

**THE PENNSYLVANIA UTILITY LAW PROJECT
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March 09, 2012

Via E-Filing
Secretary Rosemary Chiavetta
Pennsylvania Public Utility Commission
P.O. Box 3265
Harrisburg, PA 17105-3265

Re:

**Petition of PECO Energy Company for Approval of its Default
Service Program**

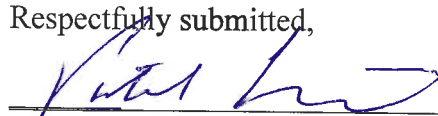
Docket Nos. P-2012-2283641

Dear Secretary Chiavetta:

Enclosed please find the Prehearing Memorandum of the Coalition for Affordable Utility Services and Energy Efficiency in the captioned proceedings.

Kindly notify the undersigned if you have any questions or concerns about this filing.

Respectfully submitted,



Patrick M. Cicero, Esquire
Harry S. Geller, Esquire
Counsel for CAUSE-PA

CC: Certificate of Service

BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION

Petition of PECO Energy Company for Approval of its Default Service Program

Docket Nos. P-2012-2283641

**PREHEARING MEMORANDUM OF THE
COALITION FOR AFFORDABLE UTILITY SERVICES
AND ENERGY EFFICIENCY IN PENNSYLVANIA**

The Coalition for Affordable Utility Services and Energy Efficiency in Pennsylvania (“CAUSE-PA”), through its counsel at the Pennsylvania Utility Law Project, hereby submits this Prehearing Memorandum pursuant to the March 6, 2012 Prehearing Order of Administrative Law Judge Dennis J. Buckley.

I. History of Proceeding

On January 13, 2012, PECO Energy Company (“PECO” or the “Company”) filed a Petition for Approval of its Default Service Program (“Petition”). The filing was made to establish the terms and conditions under which PECO will procure default service supplies, provide default service to non-shopping customers, satisfy the requirements imposed by the Alternative Energy Portfolio Standards Act¹ (“AEPs Act”), and recover all associated costs on a full and current basis for the period of June 1, 2013 through May 31, 2015. The Petition also seeks approval of PECO’s proposed retail market enhancements, specifically its implementation of a retail opt-in auction and customer referral program.

¹ 73 P.S. §§ 1648.1-1648.8 and related provisions of 66 Pa. C.S. §§ 2813-14.

By notice filed in the Pennsylvania Bulletin on January 28, 2012, the Commission directed that formal protests, petitions to intervene, and answers to PECO's petition must be filed with the Secretary of the Commission on or before February 17, 2012. 42 Pa.B. 642. On February 13, 2012, CAUSE-PA filed a Petition to Intervene and an Answer in this proceeding.

On March 6, 2012, Administrative Law Judge Buckley issued a Prehearing Conference Order scheduling a Prehearing Conference for March 13, 2012 at 10:00 a.m. The Prehearing Order directed that on or before March 12, 2012, all parties are to file and serve a Prehearing Conference Memoranda. This Prehearing Conference Memoranda is filed in accordance with Judge Buckley's Order.

II. Service on CAUSE-PA

CAUSE-PA consents to accept electronic delivery of documents on the deadlines for their filing, if followed by one (1) hard copy delivered by first class mail to its counsel of record:

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III. Issues to be Presented

CAUSE-PA is concerned about the effect that the proposed retail market enhancements will have on the long-term affordability of service for economically vulnerable households within PECO's service territory. While CAUSE-PA is still formulating its positions on all of the

issues presented in PECO's filing, it has tentatively identified the following issues that it will address in this proceeding:

A. Retail Opt-In Auction

PECO proposes to implement an "opt-in" program in which EGSs will bid to provide competitive retail electric service to up to fifty (50%) of PECO's non-shopping default load. (Petition ¶ 41.) According to the Petition, each offer price must be at least five percent (5%) less than PECO's projected Price-to-Compare for June 1, 2013. (Id.) Once the winning EGSs are selected, customers would be randomly assigned and would receive an offer from the EGS. (Id. ¶ 44.) Participating customers can select another EGS or return to default service without penalty after enrollment; however, at the end of the 12-month fixed price an enrolled customer will not return automatically to default service and an EGS may establish new prices. (Id. ¶ 46.)

CAUSE-PA intends to examine both the hazards and benefits that this auction would have for low-income residential customers and submits that PECO should be required to demonstrate that each component of their opt-in auction proposal is permissible under current law and regulations and that the process proposed adequately safeguards the rights of all residential customers, particularly low-income and otherwise vulnerable customers.

PECO has clarified in some early discovery responses that it does not intend for its CAP customers to participate in this program. CAUSE-PA intends to support this approach; however, there remain open questions about whether other Universal Service Programs would be fully integrated into their proposed auction structure without any reduction of benefits and safeguards to Universal Service Program participants. These issues must be reviewed through discovery and a hearing in order to ensure that PECO's low-income customers are not harmed by participation in such an auction.

A. Customer Referral Programs

PECO also proposes to implement two customer referral programs: a Standard Offer Customer Referral Program and a New/Moving Customer Referral Program. (Petition ¶ 48.) CAUSE-PA intends to examine the various proposals to ensure that each of them adequately protects low-income customers. PECO has appropriately determined that CAP customers should not participate in either of these referral programs and CAUSE-PA intends to support this approach; however, there remain unanswered questions about whether other low-income customer segments may also benefit from the price stability of default service and thus should also not participate in these retail enhancements.

IV. Witnesses and Testimony

CAUSE-PA reserves the right to present in this proceeding direct, rebuttal, and surrebuttal fact and expert testimony, to the extent it deems necessary. CAUSE-PA has not yet identified its witness for this proceeding. As soon as it identifies a witness, CAUSE-PA will promptly notify the parties to this proceeding as well as the Administrative Law Judge.

V. Scheduling, Discovery, and Testimony


CAUSE-PA will work with the other parties to come to a schedule which suits the needs of all of the parties and the Commission. CAUSE-PA supports the submission of direct testimony of witnesses in writing in advance of the hearing.

VI. Conclusion

CAUSE-PA respectfully requests that its Prehearing Memorandum be entered into the record of this proceeding.

Respectfully submitted,

PENNSYLVANIA UTILITY LAW PROJECT
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March 9, 2012

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

**Petition of PECO Energy Company for Approval of its Default
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Docket Nos. P-2012-2283641

Certificate of Service

I hereby certify that I have this day served copies of the foregoing document, upon the counsel of record for the parties who have filed a Petition to Intervene in the captioned matter as set forth below in accordance with the requirements of 52 Pa. Code § 1.54:

VIA E-MAIL & FIRST-CLASS MAIL

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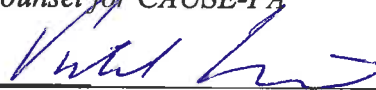
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