially equal 0.28% to recover administrative costs estimated at \$750,000 with

recovery spread over the three-year term of the program. The second rate component may be adjusted annually to ensure that there is no significant under or over recovery of these costs. Under the program, Duquesne will reimburse EGSs for their customer billings for transmission and generation supply service regardless of whether Duquesne receives payment from the customer. In addition, Duquesne will seek to recover the EGS receivable from EGS customers consistent with Duquesne's existing collection procedures for recovery of billing to customers and incur any uncollectible costs related to billings for EGSs. PECO recommends that the Commission monitor the results of the Duquesne POR Pilot. PECO believes that the program results will provide greater insight on consumer shopping and EDC POR programs in general.

Moreover, it is PECO's position that EDC implementation of a POR program should be voluntary. Terms of the programs, including purchase discount rates, should be negotiated by each EDC that agrees to participate in POR programs. Due to the individuality of the different EDC billing systems, and the substantial systemic changes that are necessitated by the implementation of a POR program, the Commission must perform a cost/benefit analysis when reviewing an individual EDC's POR program and deciding whether changes must be made. Due to the favorable nature of its POR program, PECO does not believe that any changes are necessary at this time.

IV. § 69.1815 Customer Referral Programs

The Commission's Policy Statement reads: "The public interest would be served by consideration of a customer referral programs in which retail customers are referred to EGSs."

PECO Position

Customer referral programs in the industry take many different forms and the impact on utility operations can vary widely. It is PECO's position that the EDC has a key role in educating customers about Electric Choice. Customers also should be given basic information about their ability to choose alternative suppliers, along with their pricing and service offerings compared to the EDC's default service. PECO supports this type of customer referral program and believes that it will help to revitalize the retail choice marketplace in Pennsylvania. Customer referral programs that require utilities to actually enroll customers and provide additional functionality constitute an active marketing and enrollment program. These types of programs could cause significant disputes between EDCs and EGSs and in PECO's opinion, are best left to suppliers.

PECO is planning the following customer referral initiatives to educate customers in 2008 and expects to increase its customer education and referral efforts as it approaches the expiration of its rate cap period at the end of 2010:

- Supplier information sessions regarding customer referral options
- Promote electric choice to residential customers on the July and October Energy @ Home newsletters, which are included with the bill statement.
- Promote electric and gas choice to small and mid-sized commercial customers on the July and October Energy @ Work newsletters, which are included with the bill statement.

V. § 69.1816 Supplier tariffs

The Commission in its Policy Statement stated:

The public interest would be served by the adoption of supplier tariffs that are uniform as to both form and content. Uniform supplier tariffs may facilitate the participation of EGSs in the retail market of this Commonwealth and reduce the potential for mistakes or misunderstandings between EGSs and EDCs.

PECO Position

Supplier Coordination Tariffs comprise the charges, rules, regulations and riders under which an EDC will provide coordination services to EGSs. Although EGSs may desire every EDC in Pennsylvania to have an identical supplier coordination tariff, there are valid reasons why some sections of these tariffs deviate. For instance, an EDCs' technical systems and/or processes may require provisions that are specific to that EDC.

PECO recommends that a sub-working group be established to propose a common format for Supplier Coordination Tariffs and focus efforts on those sections that lend themselves to expedited commonality and best practices. These sections could include:

- Scope and Purpose of the Tariff
- Commencement of EDC / EGS Coordination
- Coordination Obligations
- Utilization of Scheduling Coordinators
- Confidentiality of Information
- Payment and Billing
- Withdrawal by EGS from Retail Service
- EGSs Discontinuance of Customers
- Liability
- Breach of Coordination Obligations
- Termination of Individual Coordination Agreement
- Alternative Dispute Resolution

PECO believes that other sections are likely to remain unique to individual EDCs due to their technical nature that are specific to the systems and processes of each EDC:

- Billing
- Metering

- Direct Access Procedures
- Load forecasting/ energy scheduling procedures
- Reconciliation Service

VI. § 69.1817 Retail Choice ombudsman

The Commission stated in its Policy Statement:

The public interest would be served by the designation of an employee as a retail choice ombudsman at each EDC and the Commission. The ombudsman would be responsible for responding to questions from EGSs, monitoring competitive market complaints and facilitating informal dispute resolution between the DSP and EGSs.

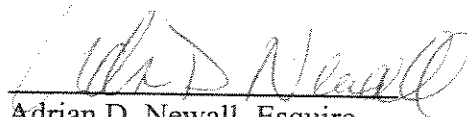
PECO Position

PECO supports the concept of naming an employee as retail choice ombudsman at each EDC. In fact, PECO's Energy Acquisition organization currently performs the ombudsman responsibilities highlighted in the Commission's Policy Statement. Specifically, PECO has both a dedicated supplier hotline telephone number and email address that retail suppliers use to ask questions or voice concerns that they may have about the PECO Electric Choice program. Both the hotline and email address have been in existence since the Electric Choice pilot program in 1998. Typical issues or questions raised by suppliers include customer enrollment, billing, bill payment, tariff interpretation and supplier EDI testing. Many of these issues are resolved on the first call while others are investigated and tracked to completion and the supplier is informed of the resolution. PECO also routinely conducts a supplier satisfaction survey to obtain EGS and natural gas supplier feedback on the quality of service the EDC is providing overall. PECO evaluates the results of these surveys and incorporates any feedback provided to improve our processes.

Conclusion

PECO appreciates the opportunity to provide its position on these important retail market topics. PECO supports the Commission's efforts regarding these retail issues and commits to participating in all working group meetings going forward.

Respectfully Submitted,



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