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March 7, 2013

VIA eFILING

Rosemary Chiavetta, Secretary
Pennsylvania Public Utility Commission
Commonwealth Keystone Building
400 North Street
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 for filing is the **Answer of PECO Energy Company to the Petition for Clarification and/or Reconsideration of the Philadelphia Area Industrial Energy Users Group** (“PAIEUG”) in the above-captioned proceeding (the “Answer”). As set forth in the Answer, PECO does not oppose PAIEUG’s clarification request, which relates to the application of a non-bypassable surcharge to large commercial and industrial customers to recover costs of PECO’s Opt-In and Standard Offer retail market enhancement programs.

PECO notes that its Second Revised Default Service Compliance Plan (the “Plan”) is presently pending before the Commission in this proceeding, and the Company has requested a decision from the Commission by March 8, 2013, in order to ensure that customers participating in the Opt-In Program will be able to receive generation service from electric generation suppliers by June 1, 2013. Because PECO does not seek to recover the costs of the Opt-In and Standard Offer programs through a non-bypassable surcharge, PECO respectfully submits that the Commission’s resolution of PAIEUG’s petition does not require any delay in the Commission’s consideration and approval of the Plan.

Rosemary Chiavetta, Secretary
March 7, 2013
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As indicated on the attached Certificate of Service, copies of the Answer are being serviced on the Administrative Law Judge and all parties of record.

Sincerely,

Handwritten signature of Thomas P. Gadsden in black ink.

Thomas P. Gadsden

TPG/ap
Enclosures

c: Per Certificate of Service

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

PETITION OF PECO ENERGY COMPANY :
FOR APPROVAL OF ITS DEFAULT : **DOCKET NO. P-2012-2283641**
SERVICE PROGRAM :

CERTIFICATE OF SERVICE

I hereby certify and affirm that I have this day served copies of the **Answer of PECO Energy Company to the Petition for Clarification and/or Reconsideration of the Philadelphia Area Industrial Energy Users Group** on the following persons in the matter specified in accordance with the requirements of 52 Pa. Code § 1.54.

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Dated: March 7, 2013

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

**PETITION OF PECO ENERGY COMPANY :
FOR APPROVAL OF ITS DEFAULT : DOCKET NO. P-2012-2283641
SERVICE PROGRAM :**

**ANSWER OF PECO ENERGY COMPANY TO
THE PETITION FOR CLARIFICATION AND/OR RECONSIDERATION OF THE
PHILADELPHIA AREA INDUSTRIAL ENERGY USERS GROUP**

Pursuant to 52 Pa. Code § 5.572(e), PECO Energy Company (“PECO” or the “Company”) hereby answers the Philadelphia Area Industrial Energy Users Group’s (“PAIEUG”) Petition for Clarification and/or Reconsideration (“Petition”) of the Opinion and Order entered by the Pennsylvania Public Utility Commission (the “Commission”) on February 14, 2013 at the above-referenced docket (the “February 14 DSP Order”).

On December 11, 2012, PECO submitted a revised plan (the “First Revised Plan”) consistent with the October 12 Opinion and Order approving PECO’s Default Service Program for the period from June 1, 2013 to May 31, 2015, with several revisions. That Order further directed PECO to submit proposals, in collaboration with electric generation suppliers (“EGSs”) and other interested parties, addressing several Retail Market Enhancement Program (“RME Program”) issues.

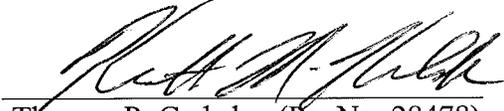
In the February 14 DSP Order, the Commission approved the First Revised Plan, with several revisions regarding the RME Programs, including the cost recovery mechanisms for PECO’s EGS Opt-In Offer Program (“Opt-In Program”) and EGS Standard Offer Program (“SOP”). Specifically, the Commission directed PECO to first recover Opt-In Program and SOP costs from participating EGSs through a fixed per customer fee, subject to a \$1 per assigned customer or \$30 per customer cap, respectively. February 14 DSP Order, p. 13. The Commission then authorized PECO to recover any remaining costs in one of two ways: (1)

through a non-bypassable surcharge; or (2) shared with 50% from a discount on purchased EGS receivables (“POR Discount”) and 50% from residential and small commercial default service customers. *Id.* In response to the February 14 DSP Order, PECO filed its Second Revised Plan on February 28, 2013, which, *inter alia*, modifies PECO’s retail electric and supplier tariffs to reflect the collection of 50% of implementation and ongoing Opt-In Program and SOP costs that have not otherwise been collected by the EGS participant fees through a POR Discount (not to exceed 0.2%) and 50% from residential and small commercial default service customers.

In its Petition, PAIEUG acknowledges that PECO’s Second Revised Plan exempts large industrial customers from paying for costs of the Opt-In Program and SOP. Petition, p. 4 n.2. Nonetheless, PAIEUG requests that the Commission clarify that the February 14 DSP Order authorizes PECO to explicitly limit application of a non-bypassable surcharge with respect to recovery of RME program costs to customers eligible to participate in RME programs, namely, residential and small commercial customers. PECO does not oppose such a clarification for recovery of the costs of the SOP and Opt-In Program. However, the Company urges the Commission to clarify the February 14 DSP Order in a manner that will allow the Commission to accommodate PECO’s request for a decision regarding the Second Revised Plan by March 8, 2013 in order to ensure that customers participating in the Opt-In Program will be able to receive generation service from EGSs beginning on June 1, 2013. PECO respectfully submits that the Commission’s decision regarding the Second Revised Plan is not conditioned on resolution of the Petition because the Second Revised Plan does not seek to recover any Opt-In Program or SOP costs from large industrial customers.

WHEREFORE, for the reasons set forth above, PECO agrees that the Commission should clarify its February 14 DSP Order by stating that it intended to limit application of a non-bypassable surcharge for recovery of Opt-In Program and Standard Offer Program costs to residential and small commercial customers.

Respectfully submitted,



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