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February 1, 2012

Via E-Filing

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

**Re: Investigation of Pennsylvania's Retail Electricity Market:
Intermediate Work Plan - Docket No. I-2011-2237952**

Dear Secretary Chiavetta:

Enclosed for filing please find the Reply Comments of PECO Energy Company on the Commission's Tentative Order. Copies have been served as indicated on the attached Certificate of Service.

Very truly yours,



Jeanne J. Dworetzky
Assistant General Counsel

JEG/adz

Enc.

Cc: Parties on the Attached Certificate of Service

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

Investigation of Pennsylvania's Retail Electricity Market: Intermediate Work Plan : **Docket No. I-2011-2237952**

**REPLY COMMENTS OF PECO ENERGY COMPANY
ON THE COMMISSION'S TENTATIVE ORDER**

Pursuant to the Pennsylvania Public Utility Commission's (the "Commission") December 16, 2011 Tentative Order in the above-referenced docket, PECO Energy Company ("PECO" or the "Company") hereby replies to the comments submitted by other parties on the Commission's proposed intermediate work plan (the "Tentative Order").

A. Excluding PECO's CAP Customers From The Company's Customer Referral Programs And Retail Opt-In Auction Is Appropriate At This Time

A number of electric distribution companies ("EDCs") and electric generation suppliers ("EGSs") proposed that customers enrolled in a Customer Assistance Program ("CAP") be eligible for customer referral programs or retail opt-in auction programs.¹ The Company understands that different EDCs have different CAP structures, some of which accommodate shopping customers. However, as explained in the Company's Comments filed on January 17, 2012, PECO's CAP customers would lose their CAP eligibility if they decided to shop (whether as a result of a referral program, opt-in auction, or some other reason).² For that reason, PECO has proposed to exclude CAP customers from the customer referral and retail opt-in auction programs that are pending before the Commission as part of the Company's January 13, 2012

¹ See, e.g., PPL Electric Utilities Corp. ("PPL") Comments, pp. 11, 16; Duquesne Light Company ("Duquesne") Comments, pp. 11, 20; FirstEnergy Solutions Corp. ("FES") Comments, pp. 4, 9; Constellation NewEnergy, Inc. and Constellation Energy Commodities Group, Inc. ("Constellation") Comments, pp. 6, 8.

² See PECO Comments, pp. 7, 11.

default service plan filing (“*PECO DSP II*”).³ PECO agrees with the Office of Consumer Advocate (“OCA”) that the complex issue of CAP customers and shopping should be explored in the low-income working group for the retail market initiative (“RMI”).⁴

B. PECO Supports The Commission’s Recommendation To Include A Standard Offer Program As Part Of An EDC’s Next Default Service Plan

In the Tentative Order, the Commission recommended that EDCs include a Standard Offer Program in their upcoming default service plans with the expectation that “detailed implementation/logistical elements will be determined during the default service plan proceeding for each EDC.”⁵ Consistent with that recommendation, PECO proposed a Standard Offer Program in *PECO DSP II* to be implemented in August or September of 2013.⁶

The Retail Energy Supply Association (“RESA”) and Direct Energy Services, LLC (“Direct Energy”) submitted comments arguing that the Standard Offer Program should be implemented in the fall of 2012 given, among other things, the significant discussions that have already taken place in the RMI sub-groups focusing on this issue.⁷ PECO continues to believe that it is appropriate for Standard Offer Programs to be proposed, considered and finalized in the proceedings dedicated to each EDC’s upcoming default service plan. In addition, the implementation timeframe proposed by RESA and Direct Energy is simply not feasible and, given the default service plans currently pending before the Commission, it would be disruptive to the active proceedings in which Standard Offer Programs are already being considered.⁸

³ See Docket No. P-2012-2283641.

⁴ See OCA Comments, pp. 7, 16-17; see also Tentative Order, p. 24 (noting that the merits of opt-in auctions for CAP customers remains unclear and that CAP customer shopping will be discussed as part of the RMI).

⁵ See Tentative Order, pp. 20-21.

⁶ See PECO Comments, pp. 4-6.

⁷ See RESA Comments, pp. 5-7; Direct Energy Comments, pp. 5-6.

⁸ See, e.g., Docket No. P-2011-2273650 (Metropolitan Edison Company); P-2011-2273668 (Pennsylvania Electric Company); P-2011-2273669 (Pennsylvania Power Company); and P-2011-2273670 (West Penn Power Company).

Although RESA and Direct Energy are correct that the Standard Offer Program has been the subject of significant discussion in the RMI process, no consensus has emerged from that discussion, which may explain why the vast majority of parties submitting comments in response to the Tentative Order did not object to the Commission's recommended implementation timeframe.

RESA also states that, should the Commission fail to adopt its 2012 implementation schedule: (1) further consideration should be given to requiring additional operational protocols which would enable EDCs to process enrollments within their systems similar to New York's customer referral programs; and (2) the Commission should direct EDCs to immediately implement a direct mail program similar to the one recently implemented for Metropolitan Edison Company ("Met-Ed") and Pennsylvania Electric Company ("Penelec").⁹ PECO disagrees with both of these recommendations.

Regarding customer enrollment, adopting New York protocols would require the development and implementation of a new, separate process whereby PECO would be the originator of enrollments instead of processing enrollment requests from EGSs (which is PECO's current process). Although RESA does not explain its preference for the New York protocols, RESA may believe they will significantly compress the time need to accomplish enrollments. As part of PECO's Standard Offer Program, however, the Company has already proposed to compile and transmit enrollment information to EGSs *on a daily basis*.¹⁰ Thus, the time and expense to implement a brand new enrollment process is simply unnecessary. As to the Met-Ed/Penelec direct mailings, the Company believes RESA's proposal is duplicative in light of the

⁹ See RESA Comments, pp. 7-8.

¹⁰ See PECO Comments, p. 6.

three mailings already proposed by the Commission as part of its consumer education plan which has broad stakeholder support.

C. PECO Supports The Commission's Recommendation To Limit The Standard Offer Program And Retail Opt-In Auction To Residential Customers

In the Tentative Order, the Commission recommended that both the Standard Offer Program and Retail Opt-In Auction be limited to residential customers.¹¹ The Commission reasoned that shopping levels among residential customers were less than those for commercial customers, and also noted that the commercial customer representatives were skeptical about the need and appropriateness of opt-in auctions.¹² Consistent with that recommendation, PECO proposed a Standard Offer Program and Retail Opt-In Auction for residential customers only in *PECO DSP II*.

Several EGSs submitted comments arguing that small commercial customers should be included in these programs.¹³ The Company continues to support the Commission's recommendation on this issue. The small commercial customer population is far less homogenous than the residential population and also comprises several different tariff rates. As a consequence, programs involving these customers would necessarily be more complex as different "offers" would have to be designed, solicited and marketed to different subsets of this group of customers. In addition, in PECO's service territory small commercial shopping is nearly twice that of residential shopping and is growing every week. Accordingly, PECO believes the Commission's recommendation on this issue is appropriate at this time.

¹¹ See Tentative Order, pp. 21, 25.

¹² See Tentative Order, pp. 24-25.

¹³ See, e.g., Direct Energy Comments, pp. 6, 8-10 (addressing both programs); Washington Gas Energy Services, Inc. ("WGES") Comments, pp. 4-5 (addressing both programs); FES Comments, pp. 8-9 (addressing the Retail Opt-In Auction); RESA Comments, p. 6 (addressing the Standard Offer Program).

D. PECO Supports The Commission’s Recommendation That Retail Opt-In Auctions Occur Before Customer Enrollment

In the Tentative Order, the Commission recommended that opt-in auctions occur before customer enrollments. The Commission reasoned that it was unlikely that non-shopping customers would volunteer to enroll without knowing the exact price they would be paying.¹⁴ In *PECO DSP II*, consistent with that recommendation, PECO proposed a Retail Opt-In Auction Program where the opt-in auction occurs before customer enrollment.

Several EGSs submitted comments arguing that customer enrollment should occur before the auction because knowing the level of customer interest would reduce the risk and uncertainty faced by prospective bidders.¹⁵ In addition, customers could be provided with some general information about the nature of the discount they may see prior to enrollment. PECO continues to believe that is appropriate for customers to have full knowledge of the offer price, terms and conditions before deciding whether to enroll, and notes that a diverse array of parties, including OCA, other EDCs and EGSs, share its position.¹⁶

E. In The Absence Of Specific Customer Authorization, It Is Not Appropriate To Release Bills Of Prospective Customers To EGSs

In the Tentative Order, the Commission inquired about the ability of EDCs to provide EGSs with actual bills of their *existing customers* as well as the means by which customers provide consent for that release.¹⁷ PECO explained in its Comments that, upon request, it will provide redacted copies of specific customer bills to the EGS actively serving the customer’s

¹⁴ See Tentative Order, pp. 30-32.

¹⁵ See, e.g., Direct Energy Comments, pp. 13-14; Dominion Retail, Inc. (“Dominion”) Comments, p. 7; Constellation Comments, pp. 9-10; WGES Comments, p. 6; Pennsylvania Energy Marketers Coalition (“PEMC”) Comments, p. 11.

¹⁶ See, e.g., OCA Comments, p. 19; FirstEnergy Utilities Comments, pp. 23-24; Exelon Generation Company (“ExGen”) Comments, pp. 4-5; Duquesne Comments, pp. 23-24; FES Comments, pp. 11-12; PPL Comments, p. 17.

¹⁷ See Tentative Order, pp. 47-48.

account for the requested bill period. PECO only furnishes those portions of the bill relevant to EGS charges and does not require the EGS to submit a letter of authorization (“LOA”) or other documentation in order to obtain this information. If an EGS desires a customer’s entire bill, it may request the bill from the customer directly.¹⁸

RESA’s comments on this issue appear to be broader in scope, referring to both existing EGS customers and “prospective” customers. In particular, RESA states that “EGSs requesting data should be assumed to have the proper authorization from the customer.”¹⁹ PECO does not agree with RESA’s statement and refers the Commission to its previous comments regarding existing EGS customers. With regard to prospective EGS customers, PECO does not believe that EGSs should be able to obtain specific customer bills (or any portion thereof) without specific authorization from those customers.

F. EDCs Should Not Be Required To Record And Monitor EGS Requests For Customer Information

After responding to the Commission’s inquiry about release of customer bills, the Industrial Customer Groups made a broader proposal concerning the release of customer information. In particular, they argued that if a customer has chosen to restrict all or part of its information from the Eligible Customer List, then the customer’s EDC should maintain information concerning: (1) which EGSs have been authorized to access the customer’s information; and (2) which EGSs have accessed the customer’s information.²⁰

PECO believes that this proposal is both inconsistent with existing Commission policy and would impose an unreasonable burden on EDCs. Under existing policy, EGSs are expected to obtain any required customer authorizations for the release of customer information and are

¹⁸ See PECO Comments, pp. 13-14.

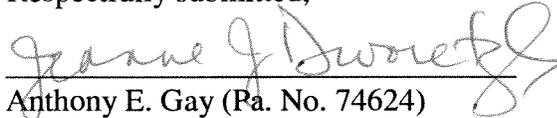
¹⁹ See RESA Comments, p. 18.

²⁰ See Industrial Customer Groups Comments, p. 4.

subject to audits by Commission Staff. Because EDCs are not required to police EGS activity, PECO does not currently record and monitor EGS requests for customer information in a manner that would allow it to provide the kind of information requested by the Industrial Customer Groups. If a customer is concerned that unauthorized EGSs have accessed his or her information, the appropriate course of action is to report the concern to the Commission. Finally, PECO notes that requiring EDCs to collect and maintain detailed information about EGS requests for customer information would impose a significant administrative burden.

PECO appreciates the opportunity to comment on these important matters and respectfully asks that the Commission consider the foregoing Reply Comments.

Respectfully submitted,



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February 1, 2012

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

Investigation of Pennsylvania's Retail : Docket No. I-2011-2237952
Electricity Market: Intermediate Work Plan :

CERTIFICATE OF SERVICE

I hereby certify and affirm that I have this day served a copy of the **Reply**

Comments of PECO Energy Company on the following persons in the matter specified

in accordance with the requirements of 52 Pa. Code § 1.54:

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Dated: February 1, 2012