



COMMONWEALTH OF PENNSYLVANIA

March 13, 2013

**E-FILED**

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**

Dear Secretary Chiavetta:

Enclosed for filing are the Comments on the Second Revised Default Service Plan Compliance Filing, on behalf of the Office of Small Business Advocate, in the above-docketed proceeding. As evidenced by the enclosed certificate of service, two copies have been served on all active parties in this case.

If you have any questions, please contact me.

Sincerely,

A handwritten signature in cursive script that reads "Elizabeth Rose Triscari".

Elizabeth Rose Triscari  
Assistant Small Business Advocate  
Attorney ID #306921

Enclosures

cc: Parties of Record

Brian Kalcic

**BEFORE THE  
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

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

**COMMENTS OF THE OFFICE OF SMALL BUSINESS ADVOCATE ON  
SECOND REVISED DEFAULT SERVICE PLAN COMPLIANCE FILING**

**I. INTRODUCTION AND BACKGROUND**

On October 12, 2012, the Pennsylvania Public Utility Commission (“Commission”) entered an Opinion and Order (“DSP II Order”) regarding the Default Service Program of PECO Energy Company (“PECO” or the “Company”) for the period from June 1, 2013 to May 31, 2015 (“DSP II”).

The DSP II Order directed PECO to file a revised plan consistent with the Commission’s revisions directed in the DSP II Order and to submit proposals, in collaboration with electric generation suppliers (“EGSs”) and other interested parties, addressing certain retail market enhancement program (“RME Program”) issues.

Specifically, the DSP II Order directed PECO to submit, in collaboration with other interested parties: (1) a proposal regarding EGS selection, customer assignment, and the role of the independent monitor for the revised Opt-In Program; (2) a proposal regarding form application and form requirements for EGSs who participate in the Opt-In Program and Standard Offer Program (the “EGS Applications and Form Agreements”); and (3) a proposal for recovery of RME Program costs.

The Company filed a Petition for Clarification and Reconsideration on October 31, 2012 (“Clarification Petition”). The Commission subsequently entered an Opinion and Order on November 21, 2012 (“Clarification Order”) in response to the Clarification Petition.

The Clarification Order, among other things, clarified that parties should consider the possibility that customers, in addition to EGSs, may be responsible for at least some RME Program Costs.

Pursuant to the DSP II Order and Clarification Order, the Company engaged in collaborative discussions with interested stakeholders, a process in which the Office of Small Business Advocate (“OSBA”) was an active participant.

On December 11, 2012, the Company submitted its Revised Default Service Plan Compliance Filing (“Revised Plan”), which reflects all of the revisions directed by the DSP II Order and Clarification Order as well as the revisions agreed to by the collaborative participants with respect to RME Programs. For those issues on which the collaborative participants did not agree, PECO included its own proposals for the Commission’s consideration, which are consistent with the Company’s original DSP II filing.

On February 14, 2013, the Commission issued an order on PECO’s Revised Default Service Plan (“Revised Plan Order”). In the Revised Plan Order, the Commission established a cap on the RME Program costs to be paid by participating EGSs and proposed two alternatives for recovery of RME Program costs in excess of those caps, either (1) through a non-bypassable surcharge or (2) shared 50% from the POR Discount and 50% from residential and small commercial default service

customers.<sup>1</sup> The Commission also ordered PECO to file a second revised plan within 60 sixty days.<sup>2</sup>

On February 28, 2013, PECO filed its Second Revised Default Service Plan Compliance Filing (“Second Revised Plan”), opting to implement the Commission’s second proposal, *i.e.*, 50/50 sharing of costs between ratepayers and EGSs.

The OCA submitted Comments in response to the Second Revised Plan on March 11, 2013, addressing the cost recovery mechanism. The OSBA submits these comments in support of the Comments filed by the OCA.

## **II. COMMENTS**

1. The OSBA agrees with the OCA that the 50/50 sharing option is preferable to the non-bypassable charge option because it is less harmful to ratepayers.
2. While costs caps may be necessary to attract EGS participation, the OSBA shares the OCA’s concerns that there is no record evidence to support the reasonableness of the cost caps proposed by the Commission. PECO has not provided final cost estimates for the RME Programs, nor any indication of whether costs can be reduced to stay within the caps.
3. The OSBA further agrees with the OCA that PECO’s RME Programs should be designed to remain within the caps established by the Commission. It is unknown at this time whether default service customers are in danger of being saddled with significant RME Program costs that would far outweigh any benefits they would receive from such programs.

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<sup>1</sup> Revised Plan Order at 13-14.

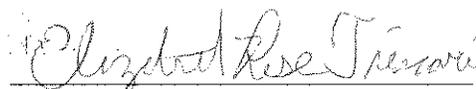
<sup>2</sup> *Id.* at Ordering ¶2.

4. PECO's Second Revised Plan should not be approved until it is known what amount default customers will have to pay and whether that amount is reasonable. It is clearly inequitable that the Second Revised Plan ensures that EGSs will know their costs prior to deciding whether to participate, but default service customers, who have no control over RME Program costs, are facing unknown cost exposure.

### III. CONCLUSION

In view of the foregoing, the OSBA respectfully requests that the Commission not approve the Second Revised Plan until the costs of RME Programs are known and determined to be reasonable.

Respectfully submitted,



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For:

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Dated: March 13, 2013

**BEFORE THE  
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

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

**CERTIFICATE OF SERVICE**

I certify that I am serving two copies of the Comments on the Second Revised Default Service Plan Compliance Filing, on behalf of the Office of Small Business Advocate, by e-filing, e-mail, and/or first-class mail (unless otherwise noted) upon the persons addressed below:

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