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PA PUBLIC UTILITY COMMISSION
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April 24, 2012

VIA FEDERAL EXPRESS

Rosemary Chiavetta, Secretary
Pennsylvania Public Utility Commission
Commonwealth Keystone Building
P.O. Box 3265
400 North Street
Harrisburg, PA 17105-3265

Re: Petition of PECO Energy Company for Approval of Its Default Service Program
Docket No. P-2012-2283641

Dear Secretary Chiavetta:

Enclosed for filing in the above-referenced proceeding, on behalf of PECO Energy Company, are an original and three copies of the **Motion for Leave to Submit the Supplemental Direct Testimony of Dr. Chantale LaCasse** (PECO Energy Company Statement No. 4-S). As indicated by the Certificate of Service, the Supplemental Direct Testimony has been served on all parties of record, as well as Administrative Law Judge Dennis J. Buckley.

Very truly yours,



Kenneth M. Kulak

KMK/tp
Enclosures

cc: Per Certificate of Service (w/encls.)

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PA PUBLIC UTILITY COMMISSION
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**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

**PETITION OF PECO ENERGY COMPANY :
FOR APPROVAL OF ITS DEFAULT : DOCKET NO. P-2012-2283641
SERVICE PROGRAM :**

**MOTION FOR LEAVE TO SUBMIT
SUPPLEMENTAL DIRECT TESTIMONY OF DR. CHANTALE LACASSE**

On June 16, 2011, Pennsylvania's Office of Small Business Advocate ("OSBA") filed a document with the Pennsylvania Public Utility Commission (the "Commission") captioned Office of Small Business Advocate's Petition Seeking Intervention, Complaint Seeking Investigation, and Petition for Declaratory Order (the "Petition"). The OSBA's Petition purported to have been triggered by the proposed merger of Constellation with Bolt Acquisition Corporation, a Maryland corporation and wholly-owned subsidiary of Exelon, the parent company of PECO Energy Company ("PECO"), which the OSBA alleged might, at some point in the future, have an adverse effect on retail electric and natural gas competition in Pennsylvania.

On April 6, 2012, Exelon and the Office of Consumer Advocate (the "OCA") entered into a stipulation (the "Stipulation") regarding the OSBA's Petition.¹ As a part that Stipulation, Exelon agreed that PECO would file supplemental direct testimony in its second default service program ("DSP II") proceeding to augment its proposal regarding the provision of redacted

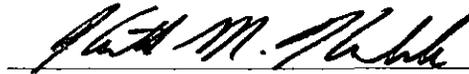
¹ A copy of the Stipulation has been filed in the OSBA Petition proceedings. See (I) *Petition of the Office of Small Business Advocate (OSBA) Seeking Intervention by the Pennsylvania Public Utility Commission in Proceedings Before the Federal Energy Regulatory Commission Regarding the Proposed Merger of Exelon Corporation and Constellation Energy Group*; (II) *Complaint of the OSBA Seeking an Investigation by the Commission into the Proposed Merger*; and (III) *Petition of the OSBA for a Declaratory Order (A) Confirming Exelon Corporation Must Seek Prior Commission Approval of the Transfer of Its Electric and Natural Gas Generation Supplier Licenses or Assignment of Customer Contracts and (B) Directing Constellation Energy Group to Notify the Commission of the Proposed Merger and File Amended License Applications*, Docket No. P-2011-2247936 (filed April 6, 2012).

reports to PECO by the Independent Evaluator concerning the results of PECO's DSP II procurements. Under the Stipulation, PECO agreed to propose that the OCA also receive a copy of the same redacted reports.

Consistent with the Stipulation, PECO hereby moves for leave to file supplemental direct testimony of Dr. Chantale LaCasse, attached as Exhibit A, which describes the proposed DSP II modification required to implement the Stipulation. Given the limited nature of the testimony and modification, PECO believes that any issues associated with the modification can be adequately addressed in future testimony under the established schedule in this proceeding and no changes to the schedule are required.

WHEREFORE, for the reasons set forth above, the Commission should grant PECO's Motion for Leave to File Supplemental Direct Testimony.

Respectfully submitted,



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For PECO Energy Company

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EXHIBIT A

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**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

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

DOCKET NO. P-2012-2283641

SUPPLEMENTAL DIRECT TESTIMONY

WITNESS: CHANTALE LACASSE

**SUBJECT: PROCUREMENT REPORT OF
 INDEPENDENT EVALUATOR**

DATED: APRIL 24, 2012

1 SUPPLEMENTAL DIRECT TESTIMONY
2 OF
3 CHANTALE LACASSE

4 I. INTRODUCTION AND PURPOSE OF TESTIMONY

5 1. Q. Please state your full name and business address.

6 A. My name is Chantale LaCasse. My business address is 1255 23rd St. N.W.,
7 Washington, D.C. 20037.

8 2. Q. Have you previously submitted testimony in this proceeding?

9 A. Yes. I submitted direct testimony that is marked as PECO Statement No. 4. My
10 background and qualifications are set forth in that statement.

11 3. Q. What is the purpose of your supplemental testimony?

12 A. On April 6, 2012, Exelon Corporation (“Exelon”), the parent company of PECO
13 Energy Company (“PECO”), entered into a stipulation (the “Stipulation”) with the
14 Pennsylvania Office of Consumer Advocate (“OCA”) in a separate proceeding before
15 the Pennsylvania Public Utility Commission (the “Commission”).¹ The Stipulation
16 requires a modification to the Request for Proposals (“RFP”) Protocol attached as
17 Exhibit CL-3 to my direct testimony. My supplemental direct testimony describes the
18 modification and PECO Ex. CL-1S provides the amended pages to the RFP Protocol.

¹ See Stipulation, (I) *Petition of the Office of Small Business Advocate (OSBA) Seeking Intervention by the Pennsylvania Public Utility Commission in Proceedings Before the Federal Energy Regulatory Commission Regarding the Proposed Merger of Exelon Corporation and Constellation Energy Group*; (II) *Complaint of the OSBA Seeking an Investigation by the Commission into the Proposed Merger*; and (III) *Petition of the OSBA for a Declaratory Order (A) Confirming Exelon Corporation Must Seek Prior Commission Approval of the Transfer of Its Electric and Natural Gas Generation Supplier Licenses or Assignment of Customer Contracts and (B) Directing Constellation Energy Group to Notify the Commission of the Proposed Merger and File Amended License Applications*, Docket No. P-2011-2247936 (filed April 6, 2012).

1 **4. Q. Please describe the modification.**

2 A. As I explained in my direct testimony, NERA Economic Consulting, Inc. (“NERA”) serves as the Independent Evaluator for PECO’s default service supply procurements under PECO’s current default service program (“DSP I”). The RFP Protocol approved by the Commission in DSP I establishes how NERA manages the default supply RFP process, including communications with potential suppliers, PECO, and Commission staff.

8 In DSP II, I prepared a revised RFP Protocol which includes a new provision stating that a report regarding each default supply solicitation that NERA provides to the Commission on a confidential basis will also be provided to PECO in redacted form. The redacted report is intended to assist PECO in assessing whether the default supply products offered could be improved in future procurement plans and to assist PECO in finalizing its contingency plans should the results of any solicitation be rejected by the Commission.

15 In accordance with the terms of the Stipulation,² PECO is also proposing that the redacted report be provided to the OCA. In order to implement the Stipulation, Section XV.C of Exhibit CL-3 is amended to include the following additional sentence: “The report, marked “Highly Confidential”, will also be provided to the OCA, at the same time and in the same form as PECO receives the report.” The

² See Stipulation, p. 6 (providing that “PECO shall, through the submission of supplemental testimony, augment its proposal to [the Commission] in *Petition of PECO Energy Company for Approval of Its Default Service Program*, Docket No. P-2012-2283641 to provide that the OCA shall receive a copy of the procurement report of the Independent Evaluator (IE), which the IE has agreed to provide to PECO, at the same time and in the same form as PECO receives the report.”).

1 report will be subject to confidentiality protections and other limitations established
2 in the Stipulation and the protective order entered at Docket No. P-2011-2247936.

3 **5. Q. Dr. LaCasse, does this conclude your supplemental direct testimony?**

4 A. Yes.

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PECO Exhibit CL-1S

- Review with the IE of modifications to credit instruments proposed by bidders (once the IE has redacted the identity of the prospective supplier) to determine whether the modifications are non-material in nature;
- Review with the IE of alternate guaranty forms to determine whether the alternate guaranty form provides the same protection as the standard Form of Guaranty;
- Review with the IE of bid security (once the IE has redacted the identity of the bidder and the amount) to determine whether the bid security instruments follow the standard formats or only include approved changes.

In addition, and assuming the Commission approves the results of a solicitation, the IE will provide PECO with the information necessary to administer the winning contracts, namely the identity of the approved suppliers, the amount that they will supply of each product, and the supplier-specific price for each product (which is the average of the supplier's approved bids for that product).

In addition to the information that it needs to administer the contracts, PECO will have access to certain additional information to assist it in assessing whether the products offered could be improved in future procurement plans and to assist it in finalizing its contingency plans should the results of any solicitation be rejected by the Commission. The Independent Evaluator, at the conclusion of each solicitation, will provide PECO and the Pennsylvania Office of Consumer Advocate ("OCA") with a redacted version of the report it provides to the Commission. The redaction will ensure that PECO does not have access to information concerning losing bids of specific bidders. This redacted report is discussed in more detail in Section XV. C of this Protocol.

The Commission's regulations at §§54.186(c)(5) specifically provide as follows:

"The bids submitted by a supplier in response to a competitive bid solicitation process shall be treated as confidential pursuant to the confidentiality agreement approved by the Commission pursuant to §§ 54.185(D)(6). The DSP, the Commission, and a third party

include the winning bids determined during the evaluation. Following the submission of the report by the IE:

- The PUC will have one (1) business day to consider the report of the IE and to approve or reject each of the winning bids. If the PUC does not act within one (1) business day, the winning bids are deemed to be approved.
- The IE will notify all bidders that have approved bids. The IE provides to PECO the name of each approved supplier, and for each such supplier, the number of tranches won by the supplier and the supplier-specific price for each product. The supplier-specific price for a given product is the average of the supplier's approved bids for that product.
- If a bidder is not awarded tranche(s), the IE will return two (2) signed originals of the Default Service SMA, and the guaranty to the bidder within two (2) business days after the Bid Date.
- PECO is not provided with information concerning losing bids.

XV. C. Provision of Redacted Final Report to PECO

To assist PECO in assessing whether the products offered could be improved in future procurement plans and to assist it in finalizing its contingency plans should the results of any solicitation be rejected by the Commission, PECO will be provided with certain additional information. Namely, PECO will be provided with a redacted version of the factual report provided to the Commission on the results of the solicitation. The report will be redacted so that PECO will not receive information about bids that is bidder-specific or proposal information that a bidder may consider confidential or proprietary. The report will be provided at the conclusion of the solicitation, namely when all contracts with winning suppliers that are approved by the Commission have been executed. The report, marked "Highly Confidential", will also be provided to OCA, at the same time and in the same form as PECO receives the report.

Any bidder-specific information that is not relevant to PECO's assessment of the products offered or to its contingency plan will be redacted to the extent that the bidder could reasonably believe such information to be confidential. Analysis of the bidding data that

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SERVICE PROGRAM :**

CERTIFICATE OF SERVICE

I hereby certify and affirm that I have this day served a copy of the **Motion for Leave to Submit the Supplemental Direct Testimony of Dr. Chantale LaCasse** on behalf of PECO Energy Company on the following persons in the matter specified in accordance with the requirements of 52 Pa. Code § 1.54.

VIA ELECTRONIC MAIL AND FIRST CLASS MAIL

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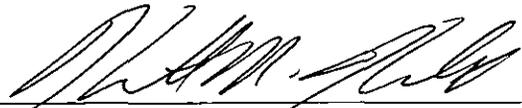
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