PECO ENERGY COMPANY
STATEMENT NO. 5

BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION

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

DOCKET NO. P- ____________

DIRECT TESTIMONY

WITNESS: ALAN B. COHN

SUBJECTS: DEFAULT SERVICE PROGRAM
RATE DESIGN AND TARIFF CHANGES

DATED: JANUARY 13, 2012

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DIRECT TESTIMONY
OF
ALAN B. COHN

I. INTRODUCTION AND PURPOSE OF TESTIMONY

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

A. My name is Alan B. Cohn. My business address is PECO Energy Company, 2301 Market Street, Philadelphia, Pennsylvania 19103.

2. Q. By whom are you employed and in what capacity?

A. I am employed by PECO Energy Company ("PECO" or the "Company") as Manager of Revenue Analysis in the Regulatory group.

3. Q. Please describe your educational background.

A. I received a Bachelor of Science Degree in Commerce and Engineering from Drexel University in 1980. In 1985, I received a Masters Degree in Business Administration from Drexel. In addition, I have completed the American Gas Association ("AGA") Gas Rate Fundamentals Course at the University of Wisconsin and the AGA Advanced Gas Rate Course at the University of Maryland.

4. Q. Please describe your work experience with PECO.

A. Upon graduation from college in 1980, I was hired by PECO as a Rate Analyst in the Cost and Load Analysis Section of the Rate Division. In 1987, I was appointed Supervisor of the Economic Analysis Section in PECO's Rates and Regulatory Affairs Division. Since that time, I have held various management positions in

PECO's Rates and Regulatory Affairs Department and Strategic Planning Department with responsibility for managing base rate case filings, cost of service studies and financial and economic analyses.

5. Q. Have you previously testified before this Commission or other regulatory bodies?

A. Yes. I have testified in regulatory proceedings before the Pennsylvania Public Utility Commission ("Commission"), the Federal Energy Regulatory Commission and the Maryland Public Service Commission. A listing of the cases in which I have submitted testimony is attached hereto as Exhibit ABC-1.

6. Q. What is the purpose of your direct testimony?

A. The purpose of my testimony is to explain proposed changes to PECO's electric service tariff to take effect with the commencement of PECO's second default service plan ("DSP II"). My testimony is divided into four parts.

First, I will provide an overview of PECO's existing default service rate design and explain PECO's proposed change in the adjustment period for default service rates under the Generation Service Adjustment ("GSA") to synchronize rate adjustments with the PJM planning year.

Second, I will explain a proposed change from quarterly reconciliation of the over/under-collection component of the GSA to annual reconciliation for residential, small commercial and medium commercial customers.

Third, I will explain the proposed modification of the GSA to include the cost of compliance with the Alternative Energy Portfolio Standards ("AEPS") Act and the elimination of the current AEPS Cost Recovery Surcharge from PECO's tariff.

Finally, I will discuss several other proposed tariff changes relating to the elimination of certain expired rates, the distribution of the costs and benefits from PECO's exercise of Auction Revenue Rights ("ARRs") and the clarification of language regarding administrative costs included in the GSA and the recovery of costs associated with PECO's proposed retail market enhancements.

7. Q. Have you identified the specific tariff changes PECO is proposing?

A. Yes. All of the changes proposed by PECO are shown in the clean and redlined versions of PECO's electric service tariff that I am sponsoring as PECO Exhibits ABC-2 and ABC-3. For purposes of discussing the changes in my testimony, I am organizing them into the four categories described above.

II. DEFAULT SERVICE RATE DESIGN AND PROPOSED ADJUSTMENT TO THE GENERATION SERVICE ADJUSTMENT QUARTERLY PERIODS

8. Q. Please provide an overview of PECO's current default service rate design.

A. Under PECO's first default service program ("DSP I"),[1] PECO conducts competitive procurements of default service supply for four different customer classes:

(i) Residential customers (Rate schedules R and RH);

[1] *See Petition of PECO Energy for Approval of Its Default Service Program and Rate Mitigation Plan*, Docket No. P-2008-2062739 (Order entered June 2, 2009).

(ii) Small Commercial customers with less than 100 kW of peak demand (Rate Schedules GS, PD, and HT) and lighting customers (Rate Schedules AL, POL, SLE, SLS, and TLCL);

(iii) Medium Commercial customers whose peak demand is equal to or greater than 100 kW but less than or equal to 500 kW (Rate Schedules GS, PD, and HT); and

(iv) Large Commercial and Industrial customers with peak demands greater than 500 kW (Rate Schedules GS, PD, HT, and EP).

The Commission's Regulations (52 Pa. Code §§ 54.187(h) and (i)) provide that default service rates shall be adjusted on a quarterly basis, or more frequently, for customers with load requirements up to 500 kW. Under the current GSA approved by the Commission in DSP I, PECO projects the cost of generation supply for each customer class with peak loads up to 500 kW (i.e., residential, small commercial and medium commercial customers) on a quarterly basis. This projected cost of supply is a function of projected default service sales and projected procurement costs under PECO's generation supply contracts, as well as any block energy and spot energy purchases for the Residential class. This projection forms the basis of the "Price to Compare" (the "PTC") which customers use to evaluate competitive generation service offerings by electric generation suppliers ("EGSs").

The projected GSA for each quarter is filed 45 days before the start of that quarter. The GSA includes a factor for reconciliation of any over or under collection of actual revenues against actual costs for each procurement class from the period preceding the quarter in which the GSA is filed. For example, the over or under collection for the first quarter is calculated 45 days after the end of that quarter and is included in the GSA effective in the third quarter. Interest on any over or under collection accrues from the month of such over or under collection to the mid-point of the refund period in accordance with the Commission's regulations (52 Pa. Code §54.187(f)).

Under DSP I, the Large Commercial and Industrial customer class (with peak load over 500 kW) is supplied by hourly priced products for generation which includes, in addition to the hourly price of energy, a demand charge based upon the reliability pricing model ("RPM") implemented by PJM Interconnection, L.L.C. ("PJM"), PECO's regional transmission organization. The individual customer's RPM charges are based upon the customer's peak load contribution and RPM prices. In some cases, where there is insufficient supply of ancillary services and AEPS alternative energy credits ("AECs"), the costs of acquiring ancillary services from the PJM market and an allocated portion of PECO's banked AECs are charged to the Large Commercial and Industrial class each month. The Company also provides a monthly estimate of the AEPS and ancillary service costs at least 45 days prior to the start of the month.

Under the current GSA, any over or under collection for Large Commercial and Industrial customers is reconciled on a monthly basis and is refunded or recovered in the same manner over and under collections are handled for the Residential, Small Commercial and Medium Commercial classes. Likewise, interest on any over or under collection is accrued in the same manner and at the same rate as for the Residential, Small Commercial and Medium Commercial classes.

In addition to the foregoing costs, the generation component of the PTC for each procurement class includes an administrative cost factor and a working capital factor. Administrative costs are allocated to the procurement classes based on default service supply sales unless a direct assignment is required. Working capital is a fixed price per kWh that was established as 0.04¢ per kWh in the settlement of PECO's last distribution rate case at Docket No. R-2010-2161575. As such, unlike administrative costs, working capital is not included in the reconciliation.

9. Q. Is PECO proposing to maintain its existing default service rate design in DSP II?

A. Yes, with two adjustments to the current operation of the GSA. First, although PECO will continue to adjust the default service rate on a quarterly basis, PECO is proposing to synchronize the projection periods with PJM's planning year, which begins on June 1 of each year. Because DSP I commenced on January 1, 2011, the GSA is based on calendar quarters, i.e., costs are currently projected (and recovered) over the following four quarterly periods: January-March, April-June, July-September and October-December. PECO proposes to shift the GSA projection periods for residential, small commercial and medium commercial customers to synchronize those periods with PJM's planning year.

In order to achieve this realignment, PECO proposes the following transition process. First, PECO will establish new projection periods corresponding to the three-month periods of June-August, September-November, December-February, and March-May.

PECO will also establish an interim projection period for the two-month period of April and May of 2013 that will include any over or under collections experienced during the months of October and November of 2012. Since this realignment affects rates prior to the start of DSP II on June 1, 2013, the Company has included a transitional GSA and Reconciliation tariff with an effective date of December 1, 2012 in the proposed tariff. *See* Exhibits ABC-2 and ABC-3.

Second, as discussed in detail below, PECO is proposing a twelve-month (annual) reconciliation of the over or under collection component of the GSA for residential, small commercial and medium commercial customers. The annual reconciliation would include over or under collections experienced from March 1 through February 28 (or February 29 during a leap year) and would be recovered during the following annual period of June 1 through May 31. In the event that the Commission approves the proposed annual reconciliation, the current GSA reconciliation adjustment periods would also need to be realigned with the PJM planning year. Specifically, the over or under collections experienced from December of 2012 to February of 2013 would be recovered during the annual period of June of 2013 through May of 2014 (the first annual reconciliation period) and the over or under collections experienced from March of 2013 through May of 2013 would be recovered during the June 2014 to May 2015 period (as part of the over or under collections experienced from March of 2013 through February of 2014). *See* Exhibits ABC-2 and ABC-3.

10. Q. Why is it important to synchronize the GSA's adjustment of default service rates with the PJM planning year?

The price under PECO's wholesale energy contracts, as well as a variety of PJM charges, are linked to the beginning of the PJM planning year (i.e., June 1). This synchronization will provide better price information and signals to both customers and EGSs regarding PECO's default service rates. Further, the proposed synchronization would provide for a cost recovery period consistent with the period of PECO's default service supply contracts, which would also improve the accuracy of price projections.

III. ANNUAL RECONCILIATION OF "OVER/UNDER" COLLECTIONS

11. Q. Mr. Cohn, please explain what an over/under collection is with respect to PECO's GSA.

A. In accordance with its tariff, PECO compares its actual default service calendar supply costs to the billed revenue it receives from customers under the GSA for default service. PECO currently reconciles its cost and billed revenue on a quarterly basis, which means that any over or under difference arising in one quarter will be refunded or recovered beginning three months after the end of the quarter which gave rise to the difference. For example, if the current projected GSA period is the third quarter (July-September), then the over or under collection from the first quarter (January-March) would be applied. Over and under-recoveries are driven by two factors: the difference between projected and actual supply costs and billing cycle lag.

12. Q. What is billing cycle lag?

A. Billing cycle lag is the number of days between the time generation supply costs are incurred by PECO and the time default service customers are billed for such costs.

Billing cycle lag is experienced because revenue billing lags the actual incurrence of generation supply costs. Because customers are billed at different times throughout the month, the revenue for the month reflects sales from the subject month and the prior month that may have experienced higher or lower usage. For example, a customer billed on June 15 would be billed for sales during the period May 15 to June 15. Since May usage is typically less than June usage, billed revenue for June may be low as compared to the generation supply costs that reflect purchases for June usage.

13. Q. Does the revenue and expense timing difference due to billing cycle lag have a significant impact on GSA over/under collections?

A. Yes, it does, as depicted on Exhibit ABC-4. Although the price data and level of sales are merely illustrative, the percentage breakdown of the sales by quarter is a reasonable estimate. As shown by Exhibit ABC-4, if all other factors are held constant, billing cycle lag alone can and will produce significant fluctuations in the PTC for reasons that are not directly related to the cost of default service supply. Such fluctuations often display a cyclical effect due to seasonality, whereby one quarter’s surcharge is then offset by the next quarter’s refund. An illustration of this cyclical effect is depicted in column 9 of Exhibit ABC-4.

14. Q. Why is PECO concerned about swings in GSA over/under collections?

A. The GSA is the largest component of the PTC that may be used by shopping customers and default service customers to evaluate competitive offers. Therefore, to the extent possible the GSA should generally reflect projected costs and not increases or decreases arising from prior period billing cycle lag.

Because billing cycle lag can cause significant quarterly swings in over and under collections, it can create distorted price signals that could result in customer confusion. For example, if customers experience projected GSA rates that are significantly lower than the current quarter's supply costs due to the refund of an over-recovery, it may impact their shopping decisions. Ultimately, a GSA that closely approximates the cost of default service supply will provide customers with the best information for their shopping decisions.

15. Q. How does PECO propose to reduce the impact of billing cycle lag?

A. PECO proposes to reconcile the GSA over and under collections, in the case of residential, small commercial, and medium commercial customers, on an annual basis rather than a quarterly basis. By using an annual schedule for reconciliation of "over or under" amounts instead of quarterly, fluctuations in default service prices will be smoothed out and clearer pricing signals will be sent to both customers and competitive suppliers. As shown on Exhibit ABC-4, quarterly over and under-recoveries due to billing cycle lag tend to net out over the course of a twelve-month period. Further, any remaining balance will be returned or collected over a twelve-month period.

16. Q. Is a waiver of the Commission's regulations required for the annual reconciliation of the over or under collection component of the GSA?

A. As I explained previously, the Commission's Regulations (52 Pa. Code §§54.187(h) and (i)) require adjustment of default service rates on a quarterly basis, or more frequently, for customers with load requirements up to 500 kW. However, the

Commission has recognized that more extended periods for over or under reconciliation may help keep default rates more market-reflective.[2] PECO therefore requests a waiver, to the extent necessary, to implement an annual over or under reconciliation as I have described.

17. Q. Mr. Cohn, is PECO proposing any change in the treatment of over/under collections for Large Commercial and Industrial Customers?

A. Yes. As discussed above, billing lag can result in significant fluctuations in the PTC for large commercial and industrial customers as well. For instance, billing cycle lag could cause a large over collection in one month immediately followed by a large under collection the next month. In such cases, the Company proposes to combine any two months with the large over or under collection for reconciliation purposes to avoid unnecessary wide swings in the PTC from month-to-month. Thus, PECO is proposing to add language to the GSA for large commercial and industrial customers to provide for the foregoing mitigation strategy. *See* Exhibits ABC-2 and ABC-3.

PECO calculates the monthly over or under collection three months prior to reconciliation, and thus, PECO can implement the mitigation strategy prior to the actual refund or recovery of the under or over collection. For example, if PECO experiences a significant under collection from large commercial and industrial customers for July but then experiences an offsetting over collection for August,

[2] *See Investigation of Pennsylvania's Retail Electricity Market: Recommendations Regarding Upcoming Default Service Plans*, Docket No. I-20112237952, at pp. 54-55 (Order entered December 16, 2011) ("*Default Service Recommendations Order*").

PECO would net the two amounts for purposes of establishing the reconciliation charge scheduled for November and December.

IV. INCLUSION OF THE AEPS SURCHARGE COSTS IN THE GENERATION SERVICE ADJUSTMENT

18. Q. What change is PECO proposing with regard to the recovery of AEPS costs?

A. Currently, the Company recovers the cost of compliance with its obligations under the AEPS Act through two mechanisms. First, PECO recovers costs incurred for AECs obtained through its separate procurement of Tier I non-solar AECs during its transition period under the Electricity Generation Customer Choice and Competition Act under the AEPS Surcharge Rider. Second, under DSP I, PECO requires each full requirements default service supplier to transfer Tier I and Tier II AECs to PECO corresponding to PECO's AEPS obligations associated with the amount of default service load served by that supplier, less AECs procured separately by PECO that are allocated toward those AEPS obligations. This cost of full requirements supply is then recovered under the GSA. Going forward, the Company proposes to include all of its AEPS compliance costs in the GSA and, thus, also proposes to eliminate the AEPS Surcharge from its tariff.

19. Q. Why is the Company proposing this change?

A. The Company is proposing this change to collect all AEPS-related costs through a single cost recovery mechanism. The AEPS compliance costs are directly related to default service energy consumption, and therefore, it is appropriate to include them in the GSA. Furthermore, the portion of AEPS compliance costs provided by full requirements suppliers is already reflected in the GSA. The modification proposed by the Company will assure that all AEPS compliance costs are recovered under (and reflected in) the GSA and will simplify the projection of the PTC.

20. Q. How will the Company make the transition from the usage of the AEPS Surcharge to inclusion of all AEPS charges in the GSA?

A. Currently, the AEPS Surcharge changes on June 1 of each year. Because the Company is proposing to transition to a PJM planning year (June 1-May 31) for its GSA, the start of DSP II is the appropriate time for an AEPS Surcharge reconciliation. Current period ("C-factor") costs included in the AEPS Surcharge will be included as separate AEPS factor costs in the GSA (C-factor) and historical ("E-Factor") costs in the AEPS Surcharge will be E-Factor costs in the GSA starting June 1, 2013.

PECO is also proposing transitional tariff provisions for AEPS costs. Currently, on April 1 of each year, PECO files an update to the AEPS Surcharge rate to reconcile actual versus projected AEPS costs, effective June 1 of that year. PECO's proposal to include AEPS costs in the GSA effective June 1, 2013 will eliminate the need to update the AEPS Surcharge on April 1, 2013. The balance of any over or under AEPS cost collection, including associated interest, as of February 2013, will be included in the E-Factor for the GSA that PECO is proposing to be effective on June 1, 2013. Any cumulative over or under collection through May 2013 will be included in the reconciliation of GSA costs experienced during March 2013 to February 2014. These proposed tariff changes are shown in Exhibit ABC-2.

V. OTHER TARIFF CHANGES

21. Q. Mr. Cohn, is PECO proposing to eliminate any rate provisions from its tariff?

A. Yes. PECO's three-year phase-out of declining block prices provided for under DSP I will be complete prior to the commencement of DSP II on June 1, 2013. Thus, the declining block prices for all tariff rates will be eliminated. In addition, in connection with the new customer referral programs PECO is proposing under DSP II, the PECO Wind program will be eliminated along with that program's cost recovery mechanism, the Wind Energy Service Rider. *See* Exhibits ABC-2 and ABC-3.

22. Q. Mr. Cohn, is PECO proposing any additional changes to its tariff under DSP II?

A. Yes. PECO is proposing the following two additional changes. First, PECO is proposing to include the cost or credit associated with ARRs in the GSA "C" factor for residential, small commercial and medium commercial customers and the GSA ancillary services factor for large commercial and industrial customers. Second, PECO proposes to clarify the GSA's definition of administrative cost to specifically reference two additional categories of cost.

23. Q. What is an ARR?

A. ARRs are financial products which are allocated annually by PJM to firm transmission service customers. In PJM's allocation system, PECO receives an allocation based on generation resources that historically served PECO's customer load. ARRs entitle the holder to receive an allocation of the revenues from the Annual Financial Transmission Right ("FTR") Auction. FTRs are financial hedges on congestion risk that PJM sells through an auction process. Firm transmission holders can use ARRs to select transmission paths in the FTR auction. The auction collects revenue from the sale of FTRs, and the revenue is distributed to the ARR holders based upon their selection of transmission paths.

24. Q. How is the Company currently treating the costs and benefits derived from exercising ARRs?

A. The current GSA does not specifically address ARRs. The only load for which PECO could exercise its ARRs is the residential load served by block energy and spot energy products and large commercial and industrial load served by the spot energy market. Even though the GSA does not specifically address ARRs, the Company has passed-through one-hundred percent of the benefits and costs from its exercise of ARRs to customers under the current GSA.

25. Q. What ratemaking treatment is the Company proposing for ARRs?

A. The Company is proposing a 50-50 sharing of the cost or benefits of the ARRs. As such, half of any net cost or benefit will flow through the GSA for the corresponding customer class to which the ARRs were allocated.

26. Q. Why is the Company proposing the sharing mechanism?

A. The magnitude of the ARRs is dependent upon the transmission paths selected and the value of the associated FTRs in the FTR auction. Value is derived from the ARRs when a path has congestion because, in such cases, the holder of the FTR will not pay congestion charges. In selecting the paths for the ARRs, however, there is no guarantee that a selected path will experience congestion. In exercising its ARR rights, PECO runs the risk of choosing the wrong transmission path and therefore incurring a loss. PECO's proposed use of a sharing mechanism mitigates the loss exposure for customers and provides an incentive to PECO to select transmission paths that may be more financially beneficial. Varying strategies can be implemented to optimize the value of ARRs but the risk remains that the paths selected in exercising ARRs will result in a loss.

27. Q. Mr. Cohn, what additional categories of cost will be included in the GSA as a result of the clarification of the definition of administrative costs?

A. As a result of the clarification of the definition of administrative costs, two additional categories of costs are specified. The clarified definition includes (1) the cost of the pricing forecast necessary to project rates for each default service adjustment period for residential, small commercial and medium commercial customers; and (2) any other costs incurred due to enhancements recommended by the Commission in its Retail Market Investigation,[3] to the extent the costs are not recovered directly from EGSs or in other surcharges approved by the Commission (such as the Consumer Education Surcharge).

28. Q. Why is the inclusion of these costs appropriate?

A. With respect to the pricing forecast, the cost is necessary in order to provide a reasonable generation component cost estimate for the Price-to-Compare and to

[3] *See Investigation of Pennsylvania's Retail Electric Market*, Docket No. I-2011-2237952 (Order entered April 29, 2011).

monitor market developments when finalizing procurement schedules. Similarly, consistent with the Commission's regulations at 52 Pa. Code § 54.187, the cost of PECO's proposed retail market enhancements not recovered directly from EGSs or through other surcharges will be included in the appropriate GSA for the class that benefits from the expenditures.

29. Q. Is the Company seeking to continue to recover the cost of its default service proceedings under the GSA?

A. Yes. Consistent with Commission's Policy Statement at 69 Pa. Code § 69.1808(a)(4) and the current GSA, the cost of this proceeding will be recovered through the GSA over the DSP II term.

30. Q. What is the estimated cost of this proceeding that the Company is seeking to recover?

A. The Company estimates the cost of this proceeding as $2.8 million, consisting of consulting fees of approximately $1.9 million and counsel fees of approximately $0.9 million. It is the actual cost, however, that will be included in the GSA and recovered over the DSP II term.

31. Q. What types of costs does the Company expect to incur as a result of its proposed DSP II?

A. The Company will incur three categories of costs in implementing DSP II. First, as explained above, the cost of this proceeding will be recovered over the DSP II term in the administrative cost component of the GSA. Second, PECO may incur costs related to information technology ("IT") changes. Such costs will be recovered generally over five years if booked as capital for accounting purposes or the two-year DSP II term if expensed for accounting purposes. The costs incurred prior to the start of DSP II will be deferred for recovery during the DSP II term. A third category of expenditures is for consumer education. The Company is proposing to recover the costs associated with its 2012 Consumer Education Plan in the current Consumer Education Surcharge to the extent approved by the Commission in Docket No. P-2011-2279773.

32. Q. How will the capital costs be recovered in the GSA?

A. The capital costs of any necessary IT or other changes will be amortized generally over five years and earn a return on the unamortized balance at the Company's cost of capital. The cost of capital will be based upon the capital structure and cost of debt and preferred stock in the Company's quarterly earnings report filed with the Commission. The return on equity will be the rate allowed under the Smart Meter Surcharge.

33. Q. How does PECO propose to recover the cost of programs designed to advance competitive retail markets?

A. The Company is proposing a variety of retail market enhancements, including an Opt-In EGS Offer Program and two Customer Referral Programs, a collaborative on seamless moves, and referral of current PECO Wind customers to EGSs offering a "green" product". The estimated cost and cost recovery mechanism for these programs and other proposed retail market enhancements is delineated on Exhibit

ABC-5. Although Exhibit ABC-5 shows an estimate of the cost of the proposed retail market enhancements, the actual cost may vary significantly depending on the final design of each program. To the extent that the proposed enhancements incur training costs, PECO will recover such costs in the same manner as the IT costs.

34. Q. How does the Company propose to recover the costs of programs that benefit EGSs?

A. For most programs, the Company is proposing to recover costs of retail market enhancements under the same mechanism utilized in its purchase of receivables ("POR") program. Specifically, PECO is proposing to discount purchased EGS receivables by 0.3% until the costs are recovered. Exhibits ABC-7 and ABC-8 show the proposed change to PECO's EGS Tariff to implement the POR discount to recover the cost of the proposed retail market enhancements. The Company will earn a return on capitalized costs consistent with the methodology used in the GSA. Costs associated with the Opt-In EGS Program will be recovered directly from the successful EGS bidders. In the event that the Opt-In EGS Program process does not yield any winning EGSs, the costs of the program will be recovered by PECO through the POR discount until the program costs are fully recovered.

35. Q. Mr. Cohn, Mr. Crowe has explained that PECO is soliciting EGS participation to provide the commodity service associated with PECO's smart meter time-of-use ("TOU") pilot, and EGSs may also bid on the entire implementation requirement. Does PECO have any contingency plans in the event an EGS does not provide this commodity service?

A. Yes. If the service is not provided by an EGS, PECO will provide the commodity service in accordance with the tariff approved by the Commission in Docket No. M-2009-2123944, effective on June 1, 2012.

36. Q. Is PECO entitled to full and current recovery of all costs associated with DSP II?

A. Yes. In light of the Commission's Retail Markets Investigation and its consideration of possible changes to the current default service model, PECO is formally requesting that the Commission expressly affirm PECO's right to full and current recovery of all costs of DSP II, in accordance with 66 Pa. C.S. § 2807(e)(3.9).

37. Q. Has the Company submitted responses to the questions regarding changes to its tariff required by the Commission's Regulations?

A. Yes. ABC-6 provides the Company's responses to the questions in 52 Pa. Code § 53.52(a).

VI. CONCLUSION

38. Q. Does this conclude your direct testimony?

A. Yes, it does.