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March 22, 2010

VIA FEDERAL EXPRESS

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 of Its Revised Electric
Purchase of Receivables Program, Docket No. P-2009-2143607**

Dear Secretary McNulty:

Enclosed for filing are an original and three (3) copies of the **Joint Petition for Partial Settlement (Joint Petition)** in the above referenced matter. Also enclosed is a disk containing the Joint Petition in a searchable PDF format.

As evidenced by the attached Certificate of Service, a copy of the Joint Petition has been served upon Administrative Law Judge Cynthia Williams Fordham and all parties. Pursuant to 52 Pa. Code §1.11(2), the enclosed Joint Petition shall be deemed filed on the date shown on the express delivery receipt attached to the delivery envelope.

Kindly time stamp the extra copy of the Joint Petition we have enclosed and return it to us in the postage-paid return addressed envelope provided.

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March 22, 2010
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Should you have any questions please contact me directly at 215.963.5384. Thank you.

Very truly yours,

A handwritten signature in black ink, appearing to read 'K. M. Kulak', written in a cursive style.

Kenneth M. Kulak

Enclosures

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

**PETITION OF PECO ENERGY :
COMPANY FOR APPROVAL OF ITS :
REVISED ELECTRIC PURCHASE OF : DOCKET NO. P-2009-2143607
RECEIVABLES PROGRAM :**

JOINT PETITION FOR PARTIAL SETTLEMENT

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SECRETARY'S BUREAU

March 22, 2010

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Exhibits and Statements

- Exhibit 1 PECO Electric Generation Supplier Coordination Tariff Supplement No. ____
(Blackline)
- Exhibit 2 PECO Electric Tariff Supplement No. ____ (Blackline)
- Statement A Statement in Support of Joint Petition for Partial Settlement of PECO Energy
Company
- Statement B Statement in Support of Joint Petition for Partial Settlement of the Office of
Consumer Advocate
- Statement C Statement in Support of Joint Petition for Partial Settlement of the Office of Small
Business Advocate
- Statement D Statement in Support of Joint Petition for Partial Settlement of Constellation
NewEnergy, Inc.
- Statement E Statement in Support of Joint Petition for Partial Settlement of Dominion Retail,
Inc.
- Statement F Statement in Support of Joint Petition for Partial Settlement of the Retail Energy
Supply Association and Direct Energy Services, LLC

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COMPANY FOR APPROVAL OF ITS :
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RECEIVABLES PROGRAM :**

JOINT PETITION FOR PARTIAL SETTLEMENT

**TO THE HONORABLE CYNTHIA WILLIAMS FORDHAM, ADMINISTRATIVE LAW
JUDGE:**

PECO Energy Company (“PECO” or the “Company”); the Office of Consumer Advocate (“OCA”); the Office of Small Business Advocate (“OSBA”); Constellation NewEnergy, Inc. (“Constellation”); the Retail Energy Supply Association (“RESA”); Direct Energy Services, LLC (“Direct Energy”); and Dominion Retail, Inc. (“Dominion”)(collectively, the “Joint Petitioners”), by their respective counsel, submit this Joint Petition For Partial Settlement (“Settlement”) of all but two issues in the above-captioned proceeding and request that the Administrative Law Judge approve the Settlement without modification.¹ The items reserved for litigation involve: (1) whether PECO can terminate electric service to customers after January 1, 2011, based upon costs for electric generation supplier (“EGS”) service incurred by such customers prior to January 1, 2011; and (2) whether PECO should be required to unbundle its generation-related uncollectible accounts expense from its distribution rates for collection from default service customers and also purchase EGS receivables at a discount corresponding to PECO’s uncollectible expense, implementation costs and any administrative costs. In support of this Settlement, the Joint Petitioners represent as follows:

¹ The Philadelphia Area Industrial Energy Users Group (“PAIEUG”), which is also a party to this case, has authorized the Joint Petitioners to represent that it does not oppose the Settlement.

I. BACKGROUND

1. On November 20, 2009, PECO petitioned the Pennsylvania Public Utility Commission (the “Commission” or “PUC”) to approve revisions to PECO’s current electric purchase of receivables program (the “Revised Electric POR Program” or “Program”). In its Petition, PECO requests that the Commission approve the Revised Electric POR Program to permit PECO to: (i) purchase the customer receivables of EGSs participating in PECO’s consolidated billing option for basic retail electricity supply services in PECO’s service territory, without recourse by PECO to those suppliers for receivables that PECO cannot collect; (ii) discount temporarily the purchase of those receivables to recover PECO’s initial implementation costs for the Revised Electric POR Program; and (iii) conduct collection activities with respect to all purchased EGS receivables and, if necessary, terminate electric service to any customer whose account (including the EGS receivable purchased by PECO) remains unpaid, in whole or in part, with all such collection and termination activity to be conducted in accordance with Chapter 14 of the Pennsylvania Public Utility Code and Chapter 56 of the Commission’s regulations (52 Pa. Code § 56). As part of this Petition, PECO also requested Commission approval of the filing of related tariff supplements to PECO’s current Electric Generation Supplier Coordination Tariff and to the Electric Tariff which the Commission has approved for use beginning January 1, 2011.²

2. PECO proposed the Revised Electric POR Program in accordance with the Commission-approved settlement of PECO’s default service program for the provision of electric service after December 31, 2010, when PECO’s transition period under Pennsylvania’s Electricity Generation Customer Choice and Competition Act (the “Competition Act”) and

² See *Petition of PECO Energy Company for Approval of its Default Service Program and Rate Mitigation Plan*, Docket No. P-2008-2062739 (Order entered June 2, 2009) (“Default Service Settlement”).

current capped rates for electric generation will end.³ As required by the Default Service Settlement, PECO conducted three stakeholder meetings to discuss ideas for revising its POR program in preparation for filing the Petition.

3. Accompanying its Petition, PECO filed the direct testimony and accompanying exhibits of John J. McCawley, P.E. (PECO Statement No. 1).

4. On December 4, 2009, the OCA and OSBA separately filed Notices of Intervention, Public Statements and Answers to PECO's Petition. On December 10, 2009, the OTS filed an Answer to PECO's Petition. PECO also received Petitions to Intervene from PAIEUG (dated December 11, 2009), RESA (dated December 14, 2009), Direct Energy (dated December 14, 2009), Constellation (dated December 16, 2009) and Dominion (dated December 3, 2009).⁴

5. On January 5, 2010, a Prehearing Conference was held before Administrative Law Judge Cynthia Williams Fordham (the "ALJ") and a schedule was established for the submission of testimony and the conduct of hearings. Specifically, a schedule was adopted whereby all testimony would be submitted in writing in advance of hearings. Evidentiary hearings were scheduled for March 4 and 5, 2010. On January 22, 2010, Judge Fordham issued Prehearing Order #2 establishing this schedule.

6. On February 2, 2010, direct testimony and accompanying exhibits were submitted by OTS, OCA, OSBA, RESA and Dominion. On February 5, 2010, supplemental direct testimony and accompanying exhibits were submitted by OTS. On February 22, 2010, rebuttal

³ *Id.*

⁴ Dominion's Petition to Intervene was filed on December 3, 2009 but listed an incorrect docket number. Dominion requested that the Petition be transferred to the correct docket on January 4, 2010.

testimony was submitted by PECO, OTS, OCA, RESA and Dominion. Dominion and OTS submitted surrebuttal testimony and accompanying exhibits on March 1, 2010. PECO, OSBA and OCA submitted surrebuttal testimony and accompanying exhibits on March 3, 2010.

7. Subsequent to the Prehearing Conference, the parties to the proceeding engaged in extensive discussions to try to achieve a settlement of some or all of the issues in this case. As a result of those negotiations, the Joint Petitioners were able to reach the Settlement set forth herein.

8. Before the scheduled hearings on March 4 and 5, 2010, the parties advised the ALJ that: (a) a settlement of all but two issues had been achieved amongst the Company and all parties except for the OTS; (b) the parties would like to reserve the outstanding two issues for briefing; and (c) cross-examination of witnesses on the remaining issues had been waived. The ALJ cancelled the hearings and instructed the parties to file a Stipulation to admit all of the parties' statements of testimony and exhibits.

II. TERMS AND CONDITIONS OF SETTLEMENT

9. Except as provided below, PECO's Revised Electric POR filing is approved as filed, including the tariff revisions which are shown in Exhibits 1 and 2 to this Joint Petition, and all costs of implementing the Revised Electric POR Program (including modifications and additions set forth below) will be recovered through the Program's temporary discount on purchased EGS receivables.

A. Basic Electricity Supply

(1) Only receivables associated with basic electricity supply will be eligible for purchase by PECO. Basic electricity supply shall be defined as follows: energy (including

renewable energy) and renewable energy or alternative energy credits (RECs/AECs) procured by an EGS, provided that the RECs/AECs are bundled with the associated delivered energy. Basic electricity supply does not include a non-generation product (e.g., service contract for appliances, or payment for energy reductions such as demand response products), or renewable or alternative energy credits that are not associated with delivered energy. For residential customers, basic electricity supply shall not include early contract cancellation fees, late fees or security deposits assessed by an EGS.

B. Bill Disputes

(1) PECO will manage bill disputes related to purchased EGS receivables in the same manner as bill disputes related to default service, except that PECO will be permitted to suspend payment of the portion of an EGS receivable that is the subject of a formal or informal dispute proceeding before the Commission or an allegation made to PECO by a customer: (i) that the customer was placed on EGS service without customer permission; or (ii) that the customer's EGS rate is incorrect. A customer allegation that a bill does not reflect the correct amount of energy delivered to the customer, or a customer's claim of an inability to pay, shall not constitute a dispute for purposes of PECO's obligation to pay the EGS its undisputed charges if such allegation or claim is not the subject of a formal or informal complaint before the Commission. If a formal or informal complaint is resolved by the Commission in favor of the EGS, PECO shall fully and promptly remit the withheld accounts receivable amount to the EGS. PECO will continue to work in good faith with EGSs to resolve customer disputes in a prompt and timely fashion. EGSs shall retain the right, notwithstanding anything in the Settlement, to challenge before the PUC a PECO decision to withhold accounts receivable payments.

C. EGS Notification

(1) PECO and RESA will develop the specifications and cost to implement of an EDI transaction to notify EGSs prior to customer termination (“the EDI Transaction”) in coordination with the Commission’s Electronic Data Exchange Working Group. PECO and RESA agree that the design of the transaction will provide that the proposed transaction would be sent on the same day as PECO sends its written notice of termination to a customer and include the projected customer service termination date. Upon finalization of a transaction design, and cost projection, if RESA agrees that the EDI Transaction should be implemented, PECO will work in good faith with suppliers to establish a supplier testing and implementation schedule. PECO may provide the notification only for shopping commercial and industrial customers in the event that implementation of the notification for all customers is materially more expensive in light of the total implementation costs of the Revised Electric POR Program.

D. Status Reports

(1) PECO will provide periodic status reports to the parties of its progress in implementing the systems, software and procedures necessary to institute the Revised Electric POR Program. Upon a final non-appealable order approving this Settlement by the Commission, PECO will hold monthly and, starting September, 2010, bi-weekly conference calls with the parties to report on the status of PECO’s implementation of the Revised Electric POR Program and its readiness to provide service to EGS customers starting January, 2011.

E. Consolidated Billing for Residential Customers

(1) For residential customers only, any EGS utilizing EDC consolidated billing shall be required to utilize EDC consolidated billing for all of the EGS’s residential customers, and all such residential accounts shall be included in PECO’s Revised Electric POR

Program. If an EGS is providing a residential customer with a service or product that does not meet the definition of “basic electricity supply” as defined in paragraph 9.A(1), or if the EGS is providing a service or product to residential customers that PECO’s EDC consolidating billing system cannot accommodate, the EGS shall be permitted to issue a separate bill for such service or product in accordance with PECO’s Separate EDC/EGS Billing procedures for that customer if the EGS provides written certification to PECO that the service or product cannot be billed under EDC consolidated billing. EGSs will not deny service to residential customers whose accounts are included in PECO’s Revised Electric POR Program for credit-related reasons and will not ask residential customers for deposits separate from any deposit required by PECO pursuant to Commission regulations and Act 201.

F. Customer Education and Notification

(1) PECO shall work with the parties to develop customer education and notification materials to be posted on PECO’s website and stated in enrollment letters sent to PECO customers transferring generation service to an EGS and in a one-time notification by letter to existing EGS customers in PECO’s service territory after the earliest date that PECO’s price-to-compare (“PTC”) for 2011 is calculated and posted publicly. These materials shall include the following information and the additional information specified in paragraph 9.F(2) and 9.F(3), as applicable:

a. Effective January 1, 2011, the customer’s service may be terminated for failure to pay for generation service provided by an EGS, as may be modified by resolution of paragraph 9.G(1)(a) below;

b. The price charged by the customer's EGS for electric generation supply service could be either higher or lower than the rate the customer would owe to PECO if the customer bought default electric generation supply service from PECO.

(2) For shopping customers in rate classes R, RH, GS, PD, and HT, the one-time notification will include the following information:

a. The charges the customer currently is paying for electric generation supply service from their EGS can be found on the customer's bill. For more information about current rates and charges, the customer should contact their EGS at the telephone number listed on the bill. For customers in rate classes GS, PD, and HT, the rate those customers would pay, if they were to purchase default electric generation supply service from PECO, can be found at http://www.peco.com/pecobiz/energy_rates/energy_choice/pricetocompare.htm (or the Commission website). For customers in rate classes R and RH, the rate those customers would pay, if they were to purchase default electric generation supply service from PECO, can be found at PECO's website, the OCA's website, and/or a website specified by the Commission. The notification will also contain a PECO telephone number which the customer may use to obtain rate information.

(3) For customers in rate classes R, RH, GS, PD and HT, whose EGS service start date is on or after January 1, 2011, the enrollment letter sent to them as switching customers will include a notice about the new termination rules that will include the following information:

a. For customers in rate classes GS, PD, and HT, the customer-specific rate that the customer paid to PECO, before it switched, can be found in the message section of the customer's most recent bill from PECO. The rate the customer would have paid,

had the customer continued to purchase default electric generation supply service from PECO, can be found at http://www.peco.com/pecobiz/energy_rates/energy_choice/pricetocompare.htm (or the Commission website). For customers in rate classes R and RH, the rate those customers would have paid, had those customers continued to purchase default electric generation supply service from PECO, can be found at PECO's website, the OCA's website, and/or a website specified by the Commission. The notification will also contain a PECO telephone number which the customer may use to obtain rate information.

b. If the customer does not already know the rate the customer will be charged for generation service from an EGS, the customer should contact the EGS, whose phone number will be included in the enrollment letter.

(4) PECO's website shall contain a statement informing customers that the PTC will vary in future periods due to changes in consumption patterns and changes in PECO's cost of generation supply.

G. Issues Reserved for Briefing

(1) The following issues (the "Reserved Issues") are reserved for briefing in this proceeding:

a. Whether PECO can terminate electric service to customers after January 1, 2011, based upon costs for EGS service incurred by such customers prior to January 1, 2011; and

b. Whether PECO should be required to unbundle its generation-related uncollectible accounts expense from its distribution rates for collection from default

service customers and also purchase EGS receivables at a discount corresponding to PECO's uncollectible expense, implementation costs and any administrative costs.

H. Future Consideration of Program Terms and Conditions

(1) The parties agree that the terms and conditions of PECO's Revised Electric POR Program (as modified by this Settlement) shall not be raised or revisited by any party until PECO's next default service proceeding for the period commencing June 1, 2013, provided, however, that nothing in this Settlement shall preclude a party from enforcing the terms and conditions of PECO's Revised Electric POR Program (as modified by this Settlement). No party will affirmatively seek further unbundling of PECO's generation-related service costs (e.g., uncollectible accounts expense, call center charges, etc.) in PECO's next distribution rate case proceeding.

(2) The parties further agree that nothing in this Settlement shall preclude a party from challenging the reasonableness of the Revised Electric POR Program implementation costs (not including any costs to implement the EDI Transaction agreed to in paragraph 9.C(1)) if such costs exceed \$ 2.5 million (the "Implementation Cost Total"). With respect to the costs associated with implementing the EDI Transaction, the parties agree that, if RESA agrees that the EDI Transaction should be implemented, the cost shall be recovered as an additional implementation cost and no party shall challenge the reasonableness of such costs. If the Commission should determine that PECO cannot terminate electric service to customers after January 1, 2011 based upon costs for EGS service incurred by such customers prior to January 1, 2011, any additional related implementation cost shall be included in the costs recovered through the temporary discount by an extension of the period of the recovery of the temporary discount

and the Implementation Cost Total shall be increased to \$3.0 million. In no event shall the percentage amount of the temporary discount be changed.

III. THE SETTLEMENT IS IN THE PUBLIC INTEREST

10. PECO, OCA, OSBA, Constellation, RESA, Direct Energy, and Dominion have each prepared, and attached to this Joint Petition, Statements in Support identified as Statements A through F, respectively, setting forth the bases on which they believe the Settlement is in the public interest.

11. The Joint Petitioners submit that the Settlement is in the public interest for the following additional reasons:

- ***Substantial Litigation And Associated Costs Will Be Avoided.*** The Settlement amicably and expeditiously resolves a number of important and potentially contentious issues. The administrative burden and costs to litigate these matters to conclusion would be significant.
- ***The Settlement Is Consistent With Commission Policies Promoting Negotiated Settlements.*** The Joint Petitioners arrived at the Settlement terms after conducting discovery and engaging in in-depth discussions over several weeks. The Settlement terms and conditions constitute a carefully crafted package representing reasonable negotiated compromises on the issues addressed herein. Thus, the Settlement is consistent with the Commission's rules and practices encouraging negotiated settlements (*see* 52 Pa. Code §§ 5.231, 69.391, 69.401), and, with the ALJ's approval of the Stipulation for admission of testimony and exhibits, is supported by a substantial record.

IV. ADDITIONAL TERMS AND CONDITIONS

12. The Commission's approval of the Settlement shall not be construed as approval of any party's position on any issue, except to the extent required to effectuate the terms and agreements of the Settlement. Accordingly, this Settlement may not be cited as precedent in any future proceeding, except to the extent required to implement this Settlement.

13. It is understood and agreed among the Joint Petitioners that the Settlement is the result of compromise and does not necessarily represent the position(s) that would be advanced by any party in this or any other proceeding, if it were fully litigated.

14. This Settlement is being presented only in the context of this proceeding in an effort to resolve the proceeding in a manner that is fair and reasonable. The Settlement is the product of compromise. This Settlement is presented without prejudice to any position which any of the parties may have advanced and without prejudice to the position any of the parties may advance in the future on the merits of the issues in future proceedings, except to the extent necessary to effectuate the terms and conditions of this Settlement.

15. This Settlement is conditioned upon the Commission's approval of the terms and conditions contained herein without modification. If the Commission should disapprove the Settlement or modify any terms and conditions herein (including, without limitation, by ruling that PECO must unbundle its generation-related uncollectible accounts expense), this Settlement may be withdrawn upon written notice to the Commission and all active parties within five (5) business days following entry of the Commission's Order by any of the Joint Petitioners and, in such event, shall be of no force and effect. In the event that the Commission disapproves the Settlement or the Company or any other Joint Petitioner elects to withdraw the Settlement as provided above, the Joint Petitioners reserve their respective rights to fully litigate this case,

including, but not limited to, presentation of witnesses, cross-examination and legal argument through submission of Briefs, Exceptions and Replies to Exceptions.

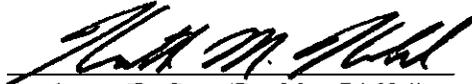
16. If the ALJ, in her Recommended Decision, recommends that the Commission adopt the Settlement as herein proposed without modification, the Joint Petitioners agree to waive the filing of Exceptions with respect to any issues addressed by the Settlement. However, the Joint Petitioners do not waive their rights to file Exceptions with respect to any modifications to the terms and conditions of this Settlement, or any additional matters proposed by the ALJ in her Recommended Decision (including the ALJ's determination regarding the Reserved Issues). The Joint Petitioners also reserve the right to file Replies to any Exceptions that may be filed.

WHEREFORE, the Joint Petitioners, by their respective counsel, respectfully request as follows:

1. That Administrative Law Judge Fordham and the Commission approve the Settlement as set forth herein, including all terms and conditions thereof;
2. That the Commission proceeding at Docket No. P-2009-2143607 be marked closed following a Commission decision on the Reserved Issues; and

3. That the Commission enter an Order, following a Commission decision on the Reserved Issues, evidencing its approval of the Settlement and terminating the proceeding.

Respectfully submitted



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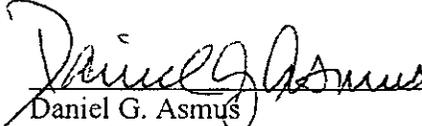
3. That the Commission enter an Order, following a Commission decision on the Reserved Issues, evidencing its approval of the Settlement and terminating the proceeding.

Respectfully submitted

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Respectfully submitted

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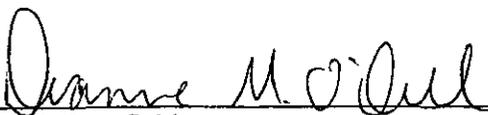
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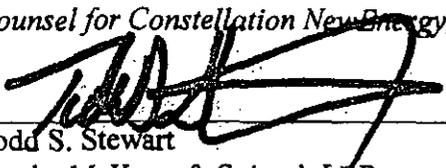


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MAR 22 2010

**PA PUBLIC UTILITY COMMISSION
SECRETARY'S BUREAU**

PECO Energy Company

ELECTRIC GENERATION SUPPLIER COORDINATION TARIFF

COMPANY OFFICE LOCATION

2301 Market Street
Philadelphia, Pennsylvania 19101

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MAR 22 2010

PA PUBLIC UTILITY COMMISSION
SECRETARY'S BUREAU

Issued: February 2, 2004

Effective: April 2, 2004

**ISSUED BY: D. P. O'BRIEN - President
PECO Energy Distribution Company
2301 MARKET STREET
PHILADELPHIA, PA. 19101**

NOTICE.

LIST OF CHANGES MADE BY THIS SUPPLEMENT

Section 5. Provisions relating to an EGS's Customers, 5.4.2 Transfer of Cost Obligations Between EGSs and Customers Revisions to Purchase of Receivables Program.

PECO Energy Company Competitive Billing Specifications Revisions to Purchase of Receivables Program.

~~[Title Page-D. P. O'Brien replaces K. G. Lawrence as the officer responsible for the issuance of the tariff to reflect a change in the Company's management structure.]~~

~~[Definition of Terms and Explanation of Abbreviations-(1st Revised Page No. 5)- Corrected abbreviation of Electronic Data Interchange from EDC to EDI.]~~

~~[Definition of Terms and Explanation of Abbreviations-(2nd Revised Page No. 7)- Added abbreviation (UFE) to Unaccounted For Energy definition.]~~

~~[Section 4. Coordination Obligations, 4.11 Communication Requirements-(1st Revised Page No. 14)- Change of internet browser requirements.]~~

~~[Section 4. Coordination Obligations, 4.14 Data Exchange-(1st Revised Page Nos. 14, 15 and 16)- Referring suppliers to official Electronic Data Exchange Working Group Revised Plan.]~~

~~[Section 5. Direct Access Procedures, 5.1.2 Provision of Customer Lists-(2nd Revised Page No. 17)- Change "billed" to "registered" demand.]~~

~~[Section 5. Direct Access Procedures, 5.1.3(a) Data Exchange-(2nd Revised Page No. 17)- Deleted the word "enrolled".]~~

~~[Section 5. Direct Access Procedures, 5.1.3(a) Data Exchange-(2nd Revised Page No. 18)- Phone numbers are removed; twelve months of usage is added; mailing address is changed to billing address; rate classes, rate codes and strata are summarized; average monthly kWh is excluded; and billing demand is changed to registered demand. In addition, meter use code and delivery date are excluded.]~~

~~[Section 5. Direct Access Procedures, 5.1.3(b) Data Exchange (2nd Revised Page No. 18) Deleted the word "enrolled".]~~

~~[Section 5. Direct Access Procedures, 5.2 Initial EGS Selection for 1998 (1st Revised Page Nos. 19 and 20) Deleted this section.]~~

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[LIST OF CHANGES MADE BY THIS SUPPLEMENT (continued)]

[Section 5. Direct Access Procedures, 5.3.1(b) Switching Among EGSs (or between an EGS and the Company as the Provider of Last Resort), and Initial Selection of an EGS Beginning in January 1999 (1st Revised Page Nos. 20 and 21) Deleted this information.]

[Section 5. Direct Access Procedures, 5.3.1(c) Switching Among EGSs (or between an EGS and the Company as the Provider of Last Resort), and Initial Selection of an EGS Beginning in January 1999 (1st Revised Page No. 21) The first sentence is reworded. Section is renumbered from 5.3.1(c) to 5.3.1(b).]

[Section 5. Direct Access Procedures, 5.3.1(d) Switching Among EGSs (or between an EGS and the Company as the Provider of Last Resort), and Initial Selection of an EGS Beginning in January 1999 (1st Revised Page No. 21) Section is renumbered from 5.3.1(d) to 5.3.1(c).]

[Section 5. Direct Access Procedures, 5.3.4(a) and (b) Switching Among EGSs (or between an EGS and the Company as the Provider of Last Resort), and Initial Selection of an EGS Beginning in January 1999 (1st Revised Page No. 22) Removed all references to seamless moves.]

[Section 5. Direct Access Procedures, 5.3.5 Switching Among EGSs (or between an EGS and the Company as the Provider of Last Resort), and Initial Selection of an EGS Beginning in January 1999 (1st Revised Page No. 22) Removed section.]

[Section 6. Load Forecasting, 6.2.5 Partial Service By The Company Prohibited (1st Revised Page No. 25) Deleted this section.]

[Section 6. Load Forecasting, 6.2.6.2 Purchase of Energy and Capacity From More than One EGS, Nature of Split Load Service (1st Revised Page No. 26) Remove reference to deleted Section 6.2.5.]

[Section 6. Load Forecasting, 6.3.1 Daily Forecasting Process, Business Days and Scheduling Window (1st Revised Page No. 26) Days were updated to match the forecasting schedule.]

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[

]

[Supplement No. 6 to]
[Tariff Electric Pa. P.U.C. No. 1S]
Original Page No. 1C]

PECO Energy Company

[LIST OF CHANGES MADE BY THIS SUPPLEMENT]

[Section 6. Load Forecasting, 6.5 Line Losses (1st Revised Page No. 29) - Added Rates TL, AL and POL for applicable line loss percentages.]

[Section 7. Load Scheduling, 7.2 Rounding to Whole Megawatts (1st Revised Page No. 30) - Change from MWs to kW.]

[Section 9. Utilization of Scheduling Coordinators, 9.1 Participation Through a Scheduling Coordinator (1st Revised Page No. 34) - "Whole megawatt requirements" statement is removed.]

[PECO Energy Company Competitive Billing Specifications, Attachment E-Billing Specifications (1st Revised Page No. 107) - The matrix is modified and updated.]

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Supplement No. XX

Supplement No. 6 to

**Tariff Electric Pa. P.U.C. No. 1S
Sixth Revised Page No. 2**

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PECO Energy Company

preceding process is complete, the Company will notify the Customer's prior EGS, via an EDI transaction, of the discontinuance of service to the Customer from that prior EGS.

5.3.4

(a) If a Customer contacts the Company to discontinue electric service at the Customer's then current location, and initiates a request for service at a new location in the Company's service territory, the Company will notify the current EGS, via an EDI transaction, of the Customer's discontinuance of service for the account at the Customer's old location. (C)

(b) If a Customer contacts the Company to discontinue electric service and indicates that the Customer will be relocating outside of the Company's service territory, the Company will notify the current EGS, via an EDI transaction, of the Customer's discontinuance of service for the account at the Customer's location. (C)

5.4 Provisions relating to an EGS's Customers.

5.4.1 Arrangements with EGS Customers. EGSs shall be solely responsible for having appropriate contractual or other arrangements with their Customers necessary to implement Direct Access consistent with all applicable laws, PaPUC requirements, and this Tariff. The Company shall not be responsible for monitoring, reviewing or enforcing such contracts or arrangements.

5.4.2 Transfer of Cost Obligations Between EGSs and Customers. Nothing in this Tariff is intended to prevent an EGS and a Customer from agreeing to reallocate between them any charges that this Tariff imposes on the EGS, provided that any such agreement shall not change in any way the EGS's obligation to pay such charges to the Company, and that any such agreement shall not ~~confer upon~~ limit the right of the Company ~~[any right]~~ to seek recourse directly from the EGS's ~~[Customer]~~ customer for any charges owed to the Company by the EGS Customer or preclude the termination or reconnection of the EGS Customer by the Company as provided in the Company's tariffs.

(C) Denotes Change

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PECO Energy Company Competitive Billing Specifications

Availability of Competitive Billing Services

1. A licensed EGS must provide PECO Energy at least 60[-] days advanced notice[~~;~~ ~~prior to the start of the first billing cycle in January 1999,~~] of the billing options it intends to offer to its customers[~~;~~ ~~After January 1999, a licensed EGS must provide at least 60-~~ ~~days advance notice of the billing options it intends to offer or any changes to its~~ ~~existing billing options~~]. An EGS that plans to offer consolidated EGS billing to customers for whom it does not furnish supply may do so through coordination with, or as a subcontractor for, the EGS providing supply to the customer. [~~In accordance with the Commission July 1 Order,~~] PECO Energy will work with the supplier community, the OCA and the Commission's Bureau of Consumer Services to establish additional standards for unrelated EGS consolidated billing.
2. A customer may choose to change his/her billing option. The customer can switch billing options through his/her EGS to the extent that the EGS offers the desired billing option or through PECO Energy to PLR Billing when the customer wishes to return to PLR service. The change will be effective as of the next scheduled meter read date provided that PECO Energy has received at least 16-calendar days prior notice.
3. An EGS is not required to offer consolidated EGS billing, or Separate EDC/EGS Billing, in order to participate as a supplier in PECO's service territory.

Billing Service Options

Consolidated EDC Billing with Purchase of Receivables (POR)

1. PECO Energy will render a consolidated EDC bill monthly and in accordance with the Public Utility Code and the Commission's regulations (52 Pa. Code §56.1 et seq.)
2. If PECO Energy is providing metering services, PECO Energy will transmit Meter Data (e.g., meter reads, consumption, demand, dates and type of reading) to the EGS. If the EGS is providing advanced metering services, the EGS will transmit Meter Data to PECO.
3. The EGS will calculate its customers' charges and will send its' customers' basic charges including date of billing period, consumption, usage, rate and

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resulting calculation ("EGS Charges") to PECO Energy via VAN or Internet protocol. [~~PECO Energy and an EGS may develop, for future consideration, a fee structure to enable PECO Energy to include non-basic EGS charges on a PECO Energy consolidated bill.~~]

4. PECO Energy will provide the EGS up to two lines, each 80 characters in length, on its standard bill for messages directly related to the calculation or understanding of the EGS portion of the bill.

5. PECO Energy and EGSs will transmit Meter Data and billing charges to each other in accordance with the attached interim monthly billing schedule (Attachment E - Data Transfer Schedule.)~~[The Data Transfer Schedule will remain in effect until December 31, 1999. In the fourth quarter 1999, the Data Transfer Schedule will be revisited by PECO Energy and the parties and PECO Energy will determine whether to modify the timing reflecting in the Data Transfer Schedule beyond December 31, 1999 and]~~ PECO Energy will provide 60[-] days advance notice to EGSs before any modification takes effect so that parties that disagree with the discontinuance of the Data Transfer Schedule may request the Commission to overrule or modify PECO's decision. **PECO and EGSs will transmit data in accordance with existing EDI standards as adopted by the Commission's Electronic Data Exchange Working Group.**

6. EGS Charges must be received by PECO Energy in accordance with the Data Transfer Schedule.

7. If EGS Charges are not received by PECO Energy in accordance with the Data Transfer Schedule, PECO Energy will place the EGS Charges into the next billing cycle and the delayed EGS Charges will appear on the customer's bill the following month. The customer's bill for the current billing period will state that the EGS Charges for the current billing period are not available. The remittance period for EGS charges will begin when EGS charges actually appear on the bill. Any transactions with EGS charges sent to PECO Energy after the time periods outlined in the Data Transfer Schedule will be rejected and the EGS will need to resubmit data the following month.

8. PECO Energy will collect customer's payments and will process payments in accordance with the Commission's payment priority set forth in Docket No. M-00960890F.001 and Rule 17 of PECO's EDC Tariff.

~~[9.]~~ **9.** PECO Energy will ~~[pay]~~ **purchase the account receivable of each Consolidated EDC Billing customer by paying** the EGS for ~~[amounts]~~ **the amount** owed for all undisputed **customer** EGS Charges regardless of whether the customer has paid PECO. ~~[An amount is deemed disputed if the customer contacts PECO Energy questioning the]~~ **The payment for the account receivable shall be without recourse and without discount, provided,**

however, that PECO shall discount the payment by 0.2% until PECO has recovered the costs of implementing revisions to its POR program consistent with the partial settlement agreement and the Commission's final order in Docket No. P-2009-2143607. PECO shall notify the Commission and all active EGSs in its service territory upon completion of the recovery of such costs.

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Subject to the provisions of the partial settlement agreement and the Commission's final order in Docket No. P-2009-2143607, an amount is deemed disputed if the customer contacts PECO Energy questioning the charges on the bill and he/she does not agree with PECO's and/or EGS's position regarding the amount due for EGS charges. If the EGS charges are not in dispute, PECO Energy will remit all applicable monies due the EGS, even if the PECO Energy portion is disputed. A customer's claim of the inability to pay shall not constitute a dispute for purposes of PECO's obligation to pay the EGS its undisputed charges.

10. PECO Energy will pay the EGS in accordance with the following schedule:
 - a. Residential Rate Classes (Rates R,RH,RT,OP,CAP) - PECO Energy will send the EGS the amount of its undisputed EGS Charges, regardless of whether the customer has paid PECO, within 25[-] calendar days from the date of the electronic transmission of the EGS Charges.
 - b. Non Residential Rate Classes. - PECO Energy will send the EGS the amount of its undisputed EGS Charges within 20[-] calendar days from the date of the electronic transmission of the EGS Charges
 - c. Payment will not be made to the EGS when EGS Charges are not received by PECO Energy within the specified time period, as explained in paragraph 6 above. Payment for these charges will be made according to the applicable schedule in the following month, if they are received within the appropriate time period along with the current month charges.
 - d. PECO Energy will make payments of funds payable to the EGS by ACH with remittance advice to a bank designated by the EGS.

~~[11.—Undisputed accounts that are 90 days or three billing cycles overdue, whichever is shorter, will be considered seriously delinquent and, at the request of either the EDC or EGS, will convert to separate EDC/EGS Billing for the next billing cycle commencing sixteen (16) days after receipt of the written request, which may be an electronic notice. The customer will be provided notice at the same time that the EDC/EGS requests the conversion to separate EDC/EGS billing for the next billing cycle.]~~

~~[12.—Budget Billing. PECO Energy will provide a budget billing option for EDC and EGS charges.]~~

e. If the day for payment of EGS charges falls on a weekend, a PECO holiday, or a bank holiday, the EGS payment will occur on the next business day.

11. An EGS offering Consolidated EDC Billing to its customers acknowledges and agrees that PECO is (a) entitled to receive and retain all payments from the

EGS's customers for purchased receivables, and (b) authorized to conduct collection activities and, if necessary, terminate its delivery service and the EGS's electric generation supply services to customers whose accounts receivables were purchased and who fail to make payment of amounts due on the Consolidated EDC Bill, including the full amount of the purchased EGS receivables. Any customer service termination shall be consistent with the provisions of Chapter 14 of the Pennsylvania Public Utility Code and Chapter 56 (or a successor chapter) of the Commission's regulations. Any customer whose service is terminated for failure to pay Consolidated EDC Billing charges shall be reconnected to POLR service upon payment of the arrears that were subject to the termination (plus any applicable reconnection fees or deposits). The required payment for reconnection may include both distribution and EGS charges.

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12. PECO may purchase an EGS account receivable based upon an estimated bill. PECO shall add or deduct from any future payments due to the EGS amounts that may result from reconciliations, adjustments, or recalculations, estimated readings, cancel and rebills, or any applicable billing adjustment.

13. Upon request, an EGS shall provide a written certification to the Company that the Supplier is providing only basic electric supply to customers billed under Consolidated EDC Billing. Basic electric supply is defined as follows: energy (including renewable energy) and renewable energy or alternative energy credits (RECs/AECs) procured by an EGS, provided that the RECs/AECs are bundled with the associated delivered energy. Basic electric supply does not include a non-generation product (e.g., service contract for appliances, or payment for energy reductions such as demand response products), or renewable or alternative energy credits that are not associated with delivered energy. For residential customers, basic electric supply shall not include early contract cancellation fees, late fees or security deposits assessed by an EGS.

14. To the extent that concerns arise regarding the purchase of accounts receivable, the parties shall attempt to resolve such disputes according to the dispute resolution procedures described in paragraph 17 of this Section. Parties also have the right to resolve such disagreements through the Commission's dispute resolution process.

15. Budget Billing. PECO Energy will provide a budget billing option for EDC and EGS charges.

The following process will apply:

- EGS transmits its CURRENT charges to PECO Energy
- PECO Energy calculates total BUDGET charges and places them on the PECO bill
- PECO Energy sends budget bill to customer
- PECO Energy pays EGS within 25[-] calendar days for residential rate classes and 20-calendar days for non-residential rate classes for CURRENT charges
- Customer pays PECO Energy for BUDGET charges

General Rules for Budget Billing:

- Under EDC consolidated billing, PECO Energy will calculate the budget bill for the PECO Energy and EGS charges using PECO budgeting protocol.
- PECO reconciliation occurs in month 12 (not necessarily December), or immediately when a customer ends budget billing.
- All rates classes can use the EDC Budget Billing.

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- PECO Energy will provide information of a customer's budget status to an EGS when confirming a customer switch.
- An EGS can notify PECO Energy electronically, after receiving customer permission, to change or end the EDC budget billing option.
- The customer will stay on PECO Energy budget billing if no indication is made by the EGS at the time of the customer switch.
- PECO Energy must display actual, budget and budget balance on the bill.

[13.]16. PECO Energy Charges and EGS Charges shall be based on the EDC defined meter reading route. An EGS providing advanced metering services may request an adjustment to the meter reading schedule for an account which it meters. The EGS may select another EDC defined meter reading schedule for that account. On January 1, 1999, PECO Energy will accommodate an EGS specified meter reading schedule for Rates HT, PD and EP. By the end of the

second quarter 1999 PECO Energy will accommodate EGS specified meter reading schedules for its remaining rate schedules.

[14.]17. Dispute Process.

a. Residential Dispute Process.

1. PECO Energy shall process all disputes in accordance with the Public Utility Code and the Commission regulations (52 Pa. Code 56.1 *et. seq.*) PECO, as the entity responsible for the consolidated bill, must coordinate with the EGS so that a proper investigation to a customer dispute is conducted and completed within the time period prescribed by 52 Pa Code 56.151(5) and that the customer and the EGS (if the EGS is involved in the dispute) are informed of the results of the investigation. The EGS shall provide all information needed by PECO Energy relating to the customer's dispute and must do so within five (5) business days of PECO's request. Attachment A outlines PECO's customer inquiry and dispute procedure for EDC consolidated billing.

b. Residential Informal Complaints.

1. PECO Energy shall process all informal complaints in accordance with the Public Utility Code and the Commission regulations. PECO, as the entity responsible for the consolidated bill, must coordinate with the customer's EGS so that the proper information is submitted to the Commission's Bureau of Consumer Services within the time period required by the Commission. Attachment B outlines PECO's informal complaint procedure for EDC consolidated billing.

2. Any violation letter sent by the Commission shall be addressed to the billing entity at the time of the alleged violation. All violations committed by PECO, as determined by the Commission, during EDC consolidated billing and the handling of the informal complaint are the responsibility of PECO.

c. Non-Residential Dispute Process.

1. PECO, as the entity responsible for the consolidated bill, will coordinate with the EGS so that the proper investigation is made

and that the customer and the EGS (if the EGS is involved in the dispute) are informed of the results of the investigation. The EGS shall provide all information needed by PECO Energy relating to the customer's complaint and must do so within five (5) business days of PECO's request.

d. Non-Residential Informal Complaints.

1. PECO Energy shall process all informal complaints in accordance with the Public Utility Code and the Commission regulations. PECO, as the entity responsible for the consolidated bill, must coordinate with the customer's EGS so that the proper information is submitted to the Commission's Bureau of Consumer Services within the time period required by the Commission.

2. Any violation letter sent by the Commission shall be addressed to the billing entity at the time of the alleged violation. All violations committed by PECO, as determined by the Commission, during EDC consolidated billing and the handling of the informal complaint are the responsibility of the EDC.

~~[15-]~~18. PECO Energy will follow its current credit and collection policies for collections. Outstanding prior balances are not transferred when a customer switches from PECO Energy to an EGS, switches from one EGS to another, switches from an EGS to PLR or when the customer chooses another billing option, unless mutually agreed to by PECO Energy and the individual EGS.

19. For residential customers only, any EGS utilizing EDC consolidated billing shall be required to utilize EDC consolidated billing for all of the EGS's residential customers, and all such residential accounts shall be included in PECO's purchase of receivables program. If an EGS is providing a residential customer with a service or product that does not meet the definition of "basic electric supply" as defined in paragraph 13, or if the EGS is providing a service or product to residential customers that PECO's EDC consolidating billing system cannot accommodate, the EGS shall be permitted to issue a separate bill for such service or product in accordance with PECO's Separate EDC/EGS Billing procedures for that customer if it provides written certification to PECO that the service or product cannot be billed under EDC consolidated billing. EGSs will not deny service to residential customers whose accounts are included in PECO's purchase of receivables program for credit-related reasons and will not ask for deposits separate from any deposit required by PECO pursuant to Commission regulations and Act 201.

Consolidated EGS Billing

1. The EGS will render a consolidated EGS bill monthly and in accordance with the Public Utility Code and the applicable Commission's regulations (52 Pa. Code §56.1 et seq.)
2. If PECO Energy is providing the metering services to the customer, PECO Energy will transmit Meter Data to the EGS. If the EGS is providing advanced metering services to the customer, the EGS will transmit the Meter Data to PECO.

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Exhibit 2

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PECO Energy Company

Electric Service Tariff

COMPANY OFFICE LOCATION

2301 Market Street
Philadelphia, Pennsylvania 19101

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SECRETARY'S BUREAU

For List of Communities Served, See Page 4.

Issued

Effective

BY: D. P. O'Brien - President
PECO Energy Distribution Company
2301 MARKET STREET
PHILADELPHIA, PA. 19101

NOTICE.

Rule 17.4 – 1st Revised Page No. 23
Payment Processing.

Rule 18.1 – 1st Revised Page No. 24
Non-Payment Termination

Rule 18.2 – 1st Revised page No. 24
Payment Terms.

Rule 18.7 – 1st Revised Page No. 24
Reconnection Charge.

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RULES AND REGULATIONS (continued)1. **BILLING AND STANDARD PAYMENT OPTIONS**

BILLING PERIOD. Billing for service will be based upon the amount of use and the time interval of its delivery. The customer will be billed in accordance with rule 14.7. Rate values stated for direct application to monthly billing periods will be adjusted when time elapsed between readings is substantially greater or less than a month.

17.2 BILLING OPTIONS. A customer may select one of the following three billing options: (1) Consolidated EDC Billing; (2) Consolidated EGS Billing; and (3) Separate EDC/EGS Billing, as those terms are defined herein. If a customer does not make a selection, the customer shall receive Consolidated EDC Billing. When the Company provides Consolidated EDC Billing or Separate EDC Billing, it will comply with the terms and conditions of the *Electric Generation Supplier Coordination Tariff*.

17.3 PAYMENT.

(a) The Company's bills to customers are payable upon presentation. Payment for service received must be made on or before the due date shown on the bill. The due date shall be determined by the Company and shall be not less than twenty days from the date of transmittal of the bill for Rates R, RT, R-H, RS-2, OP, POL and GS (excluding Summary Billing Accounts). The due date shall be not less than 15 days from the date of transmittal of the bill for all other rates, including Summary Billing Accounts. Notwithstanding the foregoing, the due date may be up to thirty days for accounts (including Summary Billing Accounts) with the United States of America, the Commonwealth of Pennsylvania, or any of their departments, political subdivisions, or instrumentalities. The Company may allow a reasonable amount of additional time for payment of bills on industrial and commercial accounts of creditworthy customers. If the due date that appears on a customer's bill falls on a Saturday, Sunday, bank holiday, or any other day when the offices of the Company which regularly receive payments are not open to the general public, the due date shall be extended to the next business day. The payment period will not be extended because of the customer's failure to receive a bill unless said failure is due to the fault of the Company.

(b) Payment may be made at any commercial office of the Company or at any authorized payment agency. The customer bears the risk of delivery of payment tendered on or after the date contained in any termination notice sent to the customer.

(c) The Company may require that a customer that is not creditworthy tender payment by means of a certified, cashier's, teller's, or bank check, or by wire transfer, or in cash or other immediately available funds.

(d) A customer must pay the undisputed portion of disputed bills under investigation. The Company will apply this rule to the disputed portion of disputed bills, if, and only if: (1) the Company has made diligent and reasonable efforts to investigate and resolve the dispute; (2) the result of the investigation is that the Company determines that the customer's claims are unwarranted or invalid; (3) the Commission and/or the Bureau of Consumer Services has decided a formal or informal complaint in the Company's favor and no timely appeal is filed, and (4) the customer nevertheless continues to dispute the same manner in bad faith.

17.4 PAYMENT PROCESSING. When the Company is providing Consolidated EDC Billing, Default Service or Separate EDC Billing, and the customer remits a partial payment to the Company, the payment will be applied as follows:

1. The installment amount for a payment agreement on this balance.

1. Balance due or the installment amount for a payment agreement for Transition Charges

2. [2.] Balance due or the installment amount for a payment agreement for Fixed[and] Variable Distribution Service Charges.

3. Current Fixed and Variable Distribution Service Charges.

4. Balance due for prior charges for Energy and Supply.

6. Balance due for customer EGS Receivables purchased by the Company.

[5.] 7. Current charges for Energy and Supply Charges.

8. Current charges for customer EGS Receivables purchased by the Company

[6.] 9. Non-basic service charges.

17.5 LATE FEES AND COLLECTION COSTS. If payment is made at a Company office or authorized payment agency after the due date shown on the bill, a late fee will be added to the unpaid balance until the entire bill is paid. If payment is made by mail, the late fee will be added if the payment is received by the Company more than five days after the due date shown on the bill. For Rates R, RT, R-H, RS-2, OP, POL and GS this late fee will be 1-1/2 % per month; for all other rates the late fee will be 2% per month. If the Company files suit to collect a delinquent balance on an account (whether active or inactive) or to ensure payment of current bills, the customer will be required to pay the Company's out of pocket court costs (including filing, service, and witness fees) as ordered by the court and such costs will be added to commercial and industrial accounts.

17.6 BUDGET BILLING.

(a) At the option of a customer receiving residential service under Rates R, RT, R-H, RS-2, OP, POL and GS, an estimated total bill for all service to be received by the customer over a twelve-month period may be budgeted over the period and an average bill rendered monthly for payment each month and such monthly budget bill will not be subject to late fees. Any difference between the budgeted amounts so paid and the actual charges for a twelve-month budget period will be adjusted in the twelfth month. If a monthly budget bill is not paid, the customer will be notified with the next monthly budget bill that budget billing will be terminated unless payment of the past due budget bill is made on or before the due date of the current budget bill. If budget billing is terminated, a late fee of 1 1/2% per month will be added to the unpaid balance of actual charges on the next billing date in accordance with Rule 17.3 and 17.5.

The Company may also arrange budget billing for creditworthy commercial and industrial customers.

(b) When the Company provides Consolidated EDC Billing, the EGS's charges will be included in the customer's Budget Billing Plan if the customer and EGS so indicate. In such circumstances, the Company will separately track the customer's EDC and EGS charges and remit EGS charges to the EGS as billed to the customer.

RULES AND REGULATIONS (continued)

17.7 CALCULATION OF LATE FEE. Where a late fee is applicable, the amount of the late fee to be added to the unpaid balance shall be calculated by multiplying the unpaid past due balance, exclusive of any previous unpaid late fees, by the appropriate late fee rate.

17.8 TAX EXEMPTION. If a customer is tax exempt, the customer must provide a tax exempt form to PECO Energy and to its EGS, regardless of which billing option the customer chooses.

17.9 BILLING ERRORS. When the Company provides Consolidated EDC Billing, PECO Energy shall not be responsible for billing errors resulting from incorrect price information received from an EGS.

17.10 RETURNED CHECK CHARGE. If a check received in payment of a customer's account is returned to the Company unpaid or if upon a second attempt by the Company or its agent for payment the check is again returned unpaid, then the Company will add a returned check charge to the customer's account in the amount of **\$20.00**.

17.11 APPLICABILITY TO CUSTOMERS RESIDING AT PLACE OF BUSINESS. For purposes of all of the provisions of Rule 17, when a customer resides at a place of business or commercial establishment legitimately served pursuant to a commercial or industrial Base Rate, that is not a residential dwelling unit attached thereto, the customer is not thereby entitled to any of the protections in the Public Utility Code or the Commission's regulations implementing the Pennsylvania Public Utility Code, or to any of the provisions of these rules or this Tariff, that apply exclusively to payment terms for residential customers.

2.

PAYMENT TERMS & TERMINATION OF SERVICE

18.1 NON-PAYMENT TERMINATION. When the Company is providing either Consolidated EDC Billing or Separate EDC Billing, the customer is subject to collection action, including termination of service (in accordance with the Pennsylvania Public Utility Code or the Commission's regulations, on the portion of the past due amount attributable to the Company's charges for: (1) service, (2) and Energy and Capacity and to Customer EGS Receivables purchased by the Company. Upon termination of service, the Company may also remove its equipment. Notice that complies with applicable Commission regulations shall conclusively be considered to be "reasonable" hereunder.

18.2 PAYMENT TERMS. When the Company is providing either Consolidated EDC Billing or Separate EDC Billing, the Company will in accordance with Pennsylvania Public Utility Law and applicable Pennsylvania Public Utility Commission Regulations and Orders, negotiate payment arrangements on the portion of the past due amount attributable to its charges for: (1) service and (2) Energy and Capacity and to Customer EGS Receivables purchased by the Company. However, the Company will not negotiate

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18.3 TERMINATION FOR CAUSE. The Company may terminate on reasonable notice if entry to the meter or meters is refused or if access thereto is obstructed or hazardous; or if utility service is taken without the knowledge or approval of the Company; or for other violation of these Rules and Regulations and/or applicable Commission rules, including those found at Pennsylvania Public Utility Code or the Commission's regulations.

18.4 SAFETY TERMINATION. The Company may terminate without notice if the customer's installation has become hazardous or defective.

18.5 DEFECTIVE EQUIPMENT TERMINATION. The Company may terminate without notice if the customer's equipment or use thereof might injuriously affect the equipment of the Company, or the Company's service to other customers; or if a certificate of approval is refused after a re-examination of the customer's installation by a competent inspection agency authorized to perform this service in the specific locality where service is provided.

18.6 TERMINATION FOR FRAUD. The Company may terminate without notice for abuse, fraud, material misrepresentation of the customer's identity, or tampering with the connections, the Company's meters, or other equipment of the Company.

18.7 RECONNECTION CHARGE. If service is discontinued by reason or act of the customer, the same customer, whether an applicant or a customer as defined at 66 Pa. C.S. § 1403, shall pay a reconnection charge prior to restoration of service at the same address within twelve months after discontinuance or termination. The reconnection charge shall be based on the Company's current standard schedule of reconnection fees, which include direct labor costs, contractor costs, and material/transportation costs. In the case of fraud, the reconnection charge will also include allocated overheads, all investigative costs, and administrative costs as determined by the Company. ~~[The Company will not condition restoration or reconnection of service based on any unpaid charges owed to an EGS, except for the supplier of last resort service.]~~

3.

UNFULFILLED CONTRACTS

19.1 NOTICE OF DISCONTINUANCE BY CUSTOMER. Notice to discontinue service before the expiration of a contract term will not relieve a customer from any minimum, or guaranteed, payment under any contract or rate. In the case of residential customers this Rule only applies if the customer has signed an express written contract that clearly sets forth such a term and condition of service.

19.2 COMPLETION OF TERM. If, by reason of any act, neglect or default of a customer, the Company's service is suspended, or the Company is prevented from providing service in accordance with the terms of any contract it may have entered into with the customer, the minimum charge for the unexpired portion of the initial contract term shall become due and payable immediately as liquidated damages. These liquidated damages may, at the option of the Company, be offset by estimated revenues from a succeeding customer at the same location, if such exists.

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**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

PETITION OF PECO ENERGY :
COMPANY FOR APPROVAL OF ITS :
REVISED ELECTRIC PURCHASE OF : **DOCKET NO. P-2009-2143607**
RECEIVABLES PROGRAM :

**STATEMENT OF PECO ENERGY COMPANY
IN SUPPORT OF THE
JOINT PETITION FOR PARTIAL SETTLEMENT**

I. INTRODUCTION

On March 22, 2010, PECO Energy Company (“PECO” or the “Company”); the Office of Consumer Advocate (“OCA”); the Office of Small Business Advocate (“OSBA”); Constellation NewEnergy, Inc. (“Constellation”); the Retail Energy Supply Association (“RESA”); Direct Energy Services, LLC (“Direct Energy”); and Dominion Retail, Inc. (“Dominion”) (collectively, the “Joint Petitioners”), by their respective counsel, filed with the Pennsylvania Public Utility Commission (the “Commission”) a Joint Petition For Partial Settlement (“Joint Petition” or “Settlement”) of all but two issues in the above-captioned proceeding.¹ The items reserved for litigation involve: (1) whether PECO can terminate electric service to customers after January 1, 2011, based upon costs for electric generation supplier (“EGS”) service incurred by such customers prior to January 1, 2011; and (2) whether PECO should be required to unbundle its generation-related uncollectible accounts expense from its distribution rates for collection from default service customers and also purchase EGS receivables at a discount corresponding to PECO’s uncollectible expense, implementation costs and any administrative costs. The Joint

¹The Philadelphia Area Industrial Energy Users Group (“PAIEUG”), which is also a party to this proceeding, has authorized the Joint Petitioners to represent that it does not oppose the Settlement.

Petition contains a statement of the factual background and procedural history of this case. This Statement in Support (the “Statement”) is filed on behalf of PECO pursuant to paragraph 10 of the Joint Petition.

The Settlement was achieved only after a careful investigation by the parties of the Company’s proposed revision to PECO’s current electric purchase of receivables program (the “Revised Electric POR Program” or “Program”) which was filed in accordance with the Commission-approved settlement of PECO’s default service program for the provision of electric service after December 31, 2010, when PECO’s transition period under Pennsylvania’s Electricity Generation Customer Choice and Competition Act, 66 Pa.C.S. § 2801 et seq. (the “Competition Act”) and current capped rates for electric generation will end.² The parties conducted discovery and submitted direct, rebuttal, and surrebuttal testimony. In addition, over a period of several weeks, the parties engaged in discussions and negotiations about the terms of the Settlement.

PECO is in full agreement with each of the reasons for approval of the Settlement set forth in the Joint Petition. In this Statement, the Company offers additional reasons why the Settlement is in the public interest and should be approved.

II. THE SETTLEMENT IS IN THE PUBLIC INTEREST AND FULLY SATISFIES PECO’S POR OBLIGATIONS UNDER THE DEFAULT SERVICE SETTLEMENT

The Default Service Settlement required PECO to file a revised POR program with the Commission, to take effect on January 1, 2011. The Default Service Settlement expressly identified certain elements that PECO’s revised POR program must contain, including:

² See *Petition of PECO Energy Company for Approval of its Default Service Program and Rate Mitigation Plan*, Docket No. P-2008-2062739 (Order entered June 2, 2009) (“Default Service Settlement”).

- PECO will have the ability to terminate service to a customer for the customer's non-payment of supplier charges in the same manner and to the same extent that PECO can terminate service to such a customer for non-payment of PECO charges, subject to appropriate consumer protections to be developed in consultation with the parties to the Default Service Settlement. Subject to resolution of those consumer protection issues, PECO's purchase of receivables would be non-recourse.
- The purchase of receivables will be available only for EGSs that employ PECO's Consolidated EDC billing option and, if an EGS does employ the Consolidated EDC billing option, then it will be mandatory for the EGS to participate in the POR program.
- The 90-day reversion to dual billing under the current POR program will be eliminated.
- PECO's payments to suppliers will continue to be made on the basis of the current POR program's payment schedule and format.
- PECO will have the authority and discretion to discount POR payments to suppliers based upon historical uncollectible rates on a customer class basis, subject to Commission approval.
- The discount rate PECO will apply to receivables purchased under the POR program will reflect only incremental uncollectible expense and other incremental POR-related expenses that are not included in distribution rates. Specifically, PECO will be permitted to recover POR program implementation costs not included in distribution rates (exclusive of the uncollectibles portion of the discount). PECO will provide an estimate of these costs when it files the revisions to its POR program.

See Default Service Settlement, ¶ 66.

PECO's Revised Electric POR Program, as modified by the Settlement, is consistent with the Default Service Settlement and represents a proper balancing of customer protections and the interests of PECO, participating EGSs, and other stakeholders. Key elements of the Settlement are discussed in more detail below.

A. The Revised Electric POR Program Appropriately Addresses Eligibility Requirements For Receivables

In its Petition, PECO proposed to only purchase EGS receivables associated with basic electricity supply services. PECO also proposed that EGSs be prepared to certify that their

receivables are associated only with such basic electric services. PECO Petition, pp. 9-10. The OCA expressed concern that certain EGS fees would be included under “basic electricity supply service” and recommended that PECO monitor EGS charges and eliminate any non-basic service charges. OCA St. No. 1, pp. 8-9. RESA responded that EGS early termination fees should be considered part of basic electric services and Dominion stated that requiring PECO to verify all EGS charges would be “unworkable.” RESA St. No. 1-R, pp. 13-14; Dominion St. No. 1-R, p. 4.

Under the Settlement, PECO will not monitor EGS charges as proposed by the OCA. Instead, EGSs will abide by the following definition of basic electricity supply, which specifically excludes early contract cancellation fees, late fees or security deposits assessed by an EGS to a residential customer:

Basic electricity supply shall be defined as follows: energy (including renewable energy) and renewable energy or alternative energy credits (RECs/AECs) procured by an EGS, provided that the RECs/AECs are bundled with the associated delivered energy. Basic electricity supply does not include a non-generation product (e.g., service contract for appliances, or payment for energy reductions such as demand response products), or renewable or alternative energy credits that are not associated with delivered energy. For residential customers, basic electricity supply shall not include early contract cancellation fees, late fees or security deposits assessed by an EGS.

See Settlement ¶ 9.A(1).

B. The Revised Electric POR Program Appropriately Addresses Eligibility Requirements For EGSs

In its Petition, and consistent with the Default Service Settlement, PECO proposed that only EGS customer accounts using EDC Consolidated billing be eligible for the Revised Electric POR Program. PECO also proposed that all EGS customer accounts that use EDC Consolidated billing be required to participate in the Revised POR Program. An EGS would retain the ability to choose EDC Consolidated billing for some of its accounts within a customer class, and dual

billing for other accounts within the same customer class. PECO Petition, pp. 9-10. The OCA proposed that EGSs be required to use EDC Consolidated billing for all residential customers in order to participate in the Revised Electric POR Program. OCA St. No. 1, pp. 16-17. RESA responded that the “all-in, all out” approach proposed by the OCA could discourage EGS market entry and the development of innovative products. RESA St. No. 1-R, pp. 10-11.

Under the Settlement, PECO will modify its EDC Consolidated billing requirement with respect to residential customers to resolve the concerns raised by the parties:

For residential customers only, any EGS utilizing EDC consolidated billing shall be required to utilize EDC consolidated billing for all of the EGS’s residential customers, and all such residential accounts shall be included in PECO’s Revised Electric POR Program. If an EGS is providing a residential customer with a service or product that does not meet the definition of “basic electricity supply” as defined in paragraph 9.A(1), or if the EGS is providing a service or product to residential customers that PECO’s EDC consolidating billing system cannot accommodate, the EGS shall be permitted to issue a separate bill for such service or product in accordance with PECO’s Separate EDC/EGS Billing procedures for that customer if the EGS provides written certification to PECO that the service or product cannot be billed under EDC consolidated billing. EGSs will not deny service to residential customers whose accounts are included in PECO’s Revised Electric POR Program for credit-related reasons and will not ask for deposits separate from any deposit required by PECO pursuant to Commission regulations and Act 201.

See Settlement ¶ 9.E(1)

C. The Revised Electric POR Program Appropriately Allows PECO To Terminate Service For Non-Payment Of EGS Charges

Under the Settlement, and consistent with the Default Service Settlement, PECO will have the right to terminate customer service based upon a customer’s failure to pay EGS charges for basic electricity supply which have been assigned to PECO, after compliance with

appropriate customer protection provisions.³ Any terminations of service will be in accordance with the customer protection provisions of Chapter 14 of the Pennsylvania Public Utility Code (66 Pa. C.S. §§ 1401 et seq.) and Chapter 56 of the Commission's regulations (52 Pa. Code § 56). In addition, PECO will provide customers with notice of the new termination rules, along with other important information, as described in the following section and paragraph 9.F(1)-(4) of the Settlement.

This termination authority enables PECO to fulfill two other POR program elements required under the Default Service Settlement: (1) purchasing receivables "without recourse" to the EGS supplier; and (2) eliminating the reversion of customers to dual billing for non-payment of EGS charges after 90 days delinquency. PECO anticipates these Program elements will provide retail suppliers with more certainty regarding payment and thereby benefit retail competition.

D. The Revised Electric POR Program Includes Meaningful Customer Notice And Education

In its Petition, PECO proposed to communicate the new termination rules for the Program to current customers receiving EGS service by mail, and to all new enrollees for EGS service via an enrollment letter that customers receive indicating a pending transfer of service to an EGS with the option to rescind the enrollment. PECO Petition, p. 13. The OCA proposed additional education and outreach, including providing information about the termination rules in the Company's regular communications to customers, on the Company's website, and on its termination notices. In addition, OCA recommended that PECO require EGSs to provide information in similar formats. OCA St. No. 1, p. 17. The OSBA proposed that, in addition to

³ In its Petition, PECO also proposed to have the right to terminate customers where the unpaid EGS charges for basic electric supply were incurred or billed before the Revised POR Program is implemented on January 1, 2011. This issue has been reserved for briefing by the parties. See Settlement, ¶ 9.G(1).

notifying shopping customers regarding the termination rules, PECO provide a one-time notice to those customers as to whether or not they are paying rates to EGSs that are in excess of the default service rate. OSBA St. No. 1, p. 3. RESA responded that EGSs should not be subject to additional notice requirements and expressed concern about the OSBA price proposal, particularly because of possible differences between default service rate structure and EGS contract price. RESA St. No. 1-R, pp. 14-15. Dominion also expressed concern about the OSBA proposal, noting it would impose a burden on PECO and could deter suppliers from making offers and customers from entering the market. Dominion St. No. 1-R, pp. 2-3.

Under the Settlement, PECO agrees to work with the parties to develop customer education and notification materials to be posted on PECO's website and stated in enrollment letters sent to PECO customers transferring generation service to an EGS and in a one-time notification letter by PECO to existing EGS customers in PECO's service territory after the earliest date that PECO's price-to-compare for 2011 is calculated and posted publicly. The Settlement further identifies a variety of information that these materials must include, as appropriate. *See* Settlement ¶ 9.F(1)-(4). For shopping customers, the materials will include information about how to locate EGS charges on the bill and determine what the applicable default service rate would be. *Id.* PECO believes these consensus notification materials will provide customers with meaningful information about the Revised Electric POR Program.

E. The Revised POR Program Establishes A Reasonable Process To Develop A Notification for EGSs Regarding Customer Termination

During this proceeding, RESA proposed that an EGS participating in the Program receive advance notice that one of its customers is being terminated for nonpayment so that the EGS could take appropriate actions to manage market risk (e.g., sell or lay off the energy the EGS has purchased to serve the non-paying customer). RESA St. No. 1, pp. 11-12. Under the Settlement,

PECO and RESA agree to develop the specifications and cost to implement an EDI transaction to provide this advance notification in coordination with the Commission's Electronic Data Exchange Working Group. Once the transaction and cost projection are finalized, if RESA agrees that the EDI transaction should be implemented, PECO will work in good faith with suppliers to establish a supplier testing and implementation schedule. The Settlement also states that PECO may provide the notification only for shopping commercial and industrial customers in the event that implementation of the notification for all customers is materially more expensive in light of the total Program implementation costs. *See Settlement ¶ 9.C(1)*. PECO believes that the inclusive development process established under the Settlement provides a mechanism to create and implement a cost-effective system for advance notification of termination for suppliers.

F. The Settlement Establishes An Appropriate Process For Managing Bill Disputes

Under the Settlement, PECO will manage bill disputes related to purchased EGS receivables in the same manner as bill disputes related to default service, except that:

PECO will be permitted to suspend payment of the portion of an EGS receivable that is the subject of a formal or informal dispute proceeding before the Commission or an allegation made to PECO by a customer: (i) that the customer was placed on EGS service without customer permission; or (ii) that the customer's EGS rate is incorrect. A customer allegation that a bill does not reflect the correct amount of energy delivered to the customer, or a customer's claim of an inability to pay, will not constitute a dispute for purposes of PECO's obligation to pay the EGS its undisputed charges if such allegation or claim is not the subject of a formal or informal complaint before the Commission. If a formal or informal complaint is resolved by the Commission in favor of the EGS, PECO shall fully and promptly remit the withheld accounts receivable amount to the EGS. PECO will continue to work in good faith with EGSs to resolve customer disputes in a prompt and timely fashion. EGSs shall retain the right, notwithstanding

anything in the Settlement, to challenge before the PUC a PECO decision to withhold accounts receivable payments.

See Settlement ¶ 9.B(1). PECO believes this provision will give retail suppliers more certainty regarding payment and dispute resolution under the Program.

G. The Settlement Establishes A Reasonable Means For PECO To Recover Costs

Under the Settlement, PECO will employ an initial temporary discount of 0.2% on the receivables purchased by PECO to recover the implementation costs of the Revised Electric POR Program. *See* Settlement ¶ 9. The ongoing operating and administrative costs of the Program will be included in PECO's subsequent base electric distribution rate cases. In addition, PECO will continue to recover uncollectible expense (including the expense associated with purchased EGS receivables) in its distribution rates.⁴

PECO believes that the cost recovery method will be easy to administer and, more importantly, support the development of retail competition. By recovering all uncollectible expense in its distribution rates, PECO will create a straightforward "level playing field" for all EGS and default generation supply, and such costs are appropriately included in distribution rates in light of the shopping benefits that are always available to both shopping and non-shopping customers. When combined with the purchase of all receivables without discount (after program implementation costs are recovered), PECO believes that this "level playing field" will provide significant support to retail competition in its territory.

H. The Settlement Established A Reasonable Process Keep The Parties Informed About Program Implementation

Under the Settlement, PECO will provide periodic status reports to the parties of its progress in implementing the systems, software and procedures necessary to institute the Revised

⁴ All parties except the Office of Trial Staff agree with, or do not oppose, the Company's proposed method for recovering POR-related costs. This issue has been reserved for briefing by the parties. *See* Settlement, ¶ 9.G(1).

Electric POR Program. Once a final non-appealable order approving this Settlement is issued by the Commission, PECO will hold monthly and, starting September 2010, bi-weekly conference calls with the parties to report on the status of PECO's implementation of the Revised Electric POR Program and its readiness to provide service to EGS customers starting January, 2011. *See* Settlement ¶ 9.D(1). PECO believes that these progress reports will provide meaningful information to the stakeholders most interested in and affected by the Revised Electric POR Program.

I. The Revised POR Program Promotes Retail Competition

The Commission's Default Service Policy Statement identifies the importance of "structuring default service in a way that encourages the entry of new retail and wholesale suppliers." 52 Pa. Code § 69.1802. The Revised Electric POR Program is one of many significant steps that PECO is taking pursuant to the Default Service Settlement to enhance retail competition. As described in this Statement, and the Company's Petition and testimony, PECO believes that the Program will encourage the entry of new suppliers into the market, and support existing EGSs, by providing a level playing field for EGSs to compete with each other and PECO as the default service supplier.

J. The Settlement Reduces Administrative Burdens And Litigation Costs By Identifying An Appropriate Venue For Parties To Seek Changes In The Future

Under the Settlement, the parties agree that the terms and conditions of PECO's Revised Electric POR Program (as modified by this Settlement) will not be raised or revisited by any party until PECO's next default service proceeding for the period commencing June 1, 2013. A party is not, however, precluded from enforcing the terms and conditions of the Program. *See* Settlement ¶ 9.H(1). PECO believes that this Settlement provision will provide time for the Company and the parties to thoughtfully evaluate the initial implementation of the Program,

while also conserving the resources of the Commission and the parties by avoiding additional interim litigation and identifying an appropriate avenue for parties to seek Program changes.

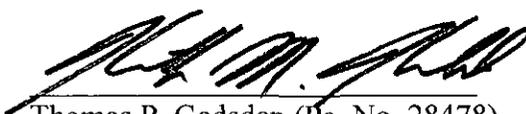
K. The Settlement Represents A Balance Of The Interests Of Parties Representing A Wide Array Of Stakeholders

The Settlement reflects a reasonable balancing of the interests of parties representing residential customers (OCA), small businesses (OSBA), and energy suppliers and marketers (RESA, Direct Energy, Constellation, Dominion). Accordingly, the Settlement's terms and conditions constitute a carefully crafted package representing reasonable negotiated compromises on the issues addressed in the Joint Petition. Thus, the Settlement is consistent with the Commission's rules and practices encouraging negotiated settlements. *See* 52 Pa. Code §§ 5.231, 69.391, 69.401.

III. CONCLUSION

The Settlement provides a reasonable means of resolving all but two issues raised in this proceeding. It also reduces the administrative burdens on the Commission and the litigation costs of all parties. Accordingly, for the reasons set forth above and in the Joint Petition, the Settlement is in the public interest and should be approved without modification.

Respectfully submitted,



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BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION

Petition of PECO Energy Company :
For Approval of Its Revised Electric : Docket No. P-2009-2143607
Purchase of Receivables Program :

STATEMENT IN SUPPORT OF PARTIAL SETTLEMENT
OF THE OFFICE OF CONSUMER ADVOCATE

The Office of Consumer Advocate (OCA), a signatory party to the Joint Petition for Partial Settlement in the above-captioned proceeding, hereby provides its Statement in Support of the Partial Settlement.

Under the Partial Settlement, PECO will be permitted to implement its proposed Revised Electric Purchase of Receivables (POR) Program subject to certain modifications. Two issues have been reserved for litigation. Of particular note, in this Partial Settlement, PECO has agreed to implement a more specific and narrow definition of basic electricity supply, to implement a requirement that Electric Generation Suppliers (EGSs) may not deny service to residential customers for credit-related reasons and may not ask for additional deposits, to ensure that EGSs that opt for PECO's consolidated billing use consolidated billing for all of the EGS's residential accounts under the service offering, subject to very limited exceptions, and to implement more specific notices and information to customers regarding the change in

termination policy and opportunities to obtain rate information for comparisons. As explained below, many of these changes address consumer protection concerns raised by the OCA.¹

I. INTRODUCTION

On November 20, 2009, PECO filed with the Commission a Petition seeking approval of revisions to PECO's current POR Program and related tariffs. In the Petition, PECO requested permission to 1) purchase the receivables of EGSs participating in PECO's consolidated billing option for retail electricity supply service without recourse, 2) to impose a discount temporarily on the purchase of those receivables, and 3) conduct collection activities with respect to all EGS receivables purchased, including termination of electric service for non-payment of EGS charges. PECO outlined customer notice and education efforts it would engage in, to inform customers of the changes implemented by the Revised POR Program. PECO requested Commission approval of changes to the EGS Coordination Tariff and Electric Service Tariff.

The Office of Consumer Advocate (OCA) filed an Answer, Notice of Intervention and Public Statement on December 4, 2009. The Office of Small Business Advocate (OSBA) also filed its intervention on December 4, 2009. The Office of Trial Staff (OTS) filed an Answer to PECO's Petition on December 10, 2009. Petitions to Intervene were filed by the Philadelphia Area Industrial Energy Users Group (PAIEUG), the Retail Energy Supply Association (RESA), Direct Energy Services, LLC (Direct Energy), and Dominion Retail, Inc. (Dominion).

¹ The OCA would note that the Partial Settlement allows PECO to proceed with its proposal to terminate electric service to customers for unpaid EGS charges that PECO has billed and purchased under the program, similar to the form of POR program that the Public Utility Commission approved for PPL Electric Utilities. Petition of PPL Electric Utilities Corporation Requesting Approval of a voluntary Purchase of Receivables Program and Merchant Function Charge, Docket No. P-2009-2129502, Opinion and Order (Nov. 19, 2009) (PPL Purchase of Receivables). The OCA continues to have reservations regarding this form of POR program and will continue to monitor its impact on consumers. Through the Partial Settlement, however, certain critical consumer protections have been secured to better ensure a balanced outcome for residential customers.

The Petition was assigned to the Office of Administrative Law Judge and was further assigned to Administrative Law Judge Cynthia W. Fordham for investigation and the scheduling of hearings. An Initial Prehearing Conference was held on January 5, 2010 at which time a procedural schedule was set.

Consistent with the Prehearing Order, the written Direct Testimony of Barbara R. Alexander² was submitted by the OCA on February 2, 2010 addressing the need for additional consumer protections under the Company's proposed Revised POR Program. The OTS, OSBA, RESA and Dominion also submitted testimony on February 2, 2010. OTS served supplemental direct on February 5, 2010. The Company, OCA, OTS, RESA, and Dominion served rebuttal testimony on February 22, 2010. Dominion and OTS filed surrebuttal on March 1, 2010. The OCA, Company, and OSBA filed surrebuttal on March 3, 2010. Before the evidentiary hearings scheduled for March 4 and 5, 2010, the parties, with the exception of OTS, reached a Partial Settlement and the ALJ canceled the evidentiary hearings.

The parties agreed to waive cross-examination and stipulate to the admission of parties' pre-filed written testimony. The parties intend to submit a written Stipulation for ALJ Fordham's approval.

Two issues, as identified in the Partial Settlement were reserved for litigation. The OCA has filed a Brief addressing one of the reserved issues.

² Ms. Alexander is an independent consultant on consumer protection, customer service and low-income issues associated with utility regulation and retail competition markets since 1996. Prior to opening her own consulting practice, Ms. Alexander was the Director of the Consumer Assistance Division of the Maine Public Utilities Commission. She is a 1968 graduate of the University of Michigan and earned her Juris Doctor degree from the University of Maine Law School in 1976. Ms. Alexander's resume is attached to her Direct Testimony as Exhibit BA-I.

II. TERMS AND CONDITIONS OF THE SETTLEMENT

OCA witness Alexander identified a number of ways in which PECO's proposed Revised POR Program should be modified and improved, before appropriate for Commission approval. The Joint Petition for Partial Settlement addresses the majority of the OCA's concerns as described by Ms. Alexander. As has been noted, the Partial Settlement allows PECO to implement the provisions of its revised POR program allowing for termination of electric service based on EGS charges. As discussed below, the consumer protections that were agreed upon and reflected in the Partial Settlement are critical protections when allowing termination of electric service for unpaid EGS charges.

Settlement ¶ 9.A. Basic Electricity Supply

Ms. Alexander identified the Company's originally proposed definition of "basic electricity supply" as important but inadequate. As Ms. Alexander explained, this term will be key in determining whether an EGS charge will be eligible for purchase as receivable without recourse. Ms. Alexander recommended that PECO revise the definition to better mirror the definition approved by the Commission in the recent PPL Purchase of Receivables decision, and to eliminate the possibility that PECO might terminate service based on EGS charges for non-basic energy costs. OCA St. 1 at 7-9.

As set forth in Paragraph 9.A., the Settling Parties have agreed to a modified definition of basic electricity supply that mirrors the recommendation of Ms. Alexander and that was adopted by the Commission in the PPL Electric case. OCA St. 1 at 7; PPL Utilities Purchase of Receivables at 24. The revised definition will ensure that any resulting termination is solely related to basic electric supply and it will provide EGSs with better guidance as to whether EGS charges are eligible for inclusion in the Company's Revised POR program. The revised

definition excludes from the definition of basic electricity supply EGS early contract cancellation fees, late fees, non-generation products, and charges for attributes not associated with delivered energy. The OCA submits that this improved definition is critically important to protecting residential consumers who can be subject to termination by PECO based on unpaid EGS charges under the revised POR program.

Settlement ¶ 9.E. Consolidated Billing for Residential Customers/Credit-Related Requirements

Ms. Alexander testified that PECO's new POR program, as originally proposed, failed to include important provisions found in other POR programs that prohibit participating EGSs from charging security deposits or requiring credit checks as part of the customer's enrollment with an EGS. OCA St. 1 at 17. Ms. Alexander also testified that EGSs participating in PECO's revised POR should not be allowed to pick among its customers which accounts to have consolidated billing under the revised POR and which customers they would place in consolidated billing outside of the POR program. As Ms. Alexander testified, to allow this choice, might result in some EGSs discriminating among customers in the same class and submitting to PECO's Revised POR Program those customers with a higher credit risk. OCA St. 1 at 17.

The Partial Settlement addresses both of the concerns raised by Ms. Alexander. Paragraph 9.E. adopts Ms. Alexander's recommendation that as a condition of participation in PECO's Revised POR, EGS must commit to not charge their residential customers a security deposit or deny service to residential customers for credit-related reasons. This condition is particularly important in that it will better ensure that all customers, including low income customers who may have limited resources or credit-related problems can choose EGS offers

that may be lower in price or more beneficial to them. Ensuring that all customers have the opportunity to choose a supplier to help lower their bills or meet their needs is a beneficial aspect of the modifications to the Revised POR program.

Paragraph 9.E also will require EGSs, for their residential customers, to utilize PECO's consolidated billing for all of their residential customers and to include those accounts in PECO's Revised POR program. This provision will ensure that all residential customers are treated the same, particularly as it regards collection and termination since all accounts will be in the Revised POR program. The Partial Settlement clarifies that an EGS may separately bill a residential customer for charges which do not qualify as "basic electricity supply." A limited exception is also provided in the event an EGS develops a residential service or product that cannot be accommodated by PECO's consolidated billing system. These provisions allow for the potential innovation by EGSs for a new product that is not yet anticipated and not able to be billed by PECO.

Settlement ¶ 9.F. Customer Education and Notification

In its Petition for approval of the Revised POR Program, PECO proposed to provide notice to customers of the change in practice, that PECO would be allowed to terminate service for nonpayment of EGS charges, in its 10-day enrollment letter to customers. OCA witness Alexander described PECO's proposal as inadequate, in consideration of the importance of this change in practice to residential consumers. OCA St. 1 at 17. Ms. Alexander recommended that PECO provide disclosure in additional communications and contacts with consumer and that EGSs also provide disclosures.

Through the Partial Settlement, the parties have mapped out a more specific plan for customer education and outreach. PECO has agreed to work with the parties to develop the

particular details. The customer notice and education efforts will 1) publicize PECO's new ability to terminate service to customers for unpaid EGS charges for basic electricity service, and 2) provide customers with information as to where to obtain rate information, including PECO's Price-to-Compare. The plans for customer notification address both customers who are already EGS customers as well as PECO supply customers who switch to EGS service on or after the start date of the Revised POR Program.

The Settlement recognizes that the content of the customer notification will be finalized based on the Commission's resolution of one of the issues reserved for litigation, regarding whether PECO may terminate service for unpaid EGS charges incurred before the effective date of the Revised POR Program.

The OCA submits that the Partial Settlement provides an improved plan to assure that customers receive much-needed notice of the change that, going forward under the Revised POR Program, PECO will be able to terminate service to customers based on EGS charges, not just charges for PECO's own service. Additionally, PECO will educate consumers that they can contact PECO, the EGSs, the OCA's shopping guide webpage, or the Commission's website for information about rates for comparable services.

Settlement ¶ 9.H. Future Consideration of Program Terms and Conditions

As part of its initial Petition, PECO proposed to apply a temporary discount to the receivables, to be in effect until PECO recovered the costs of implementing the changes to the Revised POR Program and customer notice and education costs. The OCA agreed with PECO's proposal to recover these costs from EGSs who would benefit.

Paragraph 9.H. provides a framework for addressing recovery of additional implementation costs that might result from 1) implementation of additional programming

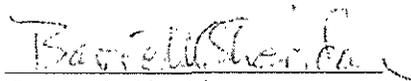
changes, if determined by RESA to be worthwhile, and/or 2) the Commission's determination that PECO may not terminate service to customers based on unpaid EGS charges incurred before the implementation date of the Revised POR Program. This framework reduces uncertainty and litigation costs by defining parameters and establishing that, if additional costs are incurred within these parameters, then there will be no increase in the discount rate. Rather the discount rate will remain in effect for a longer time.

The OCA supports this portion of the Settlement as beneficial to PECO's distribution service customers and fair and reasonable.

III. CONCLUSION

For the foregoing reasons, the Office of Consumer Advocate submits that the proposed Partial Settlement is in the public interest and in the best interest of PECO's residential electric service customers.

Respectfully submitted,



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Dated: March 22, 2010

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**PA PUBLIC UTILITY COMMISSION
SECRETARY'S BUREAU**

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

**PETITION OF PECO ENERGY :
COMPANY FOR APPROVAL OF ITS : DOCKET NO. P-2009-2143607
REVISED ELECTRIC PURCHASE OF :
RECEIVABLES PROGRAM :**

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PA PUBLIC UTILITY COMMISSION
SECRETARY'S BUREAU

**STATEMENT OF THE OFFICE OF SMALL BUSINESS ADVOCATE
IN SUPPORT OF THE JOINT PETITION FOR PARTIAL SETTLEMENT**

I. BACKGROUND

The Small Business Advocate is authorized and directed to represent the interests of the small business consumers in proceedings before the Pennsylvania Public Utility Commission ("Commission") under the provisions of the Small Business Advocate Act, Act 181 of 1988, 73 P.S. §§ 399.41 - 399.50.

II. PROCEDURAL HISTORY

On November 20, 2009, PECO Energy Company ("PECO" or "the Company") filed the Petition of PECO Energy Company for Approval of its Revised Electric Purchase of Receivables Program ("Petition") with the Pennsylvania Public Utility Commission ("Commission"). PECO proposed that the revised purchase of receivables ("POR") program take effect on January 1, 2011, and requested that the Commission approve its Petition no later than March 31, 2010.

The Office of Small Business Advocate (“OSBA”) filed a Notice of Intervention and Public Statement in the proceeding on December 4, 2009.

Other parties to this proceeding include the Commission’s Office of Trial Staff (“OTS”); the Office of Consumer Advocate (“OCA”); the Philadelphia Area Industrial Energy Users Group (“PAIEUG”); Constellation New Energy, Inc. (“Constellation”); Dominion Retail, Inc. (“Dominion”); Direct Energy Services, LLC (“Direct”); and the Retail Energy Supply Association (“RESA”).

The OSBA filed a pre-hearing memorandum and participated in the pre-hearing conference on January 5, 2010, before Administrative Law Judge (“ALJ”) Cynthia Williams Fordham.

The OSBA filed the Direct Testimony of its witness, Brian Kalcic, on February 2, 2010, and the Surrebuttal Testimony of Mr. Kalcic on March 3, 2010.

Evidentiary hearings scheduled for March 4 and 5, 2010, were cancelled by ALJ Fordham at the request of the parties. As the ALJ has agreed, the parties will submit their testimony for the record by stipulation.

The OSBA actively participated in the negotiations that led to the Joint Petition for Partial Settlement (“Settlement”) and is a signatory to the Settlement.

However, the parties have been unable to reach an agreement on two issues: (1) the concern of the OSBA and the OCA over PECO’s proposal to have the right to terminate customers for unpaid electric generation supplier (“EGS”) charges for basic electricity supply, which are incurred or billed before the revised POR program is implemented on January 1, 2011; and (2) OTS’ proposal to require PECO to unbundle generation-related uncollectible accounts expense from distribution rates for collection

from default service customers and to purchase EGS receivables at a discount rate corresponding to PECO's uncollectible expense, POR implementation costs, and any related administrative costs.

The Settlement reserves these two issues for briefing and for a decision by the Commission.

III. RECOVERY OF UNDERCOLLECTIONS

In PECO's default service settlement, *Petition of PECO Energy Company for Approval of its Default Service Program and Rate Mitigation Plan*, Docket No. P-2008-2062739 (Order entered June 2, 2009), PECO agreed that to the extent that payments from shopping customers are insufficient to cover the cost of the receivables purchased from the EGSs, PECO will not seek to recover the shortfall from other customers. In its Answer to PECO's Petition in the instant proceeding, the OSBA noted with approval PECO's statement that the revised POR program will adhere to the default service settlement prohibiting recovery of any such shortfalls from non-shopping customers.

IV. STATEMENT IN SUPPORT OF SETTLEMENT

A. OSBA's Proposal

Under PECO's revised POR program, shopping customers who are paying a rate in excess of their applicable default service rate could be exposed to termination

procedures from which they were previously protected.¹ In light of this change, OSBA witness Brian Kalcic testified that PECO should: a) notify shopping customers of their prospective exposure to certain termination procedures; *and* b) inform shopping customers as to whether or not they are paying rates to EGSs that are in excess of the default service rate.²

As Mr. Kalcic pointed out,

By alerting shopping customers that they may be able to save money by returning to default service, the potential impact of the new termination rules on shopping customers could be mitigated. The act of returning to default service, in and of itself, would not mitigate the potential for termination due to nonpayment. However, if a shopping customer's return to default service *were to lower that customer's monthly bill*, the customer would presumably be better able to keep his/her account current, and thereby avoid potential termination.³

Mr. Kalcic explained that the OSBA has received numerous complaints from customers who were transferred from default service to EGS service in connection with PECO's 2003 market share threshold ("MST") program. Many of the MST program participants that complained to the OSBA appeared to be paying EGS rates that were higher than the default service rates charged by PECO.⁴ Therefore, it is the OSBA's position that, to the extent that certain customers continue to participate in the MST program, they are entitled to notification that they have the right to return to default service and that doing so could make them less vulnerable to termination.

¹ OSBA Statement No. 1, Direct Testimony of Brian Kalcic at 3.

² *Id.*

³ OSBA Statement No. 1, Direct Testimony of Brian Kalcic at 4 (emphasis in original).

⁴ *Id.*

To help current EGS customers mitigate the potential for termination of their electric service, Mr. Kalcic testified that “PECO should: a) identify the default service rate in ¢/kWh (*i.e.*, the price to compare) applicable to the EGS customer at the time of notification; and b) indicate the current rate (in ¢/kWh) that the customer is paying for EGS service.”⁵ Mr. Kalcic stated that such information should be included in the same mailing that PECO uses to notify the EGS customers of the new termination rules.⁶

B. Dominion’s Response

In his rebuttal testimony, Dominion witness Thomas J. Butler opposed the OSBA’s proposal that PECO inform shopping customers as to whether or not such customers are paying EGS rates in excess of their applicable default service rate.

Specifically, Mr. Butler stated:

[I]t would not be a sound basis for a radical policy shift that would have electric distribution companies reviewing every customer’s rates every month in order to tell them whether their rate has exceeded the default service rate and to inevitably make recommendations on what customers should do. The OSBA would essentially have the utility providing customers with *perpetual rate counseling services* that have the definite potential to interfere with EGS contracts and which would put the EDC in the role of advising customers on courses of action.⁷

However, Mr. Kalcic explained that Mr. Butler’s testimony is a gross mischaracterization of the OSBA’s position. Specifically, Mr. Kalcic stated that “the

⁵ *Id.* at 5.

⁶ See PECO Statement No. 1 at 16, lines 4-10; OSBA Statement No. 1, Direct Testimony of Brian Kalcic at 4.

⁷ Dominion Statement No 1-R, Rebuttal Testimony of Thomas J. Butler at 2-3 (emphasis added).

OSBA's proposal involves a *one-time* notice to individual customers that would be made only *in conjunction with* PECO's proposed communication to customers of the new termination rules."⁸

According to the Company, "PECO will communicate termination rules by mail to current customers receiving EGS service by mail (currently about 22,000 shopping customers), and to all new customers enrolling for EGS service via the enrollment letter which all customers transferring service to an EGS receive (which includes an option to rescind the enrollment)."⁹

Therefore, as Mr. Kalcic explained,

Since any given EGS customer would receive only one communication from PECO, the OSBA's proposal would not require PECO to review 'every customer's rates every month.' Nor would the OSBA's proposal in any way equate to PECO providing EGS customers with 'perpetual rate counseling services.' The Commission should disregard Dominion's rebuttal to the OSBA.¹⁰

C. RESA's Response

Although he did not object to providing notice of some kind to achieve the OSBA's objectives, RESA witness Richard J. Hudson, Jr. commented on the OSBA's proposal that PECO identify the customer's default service rate and current EGS rate in ¢/kWh terms. Specifically, Mr. Hudson stated his concern "that requiring PECO to make

⁸ OSBA Statement No. 2, Surrebuttal Testimony of Brian Kalcic at 2 (emphasis in original); *see also* RESA Statement No. 1-R, Rebuttal Testimony of Richard J. Hudson, Jr., Exhibit RJH-1 (OSBA response to RESA-OSBA-1).

⁹ PECO Statement No.1, Direct Testimony of John J. McCawley at 16.

¹⁰ OSBA Statement No. 2, Surrebuttal Testimony of Brian Kalcic at 2 (emphasis in original).

such a basic comparison may be meaningless depending on the differences in the default service rate structure and the EGS contract price.”¹¹

In surrebuttal, Mr. Kalcic responded to Mr. Hudson as follows:

It is not clear what concern Mr. Hudson might have regarding the ‘default service rate structure.’ PECO already is required to include *customer-specific* price-to-compare levels on the bills of Small and Medium Commercial customers served under Rates GS, PD and HT, beginning January 1, 2011. [citation omitted] Therefore, any concern that PECO’s default service rate structure might somehow prevent a meaningful comparison of default service and EGS rates is misplaced.

To the extent that Mr. Hudson’s real concern is that the potential complexity of a customer’s *EGS contract price* could prevent a meaningful price comparison, that ‘problem’ (should it exist) is not unique to the OSBA’s proposal. Since price-to-compare information will be available on monthly bills on an on-going basis after January 1, 2011, an EGS customer would be in a position to make the same type of (what RESA considers to be a) ‘flawed’ comparison on a recurring basis.¹²

However, Mr. Kalcic sought common ground by also responding as follows to

Mr. Hudson:

Q. In response to the OSBA’s proposal, Mr. Hudson suggests that a ‘more appropriate’ notification process would entail PECO informing customers that: 1) service may be terminated for failure to pay EGS charges; and 2) EGS prices may be higher or lower than PECO’s current and future default service rates. How do you respond?

A. RESA’s alternative proposal would be acceptable to the OSBA with the addition of a third requirement: 3) PECO will instruct the customer as to the location on the customer’s bill where the default service (price-to-compare) and EGS rates may be found.¹³

¹¹ RESA Statement No. 1-R, Rebuttal Testimony of Richard J. Hudson, Jr. at 15.

¹² OSBA Statement No. 2, Surrebuttal Testimony of Brian Kalcic at 3.

¹³ OSBA Statement No. 2, Surrebuttal Testimony of Brian Kalcic at 3.

D. PECO's Response

PECO witness John J. McCawley argued in rebuttal that it is not necessary for the Company to notify shopping customers whether they are paying rates to EGSs that exceed the default service rate [as recommended by Mr. Kalcic], because customers will be able to “refer to their own bill to identify the applicable default service rate and compare it to their EGS charges.”¹⁴ Once again, seeking common ground, Mr. Kalcic responded to Mr. McCawley as follows:

Since Mr. McCawley admits that the applicable price information will be available on the customer's bill, it is not clear why PECO would refuse to inform the customer of the specific magnitude of the respective rates. That said, the OSBA is willing to modify its proposal such that PECO would only be required to instruct the customer as to the location on bill where the default service and EGS rates may be found.¹⁵

E. Resolution of Issues

Section 9(F) of the Settlement provides for notification by letter to customers regarding the following:

- a. As of January 1, 2011, customers taking generation service from an EGS may be terminated for failure to pay for that service;
- b. EGS prices could be either higher or lower than the default service rate charged by PECO;
- c. For existing shopping customers, there will be included in the notification the fact that EGS charges can be found on the customer's bill; that for more information about the EGS rates and charges, the customer should call the EGS at the number listed

¹⁴ PECO Statement No. 1-R, Rebuttal Testimony of John J. McCawley at 11.

¹⁵ OSBA Statement No. 2, Surrebuttal Testimony of Brian Kalcic at 4.

on the bill; and that default service rates can be found on PECO or Commission websites or by calling PECO;

d. For new shopping customers, the enrollment letter will include a notice about where on the customer's most recent bill the customer can find the customer-specific rate that was paid to PECO prior to switching, where to locate information regarding the rate the customer would have paid had the customer continued with default service from PECO, a PECO telephone number for obtaining PECO rate information, and the EGS's telephone number for EGS rate information; and

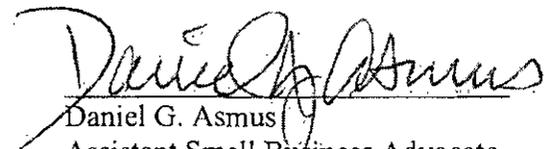
e. PECO's website will state that the price to compare will vary in the future due to changes in consumption and changes in the price of default service supply.

The notification required under Section 9(F) of the Settlement is based on the recommendations of OSBA witness Brian Kalcic. Therefore, the OSBA is satisfied that the Settlement adequately resolves the notification issue.

V. CONCLUSION

Except for the issue which the OSBA is briefing, the Settlement resolves the only other issue (notification) which the OSBA disputed. Therefore, the OSBA supports the proposed Settlement and respectfully requests that the Administrative Law Judge and the Commission approve the Settlement document in its entirety without modification.

Respectfully submitted,


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For:

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Dated: March 22, 2010

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**PA PUBLIC UTILITY COMMISSION
SECRETARY'S BUREAU**

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March 22, 2010

VIA E-MAIL AND U.S. MAIL

Hon. Cynthia Williams Fordham
Administrative Law Judge
PA Public Utility Commission
801 Market St., Suite 4063
Philadelphia, PA 19107

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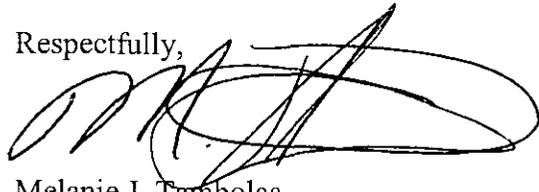
**Re: Petition of PECO Energy Company for Approval of its Revised Electric
Purchase of Receivables Program Docket No. P-2009-2143607**

Dear Judge Fordham:

Constellation NewEnergy, Inc. submits this letter in support of the Retail Energy Supply Association's and Direct Energy Services, LLC's Joint Statement in Support of the Pennsylvania Public Utility Commission's approval of the Joint Petition For Settlement filed by PECO Energy Company in the above-referenced proceeding.

If you have any questions, please contact me.

Respectfully,



Melanie J. Tambolas

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BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION

Petition of PECO Energy Company :
For Approval of Its Revised Electric : Docket No. P-2009-2143607
Purchase of Receivables Program :

**STATEMENT IN SUPPORT OF JOINT PETITION
FOR PARTIAL SETTLEMENT
OF DOMINION RETAIL, INC.**

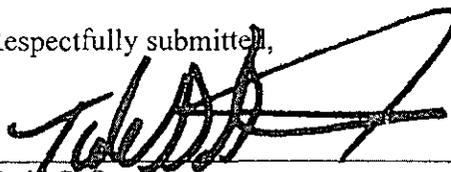
AND NOW, comes Dominion Retail, Inc. ("Dominion Retail"), by and through its counsel in the above-captioned matter, Hawke McKeon & Sniscak, LLP, and hereby offers the following Statement in Support of Joint Petition for Partial Settlement ("Joint Petition"). Dominion Retail believes that the Joint Petition will provide for fair and reasonable modification to PECO Electric Company's ("PECO") purchase of receivables ("POR") program and therefore supports approval of the Joint Petition.

As modified by the Joint Petition, PECO's program will allow PECO to mitigate its current level of uncollectibles risk by terminating service to EGS customers who do not pay their bills. Moreover, the program reasonably addresses the issue of cost recovery by providing that incremental implementation costs be recovered through a temporary discount. The Joint Petition provides for addition information to be provided to customers to educate them on the effects of the new changes and to provide customers with enhance tools to assist them in making their shopping decisions. (Joint Petition Section C). Finally, the Joint Petition ensures that all customers will be able to enjoy the ability to choose a supplier by prohibiting EGSs from denying service on the basis of credit.

In short, the Joint Petition offers a reasonable compromise on most of the issues that were raised in this proceeding, and provides a reasonable approach to resolving the remaining two issues. The proposed modified POR program should allow for the development of a more competitive market for retail electric supply in PECO's service territory and is in the public interest.

WHEREFORE, Dominion Retail hereby offers this Statement in Support of the Joint Petition for Partial Settlement in the above-captioned matter and asks that the Commission expeditiously approve PECO's proposed POR program as modified by this settlement and as addressed in its briefs in this matter.

Respectfully submitted,



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Counsel for Dominion Retail, Inc.

DATED: March 22, 2010

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PA PUBLIC UTILITY COMMISSION
SECRETARY'S BUREAU

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

Petition of PECO Energy Company for :
Approval of its Electric Purchase of : Docket No. P-2009-2143607
Receivables Program :

**RETAIL ENERGY SUPPLY ASSOCIATION'S AND
DIRECT ENERGY SERVICES, LLC's
JOINT STATEMENT
IN SUPPORT OF JOINT PETITION FOR SETTLEMENT**

The Retail Energy Supply Association ("RESA") and Direct Energy Services, LLC ("Direct Energy") (hereinafter jointly referred to as "RESA/Direct Energy") submit this Joint Statement in Support of Pennsylvania Public Utility Commission ("PUC" or "Commission") approval of the Joint Petition For Settlement ("Settlement") regarding the Petition Requesting Approval of a Purchase of Receivables Program ("Petition") filed by PECO Energy Company ("PECO") in this proceeding.

RESA is a non-profit organization and trade association of retail energy suppliers who share the common vision that robust and sustainable competitive retail energy markets deliver more efficient, customer-oriented outcomes than regulated utility structures. RESA members include several companies that are licensed electric generation suppliers ("EGSs") in the Commonwealth of Pennsylvania and sell, or are authorized to sell, electric energy in PECO's service territory.¹

¹ RESA's members include ConEd Solutions; Constellation NewEnergy, Inc.; Direct Energy Services, LLC; Exelon Energy Company; GDF SUEZ Energy Resources NA, Inc.; Gexa Energy; Green Mountain Energy Company; Hess Corporation; Integrys Energy Services, Inc.; Just Energy; Liberty Power; PPL EnergyPlus; Sempra Energy Solutions LLC. The comments expressed in this filing represent the position of RESA as an organization but may not represent the views of any particular member of RESA.

Direct Energy is a member of RESA, the second largest retail energy and energy services provider in North America, and a licensed competitive energy supplier in Pennsylvania, currently providing electricity and/or natural gas in several utility territories.

As set forth more fully below, notwithstanding concerns about various aspects of PECO's proposal, RESA/Direct Energy have elected to support the POR Program set forth in the Settlement in order to insure the implementation of a workable POR program in time for the PECO's market opening this coming January.

In support of the Settlement, RESA/Direct Energy state as follows:

I. Background

On November 20, 2009, PECO filed its Petition in support its request that the Commission approve its proposed POR program to be effective January 1, 2011. The POR program is being proposed in accordance with the Commission-approved settlement of PECO's default service program for the provision of electric service after December 31, 2010. RESA/Direct Energy was a party in that proceeding, a signatory of the settlement agreement and a participant in PECO's subsequent stakeholder meetings with interested parties regarding PECO's POR Program.

PECO's proposed POR Program contains important program elements that must be included in a properly structured POR Program so that it effectively assists in the development of a robust competitive retail market. Specifically, PECO's proposed POR Program: (a) is available to all customers; with no minimum stay provisions; (b) permits PECO to terminate for non-payment of EGS charges (same basis of EDC charges); (c) eliminates 90 day revert to separate billing; (d) permits EGSs to simultaneously use dual

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billing for other non-POR customers; (e) permits the Purchase of Receivables for charges associated with basic electricity supply services including renewable energy or alternative energy credits procured by an EGS and associated with the delivered energy; (f) maintains the current POR payments schedule and format (20 days for commercial customers and 25 days for residential customers); (g) proposes a “zero discount” steady state POR program with an initial implementation cost recovery rate of 0.2% ; and, (h) proposes recovery of uncollectible accounts expense associated with generation service in distribution base rates, or in an unbundled nonbypassable, non-reconcilable default service support rider that would be presented at the time of PECO’s next base rate case.

Settlement was reached on all but two issues prior to the commencement of the hearing. The two issues reserved for litigation are: (1) Whether PECO can terminate electric service to customers after January 1, 2011, based upon costs for EGS service incurred by such customers prior to January 1, 2011; and, (2) Whether PECO should be required to unbundle its generation-related uncollectible accounts expense from its distribution rates for collection from default service customers and also purchase EGS receivables at a discount corresponding to PECO’s uncollectible expense, implementation costs and any administrative costs.

II. Overall Position of RESA/Direct Energy

RESA/Direct Energy were active participants in this collaborative efforts that preceded PECO’s filing of the Petition, and each generally supported PECO’s petition as initially filed. While there are aspects of PECO’s program that could be designed better

to achieve the goals of promoting competition and equal access,² RESA/Direct Energy has elected to accept these approaches as a compromise. It did this for several reasons.

First, and most importantly, a workable and usable POR program that promotes competition and gives EGSs access on a comparable basis to PECO's billing and collection system is a key requirement for the development of robust competition in PECO's service territory in 2011.

Second, the modifications contained therein will enhance the chances that a workable, viable POR program will be in place by January 2011 in time to permit competitors to offer lower prices and greater innovation to PECO's customers.³

To elaborate, from RESA/Direct Energy's perspective, the key elements of the Settlement will expand the development of competitive opportunities for residential and small commercial customers:

² See RESA St 1 and 1-R. For example, RESA continues to support full unbundling of all generation-related costs, but PECO's Petition (as modified by the Settlement) does not fully unbundling those costs. Nevertheless, RESA/Direct Energy believe that PECO's approach to POR is an appropriate interim mechanism to address the anticompetitive effects of misallocated uncollectible accounts expense and other default service related expenses. See RESA St 1-R, 4.

³ *PPL Electric Utilities Corporation Retail Markets*, Final Order entered at Docket No. M-2009-2104271 on August 11, 2009, at 27 (As explained by this Commission: "[Based] on several years' experience during the transition period, it is the Commission's judgment that a viable POR program is an essential element to the creation of a competitive market for generation in Pennsylvania, as envisioned by the Competition Act. 66 Pa. C.S. § 2802(2). Moreover, **we are convinced that establishment of a properly structured POR program by the end of the transition period is necessary to faithfully carry out the provisions of Chapter 28.** 66 Pa. C.S. § 510(a). And that absent a viable POR program in place to coincide with the expiration of rate caps and substantial increase in default service rates, consumers in [an EDC's] service territory will not likely have the competitive market and customer choice that the legislation intended when the rate caps expire [for that EDC].") (emphasis added).

A. Basic Electricity Supply

Only receivables associated with basic electricity supply will be eligible for purchase by PECO. At this time, RESA is willing to accept the proposed definition of basic electricity supply (as modified by the Settlement), which explicitly excludes (a) non-energy products like service contracts for appliances or energy efficiency upgrades, and (b) early contract cancellation fees, late fees or security deposits assessed by an EGS on residential customers. However, RESA may wish to revisit this definition as the market develops in the future.⁴

B. Bill Disputes

PECO will manage bill disputes related to purchased EGS receivables in the same manner as bill disputes related to default service. Under the Settlement, the customer would initiate the billing disputes with PECO, and the PECO would be able (under appropriate circumstances) to withhold payment to the EGS until the dispute is resolved. This will provide consistency to customers, and a practical and reasonable method for handling the suspension of payment of the portion of an EGS receivable.

C. EGS Notification

PECO and RESA will develop the specifications and cost to implement of an EDI transaction to notify EGSs prior to customer termination. This notification will help ensure that the EGS is able to monitor the payment status of customers under the POR Program. It is important that the EGS receive notice from PECO that one of the EGS' customers is being terminated for non-payment as soon as the termination actually

⁴ See RESA St. 1, 14-15.

occurs.⁵ Otherwise, the EGS will not have the information necessary to limit or reduce its market risk that it will otherwise experience as a result of the customer default.⁶

D. Status Reports

PECO will provide periodic status reports to the parties of its progress in implementing the POR Program. This will enable PECO and the parties to monitor the status of the billing and collection systems modifications needed to implement the POR Program so that EGSs can make any adjustments necessary on their part and so that EGSs can place customers in the POR Program as soon as possible in January 2011.

E. Consolidated Billing for Residential Customers

Consolidated billing for residential customers promotes economic efficiency, and reduces the need for duplicative billing and collection systems by an EGS. By avoiding unnecessary duplication of billing, remittance, and collection systems (for which customers already pay through rates paid to PECO), PECO's POR Program should lower costs for customers, PECO and EGSs.⁷

F. Customer Education and Notification

RESA/Direct Energy support customer education. Under the Settlement, PECO shall work with the parties to develop customer education and notification materials. Such efforts should promote choice for all customers. In doing so, it should make it easier for the residential and small commercial market (customer groups that has not yet

⁵ RESA St. 1, 11-12.

⁶ *Id.*

⁷ *See* RESA St. 1, at 4-5, 9-10.

experienced the many benefits of the competitive electric supply) to evaluate and take advantage of opportunities available in the competitive electric supply market.

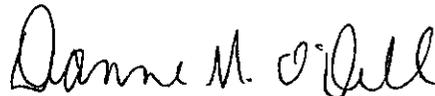
G. Other Terms and Conditions of Settlement

Notwithstanding concerns about various aspects of PECO's proposal, RESA/Direct Energy have elected to support the POR Program in the Petition as modified by the Settlement in order to insure the implementation of a workable POR Program in time for the PECO's market opening this coming January.

III. Conclusion

RESA/Direct Energy request that the Commission approve PECO's POR Petition as modified by the Settlement as in the public interest and a reasonable settlement of the issues raised by this proceeding.

Respectfully submitted,



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Date: March 22, 2010

Attorneys for the Retail Energy Supply Association

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

PETITION OF PECO ENERGY :
COMPANY FOR APPROVAL OF ITS :
REVISED ELECTRIC PURCHASE OF : **DOCKET NO. P-2009-2143607**
RECEIVABLES PROGRAM :

CERTIFICATE OF SERVICE

I hereby certify and affirm that I have this day served a copy of the Joint Petition for Partial Settlement on the following persons in the matter specified in accordance with the requirements of 52 Pa. Code § 1.54:

VIA ELECTRONIC MAIL AND OVERNIGHT DELIVERY

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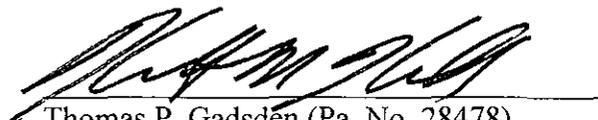
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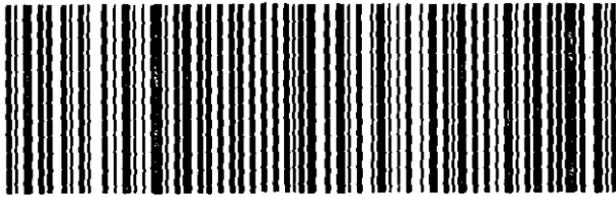
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