

**BEFORE THE  
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

PETITION OF PECO ENERGY COMPANY  
FOR APPROVAL OF ITS DEFAULT  
SERVICE PROGRAM

\_\_\_\_\_  
DOCKET NO. P-2012-\_\_\_\_\_

\_\_\_\_\_  
DIRECT TESTIMONY  
\_\_\_\_\_

WITNESS: BRIAN D. CROWE

SUBJECTS: DEFAULT SERVICE PROGRAM OVERVIEW,  
PROPOSED SCHEDULE OF PROCEEDINGS  
AND CUSTOMER NOTICE

DATED: JANUARY 13, 2012

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1 Executive in the Marketing Department, Corporate Strategist in the Company's  
2 Corporate Planning and Development Department, and Director, Customer Choice  
3 Implementation. I joined PECO's Regulatory and External Affairs Department in  
4 October 2000 and have held the positions of Director of Regulatory and  
5 Governmental Affairs, Director of Rates and Regulatory Affairs, and Director of  
6 Retail Rates until March 2009, when I was promoted to my current position as Vice  
7 President, Energy Acquisition.

8 **5. Q. What is your educational background?**

9 A. I earned my Bachelor of Science degree in Electrical Engineering in 1986 and my  
10 Masters of Business Administration in Finance in 1992, both from Drexel University.

11 **6. Q. What is the purpose of your testimony?**

12 A. The purpose of my testimony is to provide an overview of PECO's second default  
13 service program ("DSP II" or the "Program"), including PECO's proposed  
14 implementation plan for procurement of electric generation to meet the needs of its  
15 default service customers beginning June 1, 2013.

16 My testimony is divided into three parts. First, I describe PECO's basic default  
17 service obligations under Pennsylvania's Electricity Generation Customer Choice and  
18 Competition Act ("Competition Act"). I then explain how PECO has satisfied those  
19 obligations under its first default service program ("DSP I").

20 Second, I provide an overview of the proposed DSP II through an introduction of the  
21 other witnesses who will provide testimony about its components in this proceeding.

1 These witnesses will testify regarding: (1) the details of PECO’s DSP II procurement  
2 and implementation plans, including the competitive process by which PECO will  
3 procure default supply; (2) changes to the supply master agreement that PECO will  
4 enter into with default service suppliers; (3) a recommended modification of the  
5 reconciliation process relating to the recovery of default service costs and other  
6 changes to PECO’s existing default service rate design; and (4) new initiatives that  
7 PECO is proposing to enhance retail electric competition, including an Opt-In EGS  
8 Offer Program and two Customer Referral Programs.

9 Third, I describe PECO’s proposed litigation schedule for consideration of DSP II  
10 and discuss the actions PECO is taking to provide notice to customers of this filing.

11 **II. OVERVIEW OF PECO’S DEFAULT SERVICE OBLIGATIONS**  
12 **AND RESULTS OF PECO’S FIRST DEFAULT SERVICE PLAN**

13 **7. Q. Please describe PECO’s default service obligations.**

14 A. PECO currently provides electric generation service to all customers within its  
15 service territory who do not select an EGS or who return to default service by choice  
16 or after being served by an EGS which becomes unable or unwilling to serve.

17 Pursuant to the Commission’s regulations, 52 Pa. Code §§ 54.181 *et seq.*, PECO is  
18 required to file a plan with the Commission that sets forth how PECO will meet its  
19 default service obligations, including its strategy for procuring generation supply, a  
20 schedule for implementation, and a rate design to recover PECO’s reasonable costs.  
21 Notably, under Section 2807(e)(3.1) - (3.2) and (3.4) of the Competition Act, PECO  
22 is required to procure generation supply through competitive procurement processes

1 to obtain a “prudent mix” of contracts that is designed to ensure “adequate and  
2 reliable service” at the “least cost to customers over time”.

3 **8. Q. How does PECO currently meet its default service obligations?**

4 A. PECO is currently operating under an initial default service plan, DSP I, which was  
5 approved by the Commission in 2009, took effect on January 1, 2011 and continues  
6 through May 31, 2013. Prior to that date, PECO furnished “provider of last resort”  
7 service at fixed rates established by the Commission.

8 Under DSP I, PECO conducts competitive procurements of wholesale power and  
9 associated services for four different default service customer classes: (i) residential  
10 customers, (ii) small commercial customers with less than 100 kW of peak demand  
11 and lighting customers; (iii) medium commercial customers whose peak demand is  
12 equal to or greater than 100 kW of peak demand but less than or equal to 500 kW;  
13 and (iv) large commercial and industrial customers with peak demands greater than  
14 500 kW.

15 The principal procurement features of DSP I include the use of fixed-price, “full  
16 requirements” supply contracts for residential and small and medium commercial  
17 customers and spot-priced full requirements contracts for large commercial and  
18 industrial customers. DSP I also includes tailored supply portfolios with varied  
19 contract lengths for each customer class. Procurement under DSP I occurs at

1 different times of the year to minimize the risk of procuring all generation supply at  
2 the same time and reduce the potential for significant default service price volatility.<sup>1</sup>

3 **9. Q. Does PECO have other obligations under DSP I?**

4 A. Yes. Consistent with its procurement obligations and its approved DSP I, PECO  
5 maintains contingency plans in the event of a supplier default and uses standardized  
6 documents and procedures approved by the Commission when conducting its  
7 procurements. In addition, as part of the comprehensive settlement among the parties  
8 to the DSP I proceeding, PECO undertook a wide range of other activities, including  
9 initiatives to support retail competition, the expansion of universal service and the  
10 implementation of new rate designs.

11 **10. Q. Has PECO met its obligations?**

12 A. Yes. PECO has met all of its obligations under DSP I, including its fundamental  
13 obligation, as default service provider, to provide adequate and reliable default  
14 service to customers at least cost over time. Furthermore, during DSP I, PECO has  
15 effectively administered the switching of default service customers to EGSs and retail  
16 competition has flourished in PECO's service territory: 56% of PECO's total  
17 customer load is currently being served by an EGS, with switching percentages equal  
18 to 25% for the Residential class, 52% for the Small Commercial class, 78% for the  
19 Medium Commercial class, and 96% for the Large Commercial and Industrial class.  
20 PECO believes that the transition from fixed generation rates to variable default

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<sup>1</sup> See, e.g., *Pennsylvania Public Utility Commission v. Pike County Light & Power Company*, Docket No. P-0052168 (Order entered Dec. 21, 2005) (discussing procurement in Pike County after Hurricane Katrina, which resulted in prices corresponding to an average 73% increase in overall electric rates for the EDC's retail customers).

1 service rates obtained through competitive procurements and significant retail  
2 shopping has been successful, without “rate shock,” due in part to the implementation  
3 of the following initiatives:

- 4 (1) A comprehensive EGS purchase of receivables (“POR”) program in which  
5 PECO buys amounts owed to EGSs by PECO customers for generation supply  
6 service, without discount, other than recovery of POR implementation costs.  
7 PECO then collects those amounts from customers without recourse to the  
8 EGSs.
- 9 (2) A direct mail outreach program to every PECO customer to update the  
10 customer’s preferences regarding the release of its usage information and  
11 other data on PECO’s Eligible Customer List. This outreach program resulted  
12 in a sixty-seven percent (67%) increase in the number of customers electing to  
13 have their data released to EGSs.
- 14 (3) A budget billing program available to all customers, including EGS  
15 customers, to help customers manage their energy expenses through set  
16 monthly payments.
- 17 (4) A wide variety of information technology and internet-based upgrades,  
18 including a web-based tool for customers and EGSs to easily download usage  
19 information and a web-based Price-to-Compare (“PTC”) tool for customers.
- 20 (5) A \$6 million customer education program that focuses on changes to the  
21 energy market and the corresponding impact on customers, the promotion of

1 shopping, and other tools to help customers understand and manage their  
2 energy use. The campaign includes earned media, paid media, direct  
3 communications, web support, and more than 790 community events and  
4 other customer outreach efforts resulting in 341,872 customer interactions.

5 (6) Promotion of shopping through inclusion of EGS contact information in  
6 articles and newsletters to customers, as well as PECO-sponsored public  
7 events with EGSs for customers.

8 (7) Expedited release of default service procurement results, consistent with  
9 Commission guidance, to facilitate the comparison of EGS prices and default  
10 service rates.

11 In addition, in 2012, PECO is initiating another customer education campaign which  
12 will include three coordinated mailings to encourage residential and small  
13 commercial customers to shop for competitive electric generation supply. The  
14 mailings will consist of: (1) a Commission-endorsed postcard encouraging shopping  
15 (February 2012); (2) a large tri-fold flyer promoting the Commission's website at  
16 PAPowerSwitch.com (May 2012); and (3) a letter from PECO encouraging shopping  
17 and directing customers to PAPowerSwitch.com, with a list of answers to frequently  
18 asked questions (Fall 2012).<sup>2</sup>

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<sup>2</sup> See *Petition of PECO Energy Company for Expedited Approval of its 2012 Consumer Education Plan*, Docket No. P-2011-2279733 (filed December 22, 2011).

1 **11. Q. Are there any generation supply solicitations remaining under DSP I?**

2 A. Yes. Under the procurement schedule approved by the Commission in 2009, PECO  
3 has completed six solicitations and will conduct three more solicitations prior to June  
4 1, 2013. During the first quarter of 2012, PECO will conduct solicitations for ten  
5 tranches of one-year fixed price full requirements contracts and seven tranches of  
6 two-year fixed price full requirements contracts for residential customers. In the  
7 Spring 2012 and Fall 2012, PECO will conduct solicitations for block energy  
8 purchases for residential customers.

9 A. For the Small and Medium commercial customer classes, PECO will conduct a  
10 solicitation in the first quarter of 2012 procuring, for each class, ten tranches of one-  
11 year fixed price full requirements products and three tranches of one-year full  
12 requirements products based on day-ahead PJM spot market prices. With respect to  
13 the Large commercial and industrial customer class, PECO will conduct a solicitation  
14 in the first quarter of 2012 for fifty-four tranches of one-year full requirements  
15 products priced based on day-ahead PJM spot market prices.

16 **III. OVERVIEW OF PECO'S SECOND DEFAULT SERVICE PLAN**

17 **12. Q. What principles did PECO use in designing DSP I?**

18 A. The primary goal of PECO's DSP I was to ensure that default service customers had  
19 access to a reliable supply of generation at the least cost over time. To that end,  
20 PECO adhered to the following principles:

- 1 (1) Competitive forces will produce the least cost to customers over time and,  
2 therefore, the development of retail and wholesale energy markets should  
3 continue to be encouraged.
- 4 (2) Obtaining a “prudent mix” of default generation supply contracts at least cost  
5 over time should take into account factors such as the benefits of price  
6 stability and reflect the different needs of various customer types through  
7 tailored procurement strategies.
- 8 (3) Default service rate design should be understandable and promote a smooth  
9 transition from existing capped rates to rates that reflect the competitive  
10 procurement of generation supply service.

11 **13. Q. Did PECO make any changes to these guiding principles in designing DSP II?**

12 A. Yes. PECO has revised the third principle in light of the end of capped rates during  
13 DSP I and has added a fourth principle as follows:

- 14 (3) Default service rate design should be understandable and reflect the  
15 competitive procurement of generation supply service.
- 16 (4) Subsequent default service filings should reflect “lessons learned” under  
17 earlier default service plans to improve competitive default service  
18 procurements and further enhance the development of competitive markets  
19 while maintaining compliance with the Public Utility Code, the AEPS Act,  
20 and other legal requirements.

1 14. Q. What is PECO's proposed default service procurement plan for DSP II?

2 A. Mr. John J. McCawley, PECO's Director of Energy Acquisition, provides detailed  
3 testimony regarding PECO's proposed default service procurement plan in PECO  
4 Statement No. 2. As Mr. McCawley explains, PECO proposes to maintain its  
5 existing customer classes from DSP I. PECO believes that the current procurement  
6 classifications properly reflect the nature of the load requirements of each customer  
7 class and a balancing of other factors, including rate stability and the amount of  
8 shopping in PECO's service territory during DSP I.

9 Mr. McCawley also describes how PECO has revised its procurement strategy in light  
10 of its experience under DSP I. PECO's proposed procurement strategy under DSP II  
11 for each customer class is as follows:

12 **Residential Class.** PECO is proposing to transition to a mix of one-year and two-  
13 year full requirements products for the Residential class, with the two-year products  
14 comprising approximately sixty percent of the contract mix. The supply contracts  
15 will be laddered, with six-month spacing between commencement of delivery  
16 periods. PECO will transition to this blend of contracts for the majority of its  
17 Residential class load requirement during DSP II using products with term lengths  
18 that vary from six months to eighteen months. PECO will also continue to use  
19 existing block products with spot market balancing, but, as Mr. McCawley explains,  
20 PECO will not be procuring new block energy products in DSP II. After the first  
21 procurement to be held in Fall 2012, all products will be procured approximately two

1 to four months prior to delivery (instead of five to nine months prior to delivery as is  
2 current practice).

3 **Small Commercial Class.** PECO proposes to eliminate the current two-year fixed  
4 price full requirements products and spot-priced full requirements products and to  
5 replace them with one-year fixed price full requirements products with semi-annual  
6 overlapping periods, with an initial transitional procurement of six month full  
7 requirements contracts to facilitate laddering. Like the Residential class, all products  
8 will be procured approximately two to four months prior to delivery.

9 **Medium Commercial Class.** PECO proposes to eliminate the current one-year fixed  
10 price full requirements and spot-priced full requirements products and to replace them  
11 with half-year fixed price full requirements products, without overlap. Like the  
12 Residential and Small Commercial classes, all products will be procured  
13 approximately two to four months prior to delivery.

14 **Large Commercial and Industrial Class.** PECO proposes to eliminate the current  
15 spot-priced full requirements products and to replace them through direct  
16 procurements of energy and related services from the PJM energy markets.

17 Consistent with the Commission's Policy Statement and in order to assemble the  
18 "prudent mix" of procurement contracts described above, PECO's DSP II provides  
19 for the acquisition of generation supply to cover the two-year period from June 1,  
20 2013 to May 31, 2015, with the terms of a limited quantity of contracts extending  
21 beyond May 31, 2015 to help ensure that customers are not exposed to rate volatility

1 associated with replacing a large portion of default service supply in a short period of  
2 time.

3 **15. Q. Mr. Crowe, did PECO consider the Commission’s recommendation that EDCs**  
4 **file plans that limit or eliminate the existence of short-term energy contracts**  
5 **extending past the end date of the EDC’s default service plan time period?**

6 A. Yes. PECO has been an active participant in the Commission’s Retail Market  
7 Investigation, and carefully considered each of the Commission’s recommendations  
8 in formulating DSP II, including its recommendation to limit or eliminate any  
9 contracts that will extend past the end of PECO’s default service plan period (May  
10 31, 2015) to avoid hindering possible future changes relating to Pennsylvania’s  
11 default service model.<sup>3</sup> For this reason, PECO has limited the “over-hang” of  
12 contracts in its Plan, and will not procure any contract that will extend beyond May  
13 31, 2015 until early 2014. In the event that legal developments result in PECO no  
14 longer serving as the default service provider for its service territory after May 31,  
15 2015, there should be ample time to adjust PECO’s solicitations that extend beyond  
16 May 31, 2015. Thus, PECO’s DSP II does not presume any particular outcome of the  
17 Commission’s Retail Market Investigation, and reflects a prudent balance between  
18 the benefits of achieving price stability for customers with the Commission’s  
19 recommendation to limit extended contracts.

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<sup>3</sup> See *Investigation of Pennsylvania’s Retail Electricity Market: Recommended Directives on Upcoming Default Service Plans*, Docket No. I-2011-2237952 (Order entered December 16, 2011) (“*Default Service Recommendations Order*”), pp. 3-4, 19-21.

1 In addition to explaining PECO’s revised procurement strategy, Mr. McCawley  
2 describes the proposed changes to its contingency requirements in the event of  
3 PECO’s failure to obtain sufficient approved bids for a portion of default service  
4 supply in a solicitation. PECO is not making any changes to its contingency  
5 requirements in the event of supplier default.

6 **16. Q. Has PECO developed an implementation plan as part of its second default**  
7 **service program?**

8 A. Yes. In accordance with the Commission’s regulations, PECO’s DSP II includes a  
9 detailed implementation plan consistent with its revised procurement strategy. In his  
10 testimony, Mr. McCawley explains this implementation plan, including PECO’s  
11 complete schedule of solicitations for its proposed procurements.

12 **17. Q. How did PECO determine that its proposed DSP II is a sound approach to**  
13 **meeting “least cost over time” requirements?**

14 A. PECO engaged The NorthBridge Group to conduct an analysis of the results of its  
15 DSP I procurements and to evaluate PECO’s proposed DSP II. In PECO Statement  
16 No. 3, **Mr. Scott Fisher** of The Northbridge Group presents this analysis and  
17 evaluation. Mr. Fisher reviews the “lessons learned” under DSP I with respect to  
18 procurement issues and discusses how PECO’s proposed revisions to its procurement  
19 plan provide for a “prudent mix” of contracts for all customer classes and are  
20 consistent with “least cost over time” requirements. Mr. Fisher further explains how  
21 PECO’s plan not to procure new block energy contracts reduces risks for residential  
22 customers.

1 **18. Q. Does PECO’s DSP II anticipate a competitive bid process?**

2 A. Yes. The competitive Request for Proposals process under DSP I has been successful  
3 and, in PECO Statement No. 4, **Dr. Chantale LaCasse** of NERA Economic  
4 Consulting, Inc. (“NERA”) explains that PECO will continue to use its competitive  
5 RFP process for procurements in light of the positive experience under DSP I. Dr.  
6 LaCasse also describes certain proposed changes to improve procurement procedures  
7 that PECO is recommending for DSP II. As Dr. LaCasse explains, the improvements  
8 to the RFP process focus on streamlining the solicitation process to reduce  
9 administrative costs and burdens to suppliers in order to encourage additional  
10 participation in the RFP process.

11 **19. Q. Is PECO revising its supply master agreement or other documentation for use**  
12 **with wholesale suppliers in these procurements?**

13 A. Yes. As explained by Mr. McCawley, PECO is updating its supply master agreement  
14 (“SMA”) to reflect various changes in PJM procedures and some improvements and  
15 technical clarifications that are being made in response to PECO’s experience with  
16 wholesale suppliers in DSP I and other developments.

17 **20. Q. Does PECO propose that its wholesale generation affiliates be permitted to**  
18 **participate in its competitive procurements?**

19 A. Yes. As explained by Dr. LaCasse, PECO’s competitive bid process will continue to  
20 comply with the Commission’s codes of conduct and includes protocols to ensure that

1 PECO's wholesale generation affiliates do not receive an advantage in the bidding  
2 process or any other aspect of PECO's default service implementation plan.

3 **21. Q. Is PECO proposing any revisions to its existing default service rate design?**

4 A. Yes. PECO is proposing several changes to simplify and improve its adjustment  
5 process relating to the recovery of default service costs. In PECO Statement No. 5,  
6 **Mr. Alan B. Cohn**, Manager, Revenue Analysis, Regulatory Group, describes  
7 PECO's proposals to reconcile "over/under" collections of default service charges for  
8 residential, small commercial, and medium commercial customers on an annual basis  
9 (instead of quarterly) and to mitigate over/under collection effects for large  
10 commercial and industrial customers. Mr. Cohn also explains PECO's proposal to  
11 incorporate its currently separate Alternative Energy Portfolio Standard Surcharge  
12 into its Generation Supply Adjustment charge along with other default service  
13 charges. In addition to the foregoing, Mr. Cohn explains PECO's elimination of  
14 several expiring rate provisions from its tariff and tariff changes relating to PJM  
15 auction revenue rights and cost recovery of PECO's proposed retail market  
16 enhancements.

17 **22. Q. Please describe PECO's proposed new initiatives to enhance retail competition.**

18 A. During DSP II, PECO is seeking to implement several new initiatives and programs  
19 to support and enhance retail competition. As discussed by Mr. McCawley in his  
20 testimony, PECO is proposing the following competitive enhancements:

- 1 • **Opt-In EGS Offer Program.** Consistent with the Commission's  
2 recommendation in the *Default Service Recommendations Order*, PECO is  
3 proposing to implement an opt-in program in which EGSs will bid to provide  
4 competitive retail electric service to fifty percent (50%) of PECO's non-  
5 shopping residential default service residential customers, who will be  
6 randomly selected by PECO.

7 The program will be implemented through a one-time RFP for twelve-month  
8 retail service offers from EGSs for service beginning on June 1, 2013. EGSs  
9 may submit multiple bids consisting of an offer price and the number of  
10 customers to be served at that price that is at least five percent less than  
11 PECO's price-to-compare for the period beginning June 1, 2013, with a  
12 minimum of 25,000 customers. Bids will be tabulated in ascending order of  
13 price, with the price that results in the cumulative number of potential  
14 customers equaling or exceeding 50% of the non-shopping default service  
15 customers establishing a clearing price.

16 Upon submission and approval of the RFP results by the Commission, the  
17 EGSs who offered a price at or below the clearing price will be assigned a  
18 portion of the customers corresponding to their winning bids. Each EGS will  
19 then send a letter (developed jointly by PECO, the Commission, EGSs, and  
20 the Office of Consumer Advocate) which will include the corporate marks of  
21 both PECO and the EGS to the EGS' assigned customers, explaining the offer  
22 for consideration by the customer. If a customer accepts the offer, an EGS  
23 must enroll that customer and process the customer switch request in

1 accordance with PECO's Electric Generation Supplier Tariff. The cost of the  
2 RFP process and development of the standard offer materials will be  
3 recovered by PECO from the winning EGSs in proportion to the number of  
4 customers allocated to each EGS. In the event that there is not a winning  
5 EGS, the foregoing costs will be recovered by PECO through a discount on  
6 purchased EGS receivables.

7 ***Standard Offer Customer Referral Program.*** As explained by Mr.  
8 McCawley, PECO believes that customers would be best served by a standard  
9 offer customer referral program administered through a statewide call center.  
10 In the event that such a statewide program is not implemented, PECO  
11 proposes to implement a standard offer customer referral program in the form  
12 of a Supplier of the Month program. Each month, participating EGSs will  
13 submit a binding, fixed-price bid to provide electric generation service to  
14 residential default service customers for a twelve-month period beginning  
15 approximately six weeks after the bid date, with the offer available to  
16 customers for thirty days. The EGS with the lowest offer will be selected  
17 from the bids processed by an independent evaluator and identified on  
18 PECO's website, which will be updated monthly.

19 Customers may enroll with the winning EGS through PECO's website or by  
20 telephone using an interactive voice response system ("IVR") maintained and  
21 operated by PECO or a dedicated call center referral group provided by  
22 PECO. As with the Opt-In EGS Offer Program, EGSs will be required to  
23 enter into an agreement to offer standard terms and conditions and comply

1 with the RFP provisions. An EGS will be required to enroll a customer who  
2 accepts its offer and be responsible for processing the customer switching  
3 request in accordance with PECO's Electric Generation Supplier Tariff.  
4 Enrolled customers will be permitted to select another EGS or return to  
5 default service without penalty. At the end of the twelve-month period,  
6 customers will receive a clearly communicated fixed rate offering applicable  
7 for at least three months, during which time the customer may cancel the  
8 agreement without penalty upon thirty days written notice to the EGS.  
9 Winning suppliers will be required to provide notice of this price change and  
10 renewal period in accordance with the Commission's regulations prior to the  
11 end of the twelve-month period. The initial and on-going costs of the  
12 Standard Customer Referral Program will be recovered by PECO through a  
13 discount on purchased EGS receivables.

- 14 • ***New/Moving Customer Referral Program.*** PECO proposes to implement a  
15 New/Moving Customer Referral Program as recommended in the Intermediate  
16 Work Plan after it is approved by the Commission. As explained by Mr.  
17 McCawley, this program will include revised and enhanced call center scripts  
18 promoting shopping and PAPowerSwitch.com. as well as an updated version  
19 of PECO's "New/Mover Kit".
- 20 • ***Use of EGSs in Provision of Time-of-Use ("TOU") Service.*** Consistent with  
21 the *Default Service Recommendations Order*, PECO is soliciting EGS  
22 participation to provide the commodity service associated with PECO's TOU  
23 pilot, which the Commission has previously approved as part of PECO's

1 smart meter program.<sup>4</sup> If interested, an EGS may also bid on the entire  
2 implementation requirement.

- 3 • **Referral of PECO Wind Customers.** As the PECO Wind program is  
4 eliminated, PECO will refer current PECO Wind customers to interested  
5 EGSs who can offer these customers a “green energy” product.
  
- 6 • **Seamless Moves.** PECO will also initiate a collaborative with interested  
7 EGSs to develop technical requirements and cost estimates for system changes  
8 required to permit residential and commercial customers to change their  
9 address of service and maintain EGS service. If EGSs express sufficient  
10 interest in the program, PECO will initiate implementation with costs  
11 recovered through a temporary discount on EGS receivables purchased from  
12 all EGSs.

13 In addition, PECO will continue promotion of shopping through the inclusion of EGS  
14 contact information in PECO newsletters sent with residential and commercial  
15 customer bills.

16 **23. Q. Is PECO taking any other steps as part of DSP II in light of the Commission’s**  
17 **Retail Markets Investigation?**

- 18 A. Yes. The proposed SMA also includes additional acknowledgments by suppliers of  
19 the possibility of changes in default service load in light of the Commission’s Retail  
20 Markets Investigation and its consideration of whether entities other than EDCs

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<sup>4</sup> See *Petition of PECO Energy Company for Approval of its Initial Dynamic Pricing and Customer Acceptance Plan*, Docket No. M-2009-2123944 (Order entered April 15, 2011).

1 should be default service providers in the future, as well as additional retail market  
2 enhancements. In addition, PECO is requesting that the Commission expressly affirm  
3 PECO's right to full and current recovery of all costs of DSP II in accordance with 66  
4 Pa. C.S. § 2807(e)(3.9) in light of the Commission's consideration of possible  
5 changes to the current default service model.

6 **IV. PROPOSED LITIGATION SCHEDULE**

7 **24. Q. Mr. Crowe, what procedural schedule is PECO proposing for this proceeding?**

8 A. In accordance with the nine-month period for approval of a default service plan under  
9 the Public Utility Code, PECO proposes the following schedule for this proceeding:

January 13, 2012	Petition Filing
February 8, 2012	Prehearing Conference
March 15, 2012	Other Parties Direct Testimony Due
April 12, 2012	Rebuttal Testimony Due
May 3, 2012	Surrebuttal Testimony Due
May 15-17, 2012	Hearings
June 14, 2012	Main Briefs
July 3, 2012	Reply Briefs
August 7, 2012	Recommended Decision
August 28, 2012	Exceptions

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September 11, 2012

Reply Exceptions

October 11, 2012

Commission Order

**V. NOTICE**

**25. Q. How will PECO provide notice to its customers of this filing?**

A. PECO is providing extensive public notice of this filing to its customers. First, PECO is including a stand-alone bill insert in all customer bills over a thirty-day period beginning on February 3, 2012. This stand-alone bill insert will notify customers of this filing, where they may obtain copies, and how they may participate in this proceeding by filing comments or complaints with the Commission. Second, PECO is publishing notices containing similar information in all of the major newspapers serving PECO's service territory, and also issuing a press release to all major media (newspapers, television and radio stations) in its service territory. All notices will refer to PECO's website, ([www.peco.com/know](http://www.peco.com/know)), where a copy of the entire filing will be maintained. PECO is also serving copies of this filing on the Pennsylvania Office of Consumer Advocate, the Pennsylvania Office of Small Business Advocate, the Commission's Bureau of Investigation and Enforcement, PJM, and all EGSs registered in PECO's service territory, and requesting the Commission to publish notice of this filing in the *Pennsylvania Bulletin*.

1

**VI. CONCLUSION**

2 **26. Q. Does this conclude your direct testimony?**

3 **A. Yes.**