



COMMONWEALTH OF PENNSYLVANIA

March 7, 2024

E-FILED

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

Re: Petition of PECO Energy Company for Approval of Its Default Service Plan for the Period from June 1, 2025 through May 31, 2029 (“DSP VI Petition”) / Docket Number: P-2024-3046008

Dear Secretary Chiavetta:

Enclosed for filing please find the Prehearing Memorandum, on behalf of the Office of Small Business Advocate (“OSBA”), in the above-captioned proceeding.

Copies will be served on all known parties in these proceedings, as indicated on the attached Certificate of Service.

If you have any questions, please do not hesitate to contact me.

Sincerely,

/s/ Steven C. Gray

Steven C. Gray
Assistant Small Business Advocate
Attorney I.D. No. 77538

Enclosures

cc: Mark Ewen
Parties of Record

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

Petition of PECO Energy Company for : Docket Number: P-2024-3046008
Approval of Its Default Service Plan for :
the Period from June 1, 2025 through May :
31, 2029 (“DSP VI Petition”) :

**PREHEARING MEMORANDUM
OF THE OFFICE OF SMALL BUSINESS ADVOCATE**

I. INTRODUCTION

The Office of Small Business Advocate (“OSBA”) is authorized to represent the interests of small business customers of utility services before the Pennsylvania Public Utility Commission (“Commission”) pursuant to the provisions of the Small Business Advocate Act, Act 181 of 1988, 73 P.S. §§ 399.41 – 399.50 (“the Act”). In order to discharge this statutory duty, the Small Business Advocate deems it necessary to participate as a party to these proceedings. Representing the OSBA in the above-referenced matter is Assistant Small Business Advocates Rebecca Lyttle and Steven C. Gray. Please address all correspondence in that matter as follows:

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II. FILING BACKGROUND

On February 2, 2024, PECO Energy Company (“PECO” or the “Company”) filed a Petition for Approval of Its Default Service Program (“DSP”) for the Period from June 1, 2025 through May 31, 2029, with the Commission.

In its February 2nd Petition, PECO requests that the Commission enter an Order (1) Approving PECO’s proposed DSP VI, including its default service procurement plan, implementation plan, contingency plan, and related bidder rules, SMA, credit documents, and other associated agreements, for all PECO customers who do not take generation service from an alternative electric generation supplier or who contract for energy with an alternative electric generation supplier which is not delivered; (2) Approving PECO’s proposal to procure up to 16,000 Tier I Solar AECs per year in 2025 and 2026 as set forth herein and the related procurement documents; (3) Approving NERA Economic Consulting, Inc. to continue as the independent third-party evaluator for PECO’s default supply procurements; (4) Finding that DSP VI includes prudent steps necessary to negotiate favorable generation supply contracts; (5) Finding that DSP VI includes prudent steps necessary to obtain least-cost generation supply on a long-term, short-term, and spot market basis; (6) Finding that PECO has not withheld from the market any generation supply in a manner that violates federal law; (7) Finding that continuation of PECO’s TOU rate options for the Residential and Small Commercial Classes satisfy PECO’s obligations under 66 Pa. C.S. § 2807(f)(5); (8) Granting a waiver of the rate design provisions of 52 Pa. Code § 54.187 to permit PECO to continue: (a) to procure generation for three procurement classes, (b) quarterly filing of hourly-priced default service rates, and (c) semi-annual reconciliation of the over/under collection component of the GSA for all default service customers; (9) Affirming PECO’s right to recover all of its default service costs in accordance

with 66 Pa. C.S. § 2807(e)(3.9); (10) Approving continuation of PECO’s Standard Offer Program and the associated cost recovery mechanism; and (11) Approving PECO’s proposed residential customer bill improvements.

The Office of Small Business Advocate (“OSBA”) filed a Protest and Notice of Intervention on March 4, 2024.

III. IDENTIFICATION OF WITNESS AND TENTATIVE ISSUES

Assisting in the development and presentation of the OSBA’s case in this proceeding is:

Mr. Mark D. Ewen
Industrial Economics, Incorporated
2067 Massachusetts Avenue
Cambridge, MA 02140
(617) 354-0074
mewen@indecon.com

The OSBA will participate in this proceeding to assure that the interests of PECO’s small business customers are adequately represented and protected.

After an initial review of the materials submitted by PECO, the OSBA has identified the following list of issues that it will evaluate in this proceeding:

1. Whether the proposed methodology and timing of the small commercial and industrial customer procurements is reasonable.
2. Whether the Company’s proposals for procurement of solar alternative energy credits (“AECs”), reconciliation of AEC costs and revenues, and allocation of AECs to the various default service rate groups is fair and reasonable.
3. Whether the proposed default service rate design, including time-of-use rate options, is fair and reasonable.
4. Whether the proposal for fixed-price full requirements (“FPFR”) contracts is supportive of the small commercial class and provides appropriate price stability benefits.

5. Whether the structure of the Standard Offer program and related cost recovery is fair and reasonable to small commercial customers.

The OSBA reserves the right to pursue additional issues that may arise throughout this DSP proceeding.

IV. SERVICE OF DOCUMENTS

In accordance with 52 Pa. Code § 1.54(b)(3)(i), the OSBA agrees to accept electronic mail delivery of documents on the due date¹ as satisfying the in-hand requirement. The OSBA requests that email delivery of documents also be provided to its witnesses identified above.

In addition to email copies of pleadings, briefs, and exceptions, the OSBA requests email copies of responses to discovery propounded by the OSBA or any other party.

V. SETTLEMENT

The OSBA notes its willingness to enter into settlement discussions at the appropriate phase of this proceeding.

VI. HEARING AND BRIEFING SCHEDULE

At the time of this writing, the OSBA is working with the parties to develop a procedural schedule.

Respectfully submitted,

/s/ Steven C. Gray

Steven C. Gray
Assistant Small Business Advocate
Attorney ID # 77538

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Dated: March 7, 2024

¹ In accordance with 52 Pa. Code § 1.56(a)(5), documents must be received by 4:30 pm.

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PENNSYLVANIA PUBLIC UTILITY COMMISSION**

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CERTIFICATE OF SERVICE

I hereby certify that true and correct copies of the foregoing have been served via email (*unless otherwise noted below*) upon the following persons, in accordance with the requirements of 52 Pa. Code § 1.54 (relating to service by a participant).

The Honorable Eranda Vero
Administrative Law Judge
The Honorable Arlene Ashton
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DATE: March 7, 2024

Respectfully submitted,

/s/ Steven C. Gray

Steven C. Gray
Assistant Small Business Advocate
Attorney ID # 77538