

COMMONWEALTH OF PENNSYLVANIA



OFFICE OF CONSUMER ADVOCATE

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April 1, 2009

James J. McNulty
Secretary
Pennsylvania Public Utility Commission
Commonwealth Keystone Building
400 North Street
Harrisburg, PA 17120

RE: Petition of PECO Energy Company For
Approval to Procure Solar Alternative
Energy Credits
Docket No. P-2009-2094494

Dear Secretary McNulty:

Enclosed for filing is the Prehearing Memorandum of the Office of Consumer Advocate,
in the above-referenced proceeding

Copies have been served as indicated on the enclosed Certificate of Service.

Respectfully Submitted,

A handwritten signature in black ink, appearing to read 'D. Wong'.

Darlene R. Wong
Assistant Consumer Advocate
PA Attorney I.D. # 87381

Enclosures

cc: Honorable Charles E. Rainey, Jr.

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II. Issues and Sub-issues

The OCA has preliminarily identified the following factual and legal issues:

A. Need for a Bid Cap: PECO's RFP does not appear to call for a bid cap. A confidential bid cap may be necessary at this time, where a market for competitively priced solar AECs may not be sufficiently developed. The OCA will examine the need for a bid cap and methodologies to establish the cap.

B. Winning Bid Approval Process: PECO has proposed three business days for the Commission to review and approve the bids. Because this is the first EDC proposal for solar AEC procurement under AEPS that comes before the Commission, it would be unreasonable and unnecessary to truncate the Commission's review process in this manner. The market for solar AECs is not the same volatile energy market in which short-term default service procurements are made. The OCA will explore reasonable and appropriate procedures for the review and approval of selected bids.

C. The Supply Master Agreement: PECO proposes to allow bidders to change the solar AEC Agreement as part of the bidder qualification process, yet at the same time proposes the solar AEC Agreement be pre-approved as an affiliated interest agreement. The OCA submits it would be unreasonable to allow changes to the solar AEC agreement during the bidder qualification process, especially where affiliates may change the agreement without Commission review of those changes. The OCA will consider the reasonableness of the Supply Master Agreement and whether a process should be developed for changes, with Commission approval, to the Supply Master Agreement.

D. Quantities of Solar AECs to be Procured: PECO's Petition is unclear whether the proposed procurement would be solely on behalf of its default service customer or all customers. This should be clarified so that the procurement quantities and related costs can be properly determined. The OCA will also examine whether the quantities of solar AECs sought to be procured are reasonable.

E. Publicly Available Cost Information: PECO's Petition does not include any proposal to inform the public or its ratepayers regarding the results of its bid solicitation for solar AECs. Because it is ratepayers who will ultimately be asked to pay the costs related to the procurement, the OCA will consider the means to make necessary information publically available.

F. Carrying Charge Rate on Deferred Costs: The OCA will review the carrying charge rate on any deferred costs.

G. Banking Proposal: The OCA will review any proposed banking of solar AEC credits.

H. The OCA respectfully reserves the right to raise additional issues, if necessary.

III. Witnesses

At this time, the OCA is in the process of securing an expert witness who will provide assistance with the issues raised above, and additional issues that may arise. The OCA will notify the Administrative Law Judge and the parties of the identity of the witness(es) as soon as possible.

IV. Discovery

The OCA has not yet begun discovery but anticipates doing so in the next few days. The OCA will also consider informal discovery to expedite matters.

V. Service on the OCA

The OCA will be represented in this case by Tanya J. McCloskey, Senior Assistant Consumer Advocate, and Darlene R. Wong, Assistant Consumer Advocate. Two copies of all documents should be served on the OCA as follows:

Darlene R. Wong, Assistant Consumer Advocate
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As a courtesy, the OCA requests that all electronic correspondence be copied to Jessica J. Horner (JHorner@paoca.org).

VI. Public Input Hearings

At present, it does not appear that a public input hearing in this proceeding is necessary. However, if sufficient consumer interest arises, the OCA will promptly notify the Administrative Law Judge and all parties and request a public input hearing.

VII. Proposed Schedule

The OCA will work with the parties to develop a mutually agreeable procedural schedule.

VIII. Settlement

The OCA is willing to participate in settlement discussions. The OCA anticipates that many of these issues can be addressed through a settlement process.

Respectfully submitted,



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DATE: April 1, 2009

CERTIFICATE OF SERVICE

Petition of PECO Energy Company :
For Approval to Procure Solar : Docket No. P-2009-2094494
Alternative Energy Credits :

I hereby certify that I have this day served a true copy of the foregoing document, Prehearing Memorandum of the Office of Consumer Advocate, upon parties of record in this proceeding in accordance with the requirements of 52 Pa. Code Section 1.54 (relating to service by a participant), in the manner and upon the persons listed below:

Dated this 1st day of April 2009.

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