



COMMONWEALTH OF PENNSYLVANIA
PENNSYLVANIA PUBLIC UTILITY COMMISSION
P.O. BOX 3265, HARRISBURG, PA 17105-3265

IN REPLY PLEASE
REFER TO OUR FILE

March 12, 2012

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 No. P-2012-2283641

Dear Secretary Chiavetta:

Enclosed please find an original copy of the Bureau of Investigation and Enforcement's (I&E) **Prehearing Memorandum** in the above-captioned proceeding.

Copies are being served on all active parties of record. If you have any questions, please contact me at (717) 783-6156.

Sincerely,

Carrie B. Wright
Prosecutor
Bureau of Investigation and Enforcement
PA Attorney I.D. #208185

Enclosure
CBW/edc

cc: Parties of Record
Hon. Dennis J. Buckley

BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION

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

:
:
:
:
:

Docket No. P-2012-2283641

**PREHEARING MEMORANDUM
OF THE
BUREAU OF INVESTIGATION AND ENFORCEMENT**

TO ADMINISTRATIVE LAW JUDGE DENNIS J. BUCKLEY:

The Bureau of Investigation and Enforcement (“I&E”) of the Pennsylvania Public Utility Commission (“Commission”) respectfully submits the following Prehearing Memorandum in the above-captioned proceeding.

The I&E Prosecutor in this proceeding will be Carrie B. Wright. Contact information is as follows:

By mail: Carrie B. Wright
Pennsylvania Public Utility Commission
P.O. Box 3265
Harrisburg, PA 17105-3265

By e-mail: carwright@pa.gov

By telephone: (717) 783-6156

By fax: (717) 772-2677

I. INTRODUCTION

On January 13, 2012, PECO Energy Company (“PECO” or “Company”) filed a Petition for Approval of its Default Service Program (“Petition”) with the Commission seeking approval of its proposed Default Service Program II (“DSP II”) to secure default service supply for the period from June 1, 2013 to May 31, 2015.

A Prehearing Conference is scheduled for March 13, 2012 at 10:00 a.m., with Administrative Law Judge Dennis J. Buckley presiding.

II. ISSUES

The following list represents I&E’s preliminary determination of the potential issues in this case. The listing is as complete as can be made at this time. I&E specifically reserves the right to address other issues, as it deems appropriate if any such relevant issues arise. The issues are as follows:

1. PECO’s proposed “prudent mix” of default service procurement contracts which are proposed to result in an adequate and reliable supply of generation at least cost over time.
2. PECO’s proposed tariff changes to its existing default service rate design, including annual reconciliation of over/under collections and incorporation of PECO’s currently separate Alternative Energy Portfolio Standard Rider into its Generation Supply Adjustment (“GSA”) charge.
3. PECO’s proposed right to recover all of its default service costs in accordance with 66 Pa. C.S. Section 2807(3.9).
4. PECO’s requested waiver of the rate design provisions of 52 Pa. Code Section 54.187.

5. PECO's proposed Opt-In EGS Offer Program retail market enhancement tool, the associated cost recovery mechanism, and any associated requested waivers.
6. PECO's proposed Customer Referral Program retail market enhancement tool, the associated cost recovery mechanism, and any associated requested waivers.
7. PECO's proposed revised default service supply master agreement ("SMA").
8. PECO's proposed agreements with EGSs to implement the Opt-In EGS Offer Programs and Customer Referral Programs as affiliated interest agreements under 66 Pa. C.S. Section 2102.

III. WITNESSES

It is currently expected that I&E may call the following expert witness without being limited thereto:

Scott Granger, Executive Policy Analyst

The I&E witness may be contacted through the information listed above for Ms. Wright. The witness list is provided without the benefit of complete discovery or analysis of the positions of potential other parties to this proceeding. Accordingly, I&E reserves the right to call additional witnesses or withdraw the name of the witness listed above.

IV. EVIDENCE

I&E expects to present all written direct, rebuttal and surrebuttal testimony and accompanying exhibits at the evidentiary hearing. Moreover, I&E intends to rely on the Company's filing, answers to data requests and interrogatories, annual reports and other documents submitted to the Commission, other relevant Commission filings, any other

relevant Commonwealth agency letters or reports, general financial market information sources and other public documents and reports.

V. SCHEDULE

I&E will work with the parties to develop a schedule in this proceeding.

VI. SERVICE OF DOCUMENTS

For purposes of satisfying in-hand requirements for discovery responses, prepared testimony and briefs, I&E will accept electronic delivery of documents with a follow-up hard copy provided by regular first class mail.

VII. SETTLEMENT

I&E is willing to make good faith efforts to successfully resolve this matter through settlement. In the event settlement discussions fail to result in a full and complete resolution of the matter, I&E is prepared to fully or partially litigate this proceeding.

Respectfully Submitted,



Carrie B. Wright
Prosecutor
PA Attorney I.D. # 208185

Bureau of Investigation and Enforcement
Pennsylvania Public Utility Commission
Post Office Box 3265
Harrisburg, Pennsylvania 17105-3265

Dated: March 12, 2012

BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION

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

CERTIFICATE OF SERVICE

I hereby certify that I am serving the foregoing **Prehearing Memorandum** dated March 12, 2012, either personally, by first class mail, electronic mail, express mail and/or by fax upon the persons listed below, in accordance with the requirements of § 1.54

(relating to service by a party):

Thomas P. Gadsden, Esquire
Kenneth M. Kulak, Esquire
Brooke E. Leach, Esquire
Morgan Lewis & Bockius LLP
1701 Market Street
Philadelphia, PA 19103-2921

Melanie J. Eliateh, Esquire
UGI Corporation
460 North Gulph Road
King of Prussia, PA 19406

Anthony E. Gay, Esquire
Jeanne J. Dworetzky, Esquire
PECO Energy Company
2301 Market Street
P.O. Box 8699
Philadelphia, PA 19101-8699

Todd S. Stewart, Esquire
Hawke McKeon & Sniscak LLP
P.O. Box 1778
100 N. Tenth Street
Harrisburg, PA 17105-1778

Tori L. Giesler, Esquire
FirstEnergy Service Co.
2800 Pottsville Pike
P.O. Box 16001
Reading, PA 19612-6001

Tanya J. McCloskey, Esquire
Christy M. Appleby, Esquire
Candis Tunillo, Esquire
Office of Consumer Advocate
555 Walnut Street
5th Floor Forum Place
Harrisburg, PA 17101-1923

Elizabeth Rose Triscari, Esquire
Office of Small Business Advocate
300 North Second Street
Suite 1102
Harrisburg, PA 17101

Divesh Gupta, Esquire
Constellation Energy
100 Constellation Way
Suite 500C
Baltimore, MD 21202

Charles E. Thomas III, Esquire
Thomas, Long, Niesen & Kennard
212 Locust Street
Suite 500
P.O. Box 9500
Harrisburg, PA 17108-9500

Adeolu A. Bakare, Esquire
McNees, Wallace & Nurick LLC
100 Pine Street
P.O. Box 1166
Harrisburg, PA 17108-1166

Daniel Clearfield, Esquire
Deanne M. O'Dell, Esquire
Edward Lanza, Esquire
Jeffrey Norton, Esquire
Carl R. Schultz, Esquire
Eckert Seamans Cherin & Mellott LLC
213 Market Street – 8th Floor
Harrisburg, PA 17101

Tori L. Geisler, Esquire
FirstEnergy Service Company
2800 Pottsville Pike
P.O. Box 16001
Reading, PA 19612-6001

Thomas McCann Mullooly, Esquire
Trevor D. Stiles, Esquire
Foley & Lardner LLP
777 East Wisconsin Avenue
Milwaukee, WI 53202

Brian J. Knipe, Esquire
Buchanan Ingersoll & Rooney, PC
17 North Second Street
15th Floor
Harrisburg, PA 17101-1503

Thu B. Tran, Esquire
Robert W. Ballanger, Esquire
George D. Gould, Esquire
Community Legal Services, Inc.
1424 Chestnut Street
Philadelphia, PA 19102

Patrick M. Cicero, Esquire
Harry S. Geller, Esquire
Pennsylvania Utility Law Project
118 Locust Street
Harrisburg, PA 17101

Scott H. DeBroff, Esquire
Alicia R. Duke, Esquire
Rhoads & Sinon LLP
One South Market Square
12th Floor
P.O. Box 1146
Harrisburg, PA 17108-1146

Andrew S. Tubbs, Esquire
Post & Schell PC
17 North Second Street
12th Floor
Harrisburg, PA 17101


Carrie B. Wright

Prosecutor
Bureau of Investigation and Enforcement
PA Attorney I.D. #208185