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March 25, 2013

VIA eFILING

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

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

**Petition of Duquesne Light Company for Approval of Default Service Plan for the
Period June 1, 2013 Through May 31, 2015 - Docket No. P-2012-2301664**

**Joint Petition of Metropolitan Edison Company, Pennsylvania Electric Company,
Pennsylvania Power Company and West Penn Power Company for Approval of
Their Default Service Programs - Docket No. P-2011-2273650, P-2011-2273668,
P-2011-2273669 and P-2011-2273670**

**Petition of PPL Electric Utilities Corporation for Approval of a Default Service
Program and Procurement Plan - Docket No. P-2012-2302074**

Dear Secretary Chiavetta:

Enclosed for filing are the **Comments of PECO Energy Company to the Commission's
March 14, 2013 Tentative Order on Reconsideration of Retail Opt-In Programs** (the
"Comments").

Rosemary Chiavetta, Secretary
March 25, 2013
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As indicated on the attached Certificate of Service, copies of the Comments are being served on the Administrative Law Judge and all parties of record to all listed proceedings.

Sincerely,



Thomas P. Gadsden

TPG/tp
Enclosures

c: Per Certificate of Service
Office of Special Assistants

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

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

CERTIFICATE OF SERVICE

I hereby certify and affirm that I have this day served copies of the **Comments of PECO Energy Company to the Commission's March 14, 2013 Tentative Order on Reconsideration of Retail Opt-In Programs** on the following persons in the matter specified in accordance with the requirements of 52 Pa. Code § 1.54.

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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 :**

**COMMENTS OF PECO ENERGY COMPANY
TO THE MARCH 14, 2013 TENTATIVE ORDER ON RETAIL OPT-IN PROGRAMS**

I. INTRODUCTION

PECO Energy Company (“PECO” or “the Company”) hereby submits its Comments on the Tentative Order (“Tentative Order”) entered by the Pennsylvania Public Utility Commission (the “Commission”) on March 14, 2013 in the above-referenced docket. In the Tentative Order, the Commission announced its proposed plan to suspend implementation of Retail Opt-In (“ROI”) Programs so that the Standard Offer Customer Referral Programs (“Standard Offer Programs”) offered by PECO and other large electric distribution companies (“EDCs”) may move forward without potential customer confusion. By its Tentative Order, the Commission also directed PECO and other EDCs to immediately suspend the implementation of their ROI Programs.

PECO has ceased implementing its ROI Program and does not oppose continued postponement as proposed in the Tentative Order. However, in light of the Commission’s prior orders directing PECO to implement an ROI Program in time to allow eligible customers to receive electric generation service from participating electric generation suppliers (“EGSs”) by June 1, 2013, PECO has already incurred costs to undertake various information technology changes needed to implement key program features directed by the Commission. PECO, therefore, requests that any final order suspending its ROI Program address how PECO will

recover the costs it has incurred to date if the ROI Program is not subsequently implemented or if the Commission continues to suspend the program for an extended period of time.

II. BACKGROUND

On October 12, 2012, the Commission entered an Opinion and Order (the “October 2012 Order”) approving, with modifications, PECO’s proposed Default Service Program for the period from June 1, 2013 to May 31, 2015. In accordance with the guidance provided by the Commission in its investigation of Pennsylvania’s retail electric markets (“Retail Markets Investigation”),¹ PECO’s proposed Default Service Program included a variety of retail market enhancements, including an ROI Program and a Standard Offer Program (collectively, the “RME Programs”). In the October 2012 Order, the Commission directed PECO to revise its ROI Program to include commercial customers with annual peak loads less than 25 kW and to offer a twelve-month product consisting of a fifty dollar bonus, a four-month guaranteed discount of 5% off PECO’s Price-to-Compare at the time of enrollments, and an EGS-provided fixed price for the remaining eight months. *Id.*, pp. 90-91. The Commission also identified several items for PECO to discuss with interested parties, including: (1) the role of the independent monitor and the selection of EGSs and associated customer assignment; (2) the terms and conditions of the ROI Program Request for Proposals and Program Rules (the “Opt-In Rules”); and (3) recovery of program costs. In its directions to PECO and interested parties, the Commission required revised proposals within sixty days and emphasized that “time is of the essence.” *Id.*, pp. 91 & 107.

In the course of collaborative meetings convened with interested parties, PECO and the participating parties reached consensus on a number of issues relating to the ROI Program,

¹ See, e.g., Final Order, *Investigation of Pennsylvania’s Retail Electricity Market: Intermediate Work Plan*, Docket No. I-2011-2237952 (Order entered March 1, 2012).

including mechanisms for EGS participation and allocation of eligible customers to EGSs as well eliminating the need for an independent monitor. On December 11, 2012, PECO filed its First Revised Default Service Plan Compliance Filing (“Revised Plan”), which implemented the Commission’s directives regarding ROI Program eligibility and the composition of the ROI product as well as certain recommendations developed by the collaborative participants. The Commission approved the Revised Plan, with modifications, in its Opinion and Order entered February 14, 2013 (the “February 2013 Order”).

In response to the revisions directed by the Commission in the February 2013 Order, PECO filed its Second Revised Default Service Plan (“Second Revised Plan”) on February 28, 2013. As approved in the February 14 DSP Order, the Second Revised Plan provides that PECO will recover RME Program costs from EGSs participating in those programs up to a maximum of \$1.00 per allocated customer for the Opt-In Program and \$30.00 per enrolled customer for the Standard Offer Program. The Second Revised Plan further provides that the responsibility for any program costs not recovered in that fashion will be shared equally by residential and commercial default service customers (as an increase to the Price-to-Compare) and by all EGSs participating in PECO’s POR program (as a discount to the amount PECO’s pays to purchase those EGSs’ accounts receivables). The Second Revised Plan is presently pending before the Commission.²

III. COMMENTS ON THE TENTATIVE ORDER SUSPENDING OPT-IN PROGRAMS

In the Tentative Order, the Commission provided notice of its intent to reconsider the implementation schedule for the ROI Programs to be offered by PECO and other EDCs. The

² The Office of Consumer Advocate (“OCA”) and the Office of Small Business Advocate (“OSBA”) filed comments to the Second Revised Plan. See *Office of Consumer Advocate, Comments to the Second Revised Default Service Plan Compliance Filing of February 28, 2013* (filed March 11, 2013) and *Office of Small Business Advocate, Comments on the Second Revised Default Service Plan Filing* (filed March 13, 2013). PECO filed comments I reply to the OCA and OSBA on March 22, 2013.

Commission noted its concern that implementing the ROI Programs close in time to the Standard Offer Programs may create customer confusion. Tentative Order, pp. 2-3. Accordingly, the Commission directed PECO and the other affected EDCs to immediately postpone the implementation of their ROI Programs until it completed its reconsideration, while allowing the Standard Offer Programs to move forward on a stand-alone basis. *Id.* at 3. The Commission stated further that it “will revisit the ROI Program” after it “[has] had the opportunity to consider the ongoing results of the Standard Offer Referral Program.” *Id.*

PECO does not oppose postponing the implementation of its ROI Program as directed in the Tentative Order. However, before postponing its ROI Program, PECO incurred expenses to make changes to its information technology needed to implement the Opt-In Program in time to allow participating customers to receive generation supply from EGSs by June 1, 2013, as the Commission directed in its October 2012 and February 2013 Orders.³ In its final Order, the Commission should address how PECO will fully recover these costs in the event that the ROI Program is not implemented or if the program remains suspended for an extended period of time.

³ The information technology changes that PECO began to implement relate solely to the ROI Program and cannot be adopted to upgrade PECO’s information technology for any other purpose.

IV. CONCLUSION

PECO appreciates the opportunity to comment on the Tentative Order and respectfully requests that the Commission, in developing its final Order, consider and address the Company's comments set forth herein.

Respectfully submitted,



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