

Legal Department

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December 15, 2008

VIA FEDERAL EXPRESS

James J. McNulty, Secretary
Pennsylvania Public Utility Commission
Commonwealth Keystone Building
400 North Street, 2nd floor
Harrisburg, PA 17120

**Re: Retail Markets Working Group
Docket No. M-00072009**

Dear Mr. McNulty:

Enclosed are an original and ten copies of the Supplemental Position Paper of PECO Energy Company. Kindly file the original of record with your office and acknowledge same by time-stamping and returning the additional copy of this letter in the self-addressed stamped envelope provided.

Thank you for your assistance in this effort.

Sincerely,



Verdina Y. Showell
Assistant General Counsel

VYS/ads
Enclosures

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

Retail Markets Working Group : Docket No. M-00072009

SUPPLEMENTAL POSITION PAPER OF PECO ENERGY COMPANY

I. Introduction:

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. In response to the Commission’s request, on June 10, 2008, PECO Energy Company (“PECO”) filed its position paper on the retail topics identified in the Policy Statement and referred to the RMWG, which included information and data access, rate and bill ready billing, purchase of receivables, customer referral program, supplier tariffs and retail choice ombudsman.

On September 11, 2008, the Commission adopted a Final Order and Action Plan with respect to the Investigation into the Natural Gas Supply Market: Report on Stakeholders’ Working Group (“SEARCH”) at Docket No. I-00040103F0002. In that Order, the Commission requested that jurisdictional natural gas distribution companies

(“NGDCs”) file a proposed Gas Purchase of Receivables (“POR”) program by December 31, 2008.¹

On November 12, 2008, Commission staff convened a meeting of the RMWG to discuss the Commission’s proposed timeline to develop policy recommendations. In addition, Commission staff invited interested electric distribution companies (“EDCs”) to file supplemental comments and positions papers on the policy statement sections and issues.

PECO continues to support the positions outlined in its position paper and believe that any discussion on retail markets should include the recommendations contained herein. In addition, PECO would take this opportunity to file the below supplemental comments as a strawman proposal for the RMWG discussion on purchase of receivables.

II. Supplemental Comments: § 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 electric generation supplier (“EGS”) POR program in each service territory. 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 is of the opinion that any Commission action to address POR programs should include, at minimum, the following components: 1) POR programs should be voluntary; 2) Discount rate should be available for POR purchases; and (3) EDCs should

¹ On December 4, 2008, the Commission extended the December 31, 2008 deadline for ninety days.

have the ability to terminate non paying customers to manage and minimize risk of increasing uncollectible expenses.

A. Voluntary POR Programs

POR programs should be voluntary for EDCs to implement in their service territories. EDCs should be able to negotiate all terms of the program with EGS who voluntarily participate in the program. If an EDC elects to implement a POR program in its territory, the EDC would file the appropriate tariff with the Commission for approval. The proposed tariff would contain the negotiated terms and conditions of the EDC's POR program.

B. Discount Rate To POR Rate

Under the terms of POR programs, EDCs would have the ability to purchase receivables from EGS for amounts owed for all EGS charges, less an annually calculated percentage for uncollectible charges, regardless of whether the customer has paid the EDC. The discount could be customer class specific such as residential or commercial or industrial. The discount could be based on the costs related to incremental uncollectible expense experienced by the EDC over a multi year average. The discount would also be based on IT and administrative costs to implement the program as capitalized and amortized over a multi year period.

C. Customer Disconnection

The Commission should revise current rules to allow EDCs ability to disconnect customers for non-payment of advanced payment receivables. Under the terms of the POR program, EDCs would have the ability to disconnect customers consistent with applicable Chapters 14 and 56 rules and regulations. Customers would be subject to collection action, including termination of service, in accordance with applicable Commission rules and regulations on the past due amounts due including the amount of the EGS receivables.

This position would be consistent with the Commission's December 4, 2008 ruling to revise Guideline 6(a)(2)² to allow NGDCs to terminate service for non-payment of natural gas supply charges purchased as an account receivable in a Commission approved POR program.³

III. Conclusion

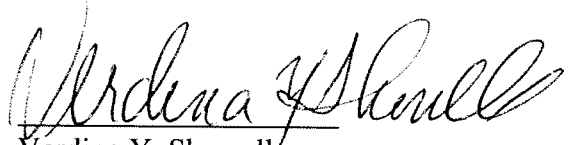
The RMWG should continue to monitor the results of the Duquesne Light POR Pilot. In making its recommendation to the Commission, the RMWG should consider the results of the Duquesne POR Pilot. PECO appreciates the opportunity to provide its supplemental position paper and strawman proposal on these important topics. PECO

² *Re: Guidelines for Maintaining Customer Services at the Same Level of Quality Pursuant to 66 Pa. C.S. §2206(a), Assuring Conformance with 52 Pa. Code Chapter 56 Pursuant to 66 Pa. C.S. §2207(b), §2208(e) and (f) and Addressing the Application of Partial Payments*, Docket No. M-00991249F003. (Order entered August 26, 1999)

³ *Revisions of Guidelines for Maintaining Customer Services: Establishment of Interim Standards to Provide for POR Programs; Postponement Request Filed by T.W. Phillips and NFG*, Docket Nos. M-2008-2068982 et al. (Adopted December 4, 2008).

supports the Commission's efforts regarding these retail issues and commits to participating in the RMWG and topic-specific subgroups.

Respectfully Submitted,



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