January 27, 2012

VIA E-FILING & OVERNIGHT MAIL

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


Dear Secretary Chiavetta:

The purpose of this letter is to inform the Commission of the steps PECO Energy Company (“PECO”) is taking to implement the Commission’s recommendation that EDCs contemplate contracting with an EGS to provide time of use (“TOU”) rates. PECO is also providing this letter to propose a procedural course that will enable it to obtain Commission approval of its EGS contractor no later than April 6, 2012. PECO is proposing an April 6 date as it is critical to enabling PECO to take full advantage of its U.S. Department of Energy (“DOE”) Smart Grid Stimulus Grant.

Background

In August 2009, PECO filed an application for assistance with the DOE under its Smart Grid Investment Grant Program for $200 million in matching federal funds. PECO’s grant application included commitments to test dynamic pricing options with customers. By letter dated October 27, 2009, the DOE notified PECO that its application had been selected for the full $200 million Smart Grid matching award.

PECO filed its Initial Dynamic Pricing and Customer Acceptance Plan (“Dynamic Pricing Plan”) with the Commission on October 28, 2010. PECO’s DOE dynamic pricing commitments were reflected in the plan. Following a proceeding before an administrative law judge consistent with the Commission’s rules and the requirements of Act 129 of 2008, the Commission approved PECO’s Dynamic Pricing Plan by order entered April 15, 2011.1

---

Developments Related to the Commission’s Retail Markets Investigation

On April 29, 2011, the Commission launched an investigation into Pennsylvania’s retail electricity market. As part of the investigation, the Commission recommended that “EDCs contemplate contracting with a retail EGS to help satisfy [Act 129’s TOU] statutory requirement.”

Consistent with the Commission’s recommendation, in November 2011 PECO conducted an EGS webinar and conference call to determine EGS interest in partnering with PECO to offer dynamic pricing to smart meter-enabled customers. Following the Commission’s issuance of its Final Order containing recommendations regarding upcoming default service plans, on January 17, 2012 PECO issued a request for interested EGSs to provide non-binding notice of their intent to bid as a contractor for PECO’s Dynamic Pricing Plan. A number of suppliers responded, and on January 24 PECO issued a Request for Proposals (“RFP”) to these EGSs.

Proposed Procedural Course

Responses to PECO’s RFP are due on February 15 and PECO plans to complete its vendor selection process by March 1. PECO plans to file a petition for expedited approval of its vendor selection on March 8 and, as noted above, will request approval by the Commission of its vendor selection by April 6 so that PECO will be able to maximize its Smart Grid Stimulus Grant funding. Consistent with its longstanding practice, PECO will discuss its plans with stakeholders at its next regularly scheduled stakeholder meeting on February 22 in Harrisburg. If the EGSs do not express further interest in partnering with PECO to offer dynamic rates to customers, PECO will notify the Commission and seek expedited approval to implement its program under the originally approved approach, with certain modifications.

Please feel free to contact me at the above number if you have any questions or require additional information.

Very truly yours,

Anthony F. Gay
Associate General Counsel

cc: Karen Oill Moury, Director of Regulatory Operations

Certificate of Service

BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION

PETITION OF PECO ENERGY COMPANY FOR APPROVAL OF ITS SMART METER TECHNOLOGY PROCUREMENT AND INSTALLATION PLAN - PETITION FOR APPROVAL OF PECO ENERGY COMPANY'S INITIAL DYNAMIC PRICING AND CUSTOMER ACCEPTANCE PLAN

DOCKET NO. M-2009-2123944

SERVICE LIST

First Class Mail and E-Mail

Thomas P. Gadsden
Anthony C. DeCusatis
Catherine G. Vasudevan
Morgan, Lewis & Bockius LLP
1701 Market Street
Philadelphia, PA 19103-2921
tgadsden@morganlewis.com
adecusatis@morganlewis.com
cvasudevan@morganlewis.com

Counsel for PECO Energy Company

Tanya J. McCloskey
Senior Assistant Consumer Advocate
Jennedy S. Johnson
Assistant Consumer Advocate
Office of Consumer Advocate
555 Walnut Street
5th Floor, Forum Place
Harrisburg, PA 17101-1923
	tmccloskey@paoca.org
	jjohnson@paoca.org
	jhorner@paoca.org

Sharon E. Webb
Assistant Small Business Advocate
Office of Small Business Advocate
Suite 1102, Commerce Building
300 North Second Street
Harrisburg, PA 17101
swebb@state.pa.us
Daniel Clearfield  
Deanne M. O’Dell  
Eckert Seamans Cherin & Mellott, LLC  
213 Market Street, 8th Floor  
Harrisburg, PA 17108-1248  
dclearfield@eckertseamans.com  
dodell@eckertseamans.com

Counsel for the Retail Energy Supply Association, Direct Energy Services, LLC and Direct Energy Business, LLC

Charis Mincavage  
Adeolu Bakare  
McNees Wallace & Nurick LLC  
100 Pine Street  
P.O. Box 1166  
Harrisburg, PA 17108-1166  
cmincavage@mwn.com  
abakare@mwn.com

Counsel for the Philadelphia Area Industrial Energy Users Group

Anthony E. Gay, Esquire  
Associate General Counsel  
PECO Energy Company  
2301 Market Street, P.O. Box 8699  
Philadelphia, PA 19101-8699  
215.841.4635

Counsel for PECO Energy Company

Dated: January 27, 2012