

COMMONWEALTH OF PENNSYLVANIA



OFFICE OF CONSUMER ADVOCATE

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January 14, 2013

Rosemary Chiavetta
Secretary
Pennsylvania Public Utility Commission
Commonwealth Keystone Building
400 North Street
Harrisburg, PA 17120

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

PECO Energy Company Universal Service and
Energy Conservation Plan for 2012-2015 Submitted
in Compliance with 52 Pa. Code §§ 54.74 and 62.4
Docket No. M-2012-2290911

Dear Secretary Chiavetta:

Enclosed please find the Office of Consumer Advocate's Prehearing Memorandum, in the above-referenced proceeding.

Copies have been served upon all parties of record as shown on the attached Certificate of Service.

Respectfully Submitted,

A handwritten signature in cursive script that reads "Christy M. Appleby".

Christy M. Appleby
Assistant Consumer Advocate
PA Attorney I.D. # 85824

Enclosures

cc: Hon. Cynthia Fordham
Certificate of Service

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BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION

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

PECO Energy Company Universal Service and :
Energy Conservation Plan for 2013-2015 :

PREHEARING MEMORANDUM
OF THE
OFFICE OF CONSUMER ADVOCATE

Pursuant to Section 333 of the Public Utility Code, 66 Pa.C.S. § 333, and the January 9, 2013 Prehearing Order, the Office of Consumer Advocate (OCA) provides the following information:

I. Introduction

On February 28, 2012, PECO Energy Company (PECO or the Company) filed the above-captioned Universal Service and Energy Conservation Plan (USECP or Plan) in accordance with the Commission's regulations at 52 Pa. Code §§ 54.71-54.78, relating to electric universal service and energy conservation requirements and at 52 Pa. Code §§ 62.1-62.8, relating to natural gas universal service and energy conservation requirements. Subsequently, on October 25, 2012, PECO filed an Amended USECP.

Additionally, the Commission in the Petition of PECO Energy Company for Approval of its Default Service Program II (DSP II) proceeding ordered that PECO and the Office of Competitive Market Oversight (OCMO) develop a plan to allow CAP customers to purchase their generation supply from Electric Generation Suppliers (EGSs) by January 1, 2014. DSP II Order, Docket No. P-2012-2283641, at Ordering ¶ 18 (Order entered October 12, 2012).

On October 12, 2012, PECO separately filed Supplement No. 55 to Tariff Electric- Pa. P.U.C. No.4 Effective January 1, 2013 Updating CAP Discount Rates and Maximum Discounts Provided Under Terms of the Settlement, Docket No. R-2010-2161575 (Section D/Statement I) and Tariff Electric- Universal Service Fund Charge- Section 1307 Final Annual Rate Adjustment for 2012. The Commission approved the filings on December 20, 2012 and November 8, 2012, respectively.

On October 31, 2012, PECO also filed its APPRISE six year evaluation in compliance with 52 Pa. Code § 54.76.

Each of these filings may have a significant impact on the current structure of the PECO's universal service program and the costs for those programs. On November 8, 2012, the Commission issued a Tentative Order regarding PECO's Universal Service and Energy Conservation Plan. The Tentative Order requested Comments on a large number of important and inter-related issues including the following: (1) whether the CAP Rate Program should be changed to a Percentage of Income Payment Program (PIPP), including the affordability issues raised and the costs and benefits of such a program design; (2) how the distribution of the Low Income Home Energy Assistance Program (LIHEAP) grant fits with the PECO CAP Rate Program and its impact on the net energy burdens of the customer; (3) the viability of the "in-program" arrearage forgiveness program and deferred payment arrangement process; (4) the viability of PECO's assignment of customers to the appropriate CAP Rate tiers, including CAP Rate A; (5) the extent to which, if at all, PECO should retain or modify its one-year arrearage forgiveness program; (6) the extent to which PECO should continue its automatic enrollment of LIHEAP recipients into the CAP Rate and whether, if so, the extent to which PECO should modify its consumer education program, including the costs, benefits and risks to consumers of

the automatic enrollment program; (7) the need for and operation of PECO's CAP Rate provision that customers be required to provide Social Security numbers; (8) the need for and operation of PECO's CAP Rate provisions regarding the proof of zero dollar incomes; (9) the viability of PECO's use of a population average CAP Rate credit ceiling; (10) the viability and implementation of PECO's CAP Rate Referrals to the Low Income Usage Reduction Program (LIURP); (11) the impact that switching to a PIPP will have on CAP customers' ability to shop; and (12) the need for additional cost control measures for PECO's affordability program.

On November 15, 2012, H. Gil Peach and Associate, LLC filed Comments in response to the Tentative Order. On November 28, 2012, the OCA; PECO; Tenant Union Representative Network (TURN), Action Alliance of Senior Citizens of Greater Philadelphia (Action Alliance), and The Coalition for Affordable Utility Services and Energy Efficiency in Pennsylvania (CAUSE-PA)(collectively referred to as TURN, *et. al*); Pennsylvania Coalition Against Domestic Violence; and Face to Face filed Comments.

Reply Comments were filed on December 10, 2012 by TURN, *et. al*, PECO and OCA.

On January 3, 2012, the Commission issued a Secretarial Letter to address procedural scheduling issues and to assign the matter to the Office of Administrative Law Judge. The Secretarial Letter stated that the Commission plans to adopt a Final Order on PECO's CAP Plan by April 4, 2013 and that the record must be certified by March 1, 2013. Further, in order to allow for the CAP Plan changes to be finalized prior to implementation of the CAP Shopping Plan, the Secretarial Letter also extended the time for PECO to file its CAP Shopping Plan until May 1, 2013.

The matter was assigned to the Office of Administrative Law Judge for investigation and review and was further assigned to Administrative Law Judge Cynthia Williams Fordham. A Prehearing Conference Notice was issued on January 7, 2013 which set the Prehearing Conference for 1:30 p.m. on January 14, 2013 in-person in Philadelphia and by telephone in Harrisburg. On January 9, 2013, ALJ Fordham issued the Prehearing Order in this matter.

II. Issues and Sub-Issues

Based upon the Commission's Tentative Order, the OCA has compiled a list of issues that it anticipates will be included its investigation of PECO's Universal Service and Energy Conservation Plan. It is anticipated that other issues will arise and may be pursued as discovery proceeds.

The OCA will address the issues identified in the Commission's Tentative Order and additional issues identified as follows:

- (1) Whether the CAP Rate Program should be changed to a PIPP, including the affordability issues raised and the costs and benefits of such a program design;
- (2) How the distribution of the LIHEAP grant fits with the PECO CAP rate program and its impact on the net energy burdens of the customer;
- (3) The viability of the "in-program" arrearage forgiveness and deferred payment arrangement process;
- (4) The viability of PECO's assignment of customers to appropriate CAP Rate Tiers, including CAP Rate A;
- (5) The extent to which, if at all, PECO should retain or modify its one-year arrearage forgiveness component;

(6) The extent to which PECO should continue its “automatic enrollment” of LIHEAP recipients into the CAP Rate and whether, if so, the extent to which PECO should modify its consumer education program, including the costs, benefits and risks to consumers of the automatic enrollment program;

(7) The need for and operation of PECO’s CAP Rate provision that customers be required to provide Social Security Numbers;

(8) The need for and operation of PECO’s CAP Rate provisions regarding the proof of zero-dollar incomes;

(9) The viability of PECO’s use of a population average CAP Rate credit ceiling;

(10) The viability and implementation of PECO’s CAP Rate referrals to the Low Income Usage Reduction Program (LIURP);

(11) The impact that switching to a PIPP will have on CAP Customers’ ability to shop;

(12) The need for additional cost control measures for PECO’s affordability program; and

(13) The impact on the costs of the program of the changes to the RH Rate kWh discount levels.

The OCA reserves the right to address additional issues in response to formal and informal discovery responses and issues raised by other parties to the proceeding.

III. Witnesses

The OCA will present the direct and rebuttal testimony of Roger D. Colton in this proceeding. Mr. Colton will present testimony in written form and also will attach various

exhibits and explanatory documents which will assist in the presentation of the OCA's case. In order to expedite the resolution of this proceeding, the OCA requests that copies of all interrogatories, testimony, and answers to interrogatories be mailed directly to Mr. Colton at the following address, as well as mailing copies to counsel for the OCA.

Roger D. Colton
Fisher, Sheehan and Colton
34 Warwick Road
Belmont, MA 02478
Telephone: (617) 484-0597
Facsimile: (617) 484-0594
E-mail: roger@fsconline.com

The OCA specifically reserves the right to call additional witnesses, as necessary. As soon as the OCA has determined whether an additional witness or witnesses will be necessary for any portion of its case, the OCA will notify Administrative Law Judge Fordham and all parties of record.

IV. Service on the OCA

The OCA will be represented in this case by Assistant Consumer Advocates Christy M. Appleby and Amy Hirakis, Assistant Consumer Advocates. Two copies of the documents should be served on the OCA as follows:

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V. Discovery

Because the time period for discovery and preparation of testimony is very limited, the OCA proposes a shortened discovery response time in this proceeding. The OCA, therefore, requests the following modifications to the discovery regulations:

A. Answers to written interrogatories be served in-hand within seven (7) calendar days of service of the interrogatories.

B. Objections to interrogatories be communicated orally within three (3) calendar days of service; unresolved objections be served to the ALJ in writing within five (5) days of service of interrogatories.

C. Motions to dismiss objections and/or direct the answering of interrogatories be filed within three (3) calendar days of service of written objections.

D. Answers to motions to dismiss objections and/or direct the answering of interrogatories be filed within three (3) calendar days of service of such motions.

E. Responses to requests for document production, entry for inspection, or other purposes be served in-hand within seven (7) calendar days.

F. Requests for admission be deemed admitted unless answered within seven (7) calendar days or objected to within five (5) calendar days of service.

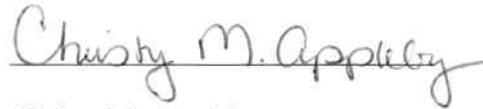
VI. Procedural Schedule

The OCA will work with all parties to develop a mutually agreeable schedule for the discovery, submission of written testimonies, scheduling of evidentiary hearings and a briefing schedule.

VII. Transcripts

Due to the expedited nature of this proceeding, the OCA respectfully requests that Your Honor order a one-day turnaround for transcripts.

Respectfully Submitted,



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DATE: January 14, 2013

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CERTIFICATE OF SERVICE

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

PECO Energy Company's Universal Service and Energy Conservation Plan for 2013-
2015 Submitted in Compliance with 52 Pa. Code §§ 54.74 and 62.4
Docket No. M-2012-2290911

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

Dated this 14th day of January 2013.

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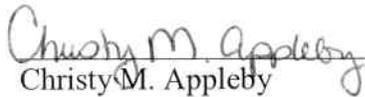
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