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BY HAND DELIVERY

James McNulty, Acting Secretary
Pennsylvania Public Utility Commission
Room B-20, North Office Building
Harrisburg, PA 17105-3265

Re: Application Of PECO Energy Company For Approval Of Its Restructuring Plan
Under Section 2806 Of The Public Utility Code,
Docket No. R-00973953

Dear Secretary McNulty:

Enclosed for filing with the Commission are an original and three copies of PECO
Energy Company's Petition for Extension of Time To File Compliance Tariff.

Sincerely,

Paul R. Bonney
Paul R. Bonney

PRB/mbo

- w/enclosures
- cc: John M. Quain, Chairman (by hand delivery)
- David W. Rolka, Commissioner (by hand delivery)
- John Hanger, Commissioner (by hand delivery)
- Robert K. Bloom, Commissioner (by hand delivery)
- Nora Mead Brownell, Commissioner (by hand delivery)
- Cheryl Walker Davis, Office of Special Assistants (by hand delivery)
- John Povilaitis, Law Bureau (by hand delivery)
- Administrative Law Judge Marlane R. Chestnut (by first class mail)
- Administrative Law Judge Charles E. Rainey, Jr. (by first class mail)
- Certificate of service (by fax and first class mail)

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BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION

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PENNSYLVANIA PUBLIC UTILITY
COMMISSION

ORIGINAL

PA.P.U.C.
PROTHONOTARY'S OFFICE

v.

DOCKET NO. R-00973953

PECO ENERGY COMPANY

**PETITION OF PECO ENERGY COMPANY
FOR EXTENSION OF TIME TO FILE COMPLIANCE TARIFF**

PECO Energy Company ("PECO"), pursuant to 52 Pa. Code § 5.41, hereby requests that the Pennsylvania Public Utility Commission (the "Commission") extend the deadline for filing its compliance tariff in the above-captioned proceeding from January 12, 1998 (the current due date prescribed by the Commission's December 23, 1997 Order) until twenty days after such time as the Commission enters an Order adjudicating the various issues raised by the parties in their respective Petitions for Rehearing/Reconsideration. In support of its Petition, PECO states as follows:

1. On April 1, 1997, PECO filed a comprehensive restructuring plan for approval by the Commission under Section 2806 of the Public Utility Code (66 Pa. C.S. § 2806). As part of that filing, PECO quantified its projected stranded costs, submitted unbundled tariff rates and proposed procedures for the phase-in of customer choice over the three-year period 1999-2001.

2. Numerous parties thereafter intervened in the proceeding, challenging various aspects of PECO's restructuring plan. In response, PECO submitted extensive rebuttal testimony in which it reviewed and critiqued the opposing parties' proposals.

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3. Following evidentiary hearings and the filing of Initial Briefs, the Commission issued its December 23 Order in which it significantly modified PECO's restructuring plan. Of specific relevance for purposes of this Petition, the Commission also directed PECO to submit a compliance filing within twenty days, or by January 12, 1998 (Order, pp. 162-63). When made, that filing, in turn, will trigger a seven-day comment period during which other parties may respond (Order, p. 163).

4. On January 7, 1998, PECO and several other parties, including the Office of Consumer Advocate (the "OCA"), the Philadelphia Area Industrial Energy Users Group ("PAIEUG"), the Consumers Education and Protective Association ("CEPA"), Enron Energy Services Power, Inc. and Enron Power Marketing, Inc. (collectively "Enron") and New Energy Ventures ("NEV") filed Petitions with the Commission seeking rehearing, reconsideration, clarification and/or amendment of the December 23 Order. In addition to asking the Commission to revisit certain key findings, the parties pointed out numerous computational errors in the quantification of PECO's stranded costs that will need to be corrected.

5. In view of such errors and the likelihood that other aspects of the December 23 Order may have to be revised, PECO respectfully submits that it makes little sense for PECO to develop and file a set of unbundled tariff rates -- and to require the Commission and the other parties to commit the time and resources to review those rates -- when it appears that the specific charges will have to be changed and refiled. Moreover, since the unbundled rates will not go

into effect until January 1, 1999, no party will be prejudiced by a short extension of the compliance filing date.

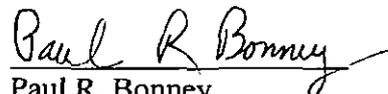
6. For the foregoing reasons, PECO requests that the Commission, at its January 15, 1998 public meeting, approve *nunc pro tunc* an extension of the compliance filing due date until twenty days following the entry of an Order addressing the Petitions for Reconsideration. As noted, such an extension would not prejudice any party, whose rights to review and comment upon PECO's compliance filing would be fully preserved. Indeed, such an extension will conserve the Commission's and the parties' resources.

7. The parties have been contacted regarding this Petition and the following have authorized PECO to note they do not oppose the requested extension: the OCA, PAIEUG, CEPA, the Office of Small Business Advocate, Pennsylvania Power & Light Company, GPU Energy and the Southeastern Pennsylvania Transportation Authority.

8. PECO respectfully submits that the requested extension is reasonable and in the public interest and should, therefore, be approved. However, if the Commission denies this Petition, PECO will file a compliance tariff within five business days after that decision is rendered or whenever the Commission directs.

WHEREFORE, PECO requests that the Commission extend the deadline for PECO's filing of a compliance tariff from January 12, 1998 until twenty days after the Commission enters an Order correcting the errors in its December 23, 1997 Order and adjudicating the other issues raised by the parties in their January 7, 1998 submissions.

Respectfully submitted,


Paul R. Bonney
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Dated: January 9, 1998

Certificate of Service

I hereby certify that I have this day served the foregoing document on the following in the matter of Pennsylvania Public Utility Commission v. PECO Energy Company Pa. PUC Docket No. R-00973953.

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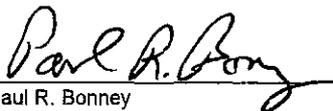
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PA PUBLIC UTILITY COMMISSION
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VIA FEDERAL EXPRESS

James McNulty, Acting Secretary
Pennsylvania Public Utility Commission
P.O. Box 3265
Harrisburg, PA 17105-3265

RE: Pennsylvania Public Utility Commission v.
PECO Energy Company
Docket No. R-00973953

Dear Mr. McNulty:

Enclosed for filing please find an original and three copies of Enron's Answer to Petition for Extension of Tiem to File Compliance Tariff in the above-captioned action. As indicated on the attached Certificate of Service, copies of this document is being served this day on the parties in the manner indicated.

Please contact me if you have any questions with respect to the enclosed.

Sincerely,



Alan Kohler

For WOLF, BLOCK, SCHORR and SOLIS-COHEN LLP

AK/cln
Enclosure

cc: All Parties of Record w/enc.

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PENNSYLVANIA PUBLIC UTILITY COMMISSION JAN 9 1998

Pennsylvania Public Utility Commission :

PA PUBLIC UTILITY COMMISSION
PROTHONOTARY'S OFFICE

v.

Docket Number
R-00973953

PECO Energy Company :

**ENRON'S ANSWER TO PETITION FOR
EXTENSION OF TIME TO FILE
COMPLIANCE TARIFF**

Enron Energy Services Power, Inc. and Enron Power Marketing, Inc.

("Enron"), by its counsel, submits this Answer to the Petition filed by PECO Energy Company ("PECO"), as captioned above, requesting the Commission to extend its time deadline for submission of a restructuring compliance tariff filing until 20 days after adjudication of pending petitions for reconsideration. Through this Answer, Enron opposes PECO's petition and opposes any extension of time unless PECO is directed to file its compliance filing in response to the Commission's final reconsideration order by no later than January 22, 1998.¹ Only through adoption of such a schedule can the Commission reach a final decision on PECO's Compliance Tariff by its Public Meeting

¹ Through its Secretarial Letter of January 8, 1998, the Commission notified all parties of record that it intended to reach a decision on the merits of all reconsideration petitions at its January 15, 1998 Public Meeting.

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of February 5, 1997 enabling the Commission to implement its current schedule and initiate open enrollment for PECO's service territory on March 1, 1998.²

In response to PECO's petition, Enron states as follows:

1. On December 23, 1997, the Commission entered an Opinion and Order at the above-captioned docket which approved a restructuring plan for PECO. Of relevance here, the Commission established the following schedule for implementation of the restructuring plan:

January 11, 1997	Deadline for PECO submission of compliance tariff.
January 18, 1998	Interested Parties Comments to compliance tariff Due
January 29, 1998	Potential Commission consideration of compliance Tariff
March 1, 1998	Start of Open Enrollment in PECO's service territory.

2. On January 7, 1998, PECO, Enron, New Energy Ventures ("NEV"), the Office of Consumer Advocate ("OCA"), the Consumers Education and Protection Association et al ("CEPA"), and the Philadelphia Area Industrial Energy Users Group ("PAIEUG") filed petitions for reconsideration of the Commission's December 23, 1997 Order.

² On January 7, 1998, PECO filed a reconsideration petition which included a request to extend the March 1, 1998 open enrollment date for several months. Enron is preparing an answer to PECO's petition which will be submitted on January 12, 1998, which will adamantly oppose extension of the March 1, 1998 open enrollment date.

3. On January 8, 1998, the Commission issued a Secretarial Letter notifying the parties to the proceeding that answers to the reconsideration petition were due by no later than January 12, 1998 and that the Commission intended to consider the merits of all reconsideration petitions at its January 15, 1998 Public Meeting.

4. On January 9, 1998, PECO filed the instant petition with the Commission requesting the Commission to extend its restructuring plan implementation schedule to permit PECO to file its compliance tariff within 20 days of Commission issuance of a final reconsideration order. In support of its petition, PECO alleges: (1) that since it is likely the Commission will reconsider and modify its December 23, 1997 Order, it would be wasteful for the parties to respond to a compliance tariff that would have to be refiled anyway; and (2) that no party would be prejudiced by the requested extension since all parties will still have an opportunity to respond to the compliance tariff.

5. PECO's apparent attempt to unilaterally extend its compliance tariff³ by at least 24 days⁴ should be rejected by the Commission for the following reasons:

³ Enron understands the difficulty in facing a compliance tariff filing deadline when petitions for reconsideration are pending and without a public meeting available to seek relief from that filing deadline. However, given the significance of this compliance tariff, it is Enron's view that PECO is bound to file its compliance tariff by the close of business of January 11, 1998, unless it is relieved from this obligation by the Commission.

⁴ The requested extension would be 24 days only if the Commission voted on and entered a final reconsideration order by January 15, 1998.

(a) PECO's request for extension presumes that reconsideration will be granted. Although Enron is also seeking reconsideration, Enron recognizes that it can not determine the outcome for the Commission; and

(b) Regardless, many of the issues which will be addressed in the compliance tariff are not subject to reconsideration. Furthermore, Commission consideration of reconsideration petitions on January 15, 1998 will occur prior to the time responses to the compliance tariff are due. For these reasons, filing of the compliance tariff would not be wasteful. In fact, just the opposite, filing of the compliance tariff on January 11, 1998 would allow responding parties to start to review the provisions of the tariff which are not subject to reconsideration and the methodologies utilized by PECO in designing rates in compliance with the Order, as well as other issues. If reconsideration is denied, responses to the compliance filing could still be submitted in accord with the current schedule. Furthermore, requiring a compliance tariff on January 11, 1998 preserves the integrity of the Commission's commitment to commence the open enrollment process on March 1, 1998.

6. Even if PECO defers or is permitted to defer submission of its compliance tariff until after a final reconsideration order, its request for a 20 day period following issuance of a reconsideration order to submit its compliance tariff is unreasonable and unnecessary and should be rejected for the following reasons:

(a) Through its request for a twenty day submission period, PECO attempts to pre-determine its own request in its reconsideration petition to extend the Commission's open enrollment deadline beyond March 1, 1998. PECO's statement that parties are not prejudiced because the tariffs are not effective until January 1, 1999 is disingenuous. PECO is well aware that market participants, including Enron, cannot develop prices to market customers for the open enrollment period until a final compliance tariff is approved by the Commission. Even if the Commission were to enter a reconsideration order on January 15, 1998, PECO's compliance tariff would not be due until February 4, 1998 under its proposed schedule. Given the need for a 7 day response period, the Commission could not consider the compliance tariff until its February 26, 1998 Public Meeting. Since market participants cannot develop final offers for various rate classes until a final decision on the compliance tariff, PECO's requested extension would, by definition, extend the March 1, 1998 open enrollment date. As fully set forth in the answer to PECO's reconsideration petition, Enron adamantly opposes an extension of the open enrollment deadline;

(b) A 20 day submission period is completely unnecessary. PECO has been and is perfectly able to prepare (and presumably has been preparing) its compliance tariff since December 23, 1997, much of which tariff will not be required to be modified by any Commission reconsideration order. There is no conceivable reason why PECO cannot submit a compliance tariff

shortly after issuance of the Commission's reconsideration order. Enron proposes that PECO be given no more than 7 days from adoption of a reconsideration order to submit its compliance tariff. Any additional time requested by PECO should be viewed as unnecessary delay, and;

(c) Such a 7 day submission period would also be appropriate if PECO is required to submit its compliance tariff on January 11, 1998 and, the Commission does grant reconsideration requiring modification of the compliance tariff.

7. In view of the foregoing, Enron requests the Commission to adopt the following schedule for implementation of PECO's restructuring plan if PECO does not file its compliance tariff on January 11, 1998 or if a compliance tariff is filed on January 11, 1998, but modification of the tariff is required by a Commission reconsideration order:

January 15, 1998	Commission Adoption of Final Reconsideration Order
January 22, 1998	Deadline for Submission of Final Compliance Tariff
January 29, 1998	Responses to Compliance Tariff Due
February 5, 1998	Final Commission Consideration of Compliance Tariff
March 1, 1998	Open Enrollment Begins

8. Only through adoption of such a schedule will the Commission's intent to implement PECO's restructuring plan in a timely manner be recognized.

WHEREFORE, for all of the foregoing reasons, Enron respectfully requests the Commission to deny PECO's request for extension of time and issue an order consistent with the discussion above.

Respectfully submitted,



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Dated: January 9, 1998

CERTIFICATE OF SERVICE

I hereby certify that I have this day served a true copy of the foregoing documents upon the participants listed below, in accordance with the requirements of § 1.54 (relating to service by a participant):

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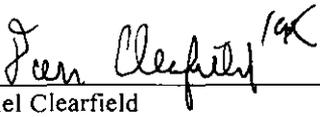
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Dated: January 9, 1998



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Wendy Schermer
Richard S. Schlegel
Jenny P. Shulbank
Ward L. Smith
Delia W. Stroud
Dawn Getty Sutphin
Noel H. Trask
Ronald L. Zack
Assistant General Counsel

January 9, 1998

KJR

By FIRST CLASS MAIL

R-08973953

To: The Parties in the PECO Restructuring Case

Re: Petition for Reconsideration

The following exhibits to Alan Cohn's Affidavit, Appendix E, were inadvertently omitted from some of the served copies of PECO Energy's Petition for Rehearing, Reconsideration and Amendment of the Order Entered December 23, 1997, which PECO filed on Wednesday, January 7, 1998.

Sincerely,

Paul Bonney/mbo

Paul Bonney

PRB/mbo

cc: James McNulty, Acting Secretary

DOCUMENT
FOLDER

BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION

98 JAN 12 AM 8:00

PENNSYLVANIA PUBLIC
UTILITY COMMISSION

026649

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v.

Docket No. R-00973953

PECO ENERGY COMPANY

AFFIDAVIT OF ALAN B. COHN

I, Alan B. Cohn, do hereby depose and state as follows:

1. I am employed by PECO Electric Company ("PECO" or the "Company") as Manager of the Business Analysis and Support Section in the Company's Rates and Regulatory Affairs Division.

2. I have participated previously in this proceeding. Specifically, I submitted direct testimony (PECO St. No. 3) and accompanying exhibits (PECO Exhibits ABC-1 and 2) with PECO's April 1, 1997 filing. I also submitted rebuttal testimony (PECO St. 3-R) and accompanying exhibits (PECO Exhibit ABC-1, Revised Schedules 1 and 2 and Exhibits ABC-3 through ABC-10). In addition, I submitted rejoinder testimony (PECO St. 3-RJ) and accompanying exhibits (Exhibits ABC-11 through ABC-13) that responded to criticisms of a Partial Settlement among PECO and various other parties. All of the aforementioned statements and exhibits were admitted in the record of this proceeding. In addition, I was cross-examined under oath during a hearing held in this proceeding on October 16, 1997.

3. The purpose of this Affidavit is to present additional information regarding the Company's claims for deferred fuel costs, employee retirement costs recognized under Statement of Financial Accounting Standards No. 106 ("SFAS 106") and deferred income taxes recorded pursuant to Statement of Financial Accounting Standards No. 109 ("SFAS 109").

DEFERRED FUEL

4. PECO's claim for the recovery of deferred fuel costs is set forth in PECO Statement No. 3 (pp. 28-31) and consists of three components: (1) PECO's actual underrecovery of fuel costs as of December 31, 1996, the effective date of the roll-in to base rates of its Energy Cost Adjustment ("ECA") (\$69.7 million); (2) the Nuclear Performance Factor adjustment to which PECO was entitled for 1996 (\$22 million); and (3) the amount by which PECO's average fuel costs rolled into base rates from its ECA understate its projected fuel costs for the period from January 1, 1997 to December 31, 1998 (\$22 million per year or a total of \$44 million).

5. In its Order (p. 71), the Commission granted the Company's claims for its actual underrecovery at December 31, 1996 and its Nuclear Performance Factor adjustment. However, the Commission denied PECO's claim for the projected underrecovery of fuel costs for the period 1997 through 1998. In so doing, the Commission concludes that: "At this point in time, there is no 'known and measurable' fuel cost since the expenses have not yet been incurred."

6. In my rebuttal testimony (PECO St. 3-R, p. 24; Exh. ABC-6), which was submitted on July 18, 1997, I presented evidence that, for the first five months of 1997 (through May), the Company's actual underrecovery was \$19.7 million (after removing Salem

replacement power costs, which PECO is not seeking to recover from customers). I also explained that these data indicated that PECO's originally estimated annual underrecovery of \$22 million for 1997 was reasonable and, in fact, low.

7. PECO's actual underrecovery of energy costs for the first eleven months of 1997 (i.e., through November 30, 1997), after adjusting for Salem replacement power costs, is \$29.4 million, as shown in Exhibit I attached to this Affidavit.

8. PECO has experienced an underrecovery in the month of December in each of the last three years. Consequently, the Company projects that the inclusion of actual data for December 1997 will cause its actual underrecovery to exceed \$29.4 million for 1997. Actual data for December 1997 are expected to be available by January 8, 1998.

9. Based on the data for 1997, PECO projects that it will experience an underrecovery of energy costs in 1998 as well. The extent of that underrecovery will not be known until early 1999.

10. PECO requests that the Commission authorize it to recover its actual fuel costs for the years 1997 and 1998, the period before rate unbundling and competition begins. To that end, PECO requests that the Commission allow it to include its actual underrecovery for 11 months of 1997 of \$29.4 million in recoverable stranded cost. In addition, the Company requests that any over or under recovery of fuel cost for the period December 1, 1997 through December 31, 1998, when known, be added to (or subtracted from) the Company's stranded cost, the recovery of which will be subject to reconciliation and true-up.

SFAS 106 (EMPLOYEE RETIREMENT COSTS)

11. In its April 1, 1997 filing, PECO claimed for recovery a regulatory asset of \$67 million that was recorded in connection with the implementation of its Voluntary Retirement Incentive Program and Voluntary Separation Incentive Program ("VRIP/VSIP"). In addition, PECO made a concomitant adjustment to reduce by the same amount the pension and benefit expenses deducted from the market revenue estimated to be produced by the Company's generating plants in calculating their market value. The effect of that concomitant adjustment was to increase the market value of PECO's generating plants.

12. No party to this proceeding contended that PECO was contributing less than \$25 million per year to the trust accounts established to fund its SFAS 106 liability. In fact, PECO's actual contributions to its SFAS 106 trust accounts in the years 1995-1997 were as follows:

1995	\$59.6 million
1996	\$46.5 million
1997	\$47.9 million

SFAS 109 EXPENSES

13. If the SFAS 109 liability of \$1.687 billion recorded on PECO's books as of December 31, 1998 is to earn a return on the unrecovered balance thereof over the eight and one-half year transition period, then that amount should be stated on a present value basis. The present value analysis should reflect the fact that the deferred income taxes recorded pursuant to

SFAS 109 will be paid to the taxing authorities ratably over the transition period. As shown on Exhibit 2 attached hereto, the present value at December 31, 1998 of such future expenditures, calculated at the Commission-authorized 7.47% discount rate, is \$1.216 billion.

CONCLUSION

Wherefore;

Exhibits 1 and 2 attached hereto were prepared by me or under my direction and supervision.

I hereby swear and affirm that all of the information set forth in this Affidavit and in the accompanying Exhibits is true and correct to the best of my knowledge, information, and belief.



Alan B. Cohn

Sworn to and subscribed before me, a Notary Public
in and for the Commonwealth of Pennsylvania,
County of Philadelphia, this 7th day of January 1998.



Notary Public



	ENERGY COSTS TO RETAIL SALES \$\$	ENERGY COSTS RECVRD. IN BASE \$\$	ENERGY COSTS OVER BASE \$\$	ENERGY RATE MILLS /KWH	COST OF ENERGY REVENUES \$\$	HT TIME OF USE REVENUES \$\$	TOTAL REVENUES \$\$	CURRENT PERIOD O / (U) \$\$
	(13)=(12)	14)=(10)*.01643	15)=(13)-(14)	(16)	(17)=(10)*(16)	(18)	(19)=(17)+(18)	20)=(19)-(15)
JAN 97	40,471,763	49,595,415	(9,123,652)	(6)	(17,060,775)	(517,730)	(17,578,505)	(8,454,853)
FEB 97	41,486,134	44,221,698	(2,735,564)	(6)	(15,212,221)	(504,942)	(15,717,163)	(12,981,599)
MAR 97	37,287,661	41,701,888	(4,414,227)	(6)	(14,345,409)	(504,942)	(14,850,351)	(10,436,124)
APR 97	32,998,238	42,135,350	(9,137,112)	(6)	(14,494,519)	(504,942)	(14,999,461)	(5,862,349)
MAY 97	29,219,047	38,458,108	(9,239,061)	(6)	(13,229,552)	(554,862)	(13,784,414)	(4,545,353)
JUN 97	38,792,592	43,037,265	(4,244,673)	(6)	(14,804,777)	192,233	(14,612,544)	(10,367,871)
JUL 97	51,517,786	52,797,699	(1,279,913)	(6)	(18,162,357)	147,437	(18,014,920)	(16,735,007)
AUG 97	46,127,197	49,800,485	(3,673,288)	(6)	(17,131,318)	176,341	(16,954,977)	(13,281,689)
SEP 97	38,184,857	46,812,299	(8,627,442)	(6)	(16,103,385)	54,896	(16,048,489)	(7,421,047)
OCT 97	34,486,401	43,920,650	(9,434,249)	(6)	(15,108,661)	(554,178)	(15,662,839)	(6,228,590)
NOV 97	30,337,540	37,928,433	(7,590,893)	(6)	(13,047,344)	(537,887)	(13,585,231)	(5,994,338)
DEC 97								
JAN 98								
TOTAL	380,437,453	440,813,875	(60,376,422)		(151,639,543)	(2,590,846)	(154,230,389)	(93,853,967)
Less: Salem outage Adjustment								(64,448,203)
Net O/U								(29,405,764)

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JAN 13 1998

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PECO ENERGY -- ELECTRIC OPERATIONS
ENERGY COST ADJUSTMENT RECONCILIATION
SCHEDULE 9 (1 OF 2)

	TOTAL ENERGY COSTS \$\$	LESS: LILR ENERGY \$\$	NET ENERGY COSTS \$\$	TOTAL SYSTEM SALES EXCL LILR KWH	BULK SALES KWH	ALLOC FACT.	ENERGY COSTS TO BULK SALES \$\$	ENERGY COSTS EXCL SUPP & BULK SALES \$\$	TOTAL SYSTEM SALES EXCL. SUPP & BULK KWH	RETAIL SALES KWH	ALLOC. FACTOR	ENERGY COSTS TO RETAIL SALES \$\$
	(1)	(2)	(3)=(1)-(2)	(4)	(5)	(6)=(5)/(4)	(7)=(3)*(6)	(8)=(3)-(7)	(9)=(4)-(5)	(10)	(11)=(10)/(9)	(12)=(11)*(8)
JAN 97	\$55,345,805	\$1,555,833	\$53,789,972	4,009,764,983	858,816,000	0.2142	\$11,521,812	\$42,268,160	3,150,948,983	3,016,936,277	0.9575	\$40,471,763
FEB 97	\$56,293,520	\$1,594,335	\$54,699,185	3,547,059,236	734,048,000	0.2069	\$11,317,261	\$43,381,924	2,813,011,236	2,690,047,935	0.9563	\$41,486,134
MAR 97	\$49,858,718	(\$1,972,202)	\$51,830,920	3,526,156,100	860,438,000	0.244	\$12,646,744	\$39,184,176	2,665,718,100	2,536,765,483	0.9516	\$37,287,661
APR 97	\$45,403,245	\$344,096	\$45,059,149	3,500,042,818	815,623,000	0.233	\$10,498,782	\$34,560,367	2,684,419,818	2,563,133,406	0.9548	\$32,998,238
MAY 9	\$40,944,406	\$338,059	\$40,606,347	3,250,955,014	787,939,000	0.2424	\$9,842,979	\$30,763,368	2,463,016,014	2,339,443,300	0.9498	\$29,219,047
JUN 97	\$52,265,196	\$402,161	\$51,863,035	3,499,907,868	751,731,000	0.2148	\$11,140,180	\$40,722,855	2,748,176,868	2,617,997,757	0.9526	\$38,792,592
JUL 97	\$67,348,223	\$590,665	\$66,757,558	4,161,792,466	808,051,000	0.1942	\$12,964,318	\$53,793,240	3,353,741,466	3,211,734,235	0.9577	\$51,517,786
AUG 97	\$61,668,963	\$567,832	\$61,101,131	4,012,912,848	846,358,000	0.2109	\$12,886,228	\$48,214,903	3,166,554,848	3,029,410,822	0.9567	\$46,127,197
SEP 97	\$51,088,076	\$437,689	\$50,650,387	3,777,346,967	802,306,000	0.2124	\$10,758,142	\$39,892,245	2,975,040,967	2,847,636,639	0.9572	\$38,184,857
OCT 97	\$47,972,536	\$545,629	\$47,426,907	3,674,364,370	861,639,000	0.2345	\$11,121,610	\$36,305,297	2,812,725,370	2,671,734,919	0.9499	\$34,486,401
NOV 97	\$43,468,465	\$369,530	\$43,098,935	3,277,761,865	837,873,000	0.2556	\$11,016,088	\$32,082,847	2,439,888,865	2,307,222,629	0.9456	\$30,337,540
DEC 97												
JAN 98												
TOTAL	\$516,311,347	\$3,217,794	\$513,093,553	36,228,299,552	8,106,006,000		\$114,192,332	\$398,901,221	28,122,293,552	26,815,127,125		380,437,453

REPLACEMENT POWER

OUTPUT DATA (MWH)	JAN 97	FEB 97	MAR 97	APR 97	MAY 97	JUN 97	JUL 97	AUG 97	SEP 97	OCT 97	NOV 97	DEC 97	1997 TOTAL
Generation - Nuclear	2,148,041	1,378,599	2,198,214	1,921,834	2,136,828	1,983,212	2,258,999	2,227,819	2,311,311	2,243,194	2,486,329	-	23,294,380
Generation - Steam	499,144	443,926	363,949	435,011	385,981	472,734	499,924	485,250	383,415	430,768	429,962	-	4,830,064
Generation - Coal	451,805	300,761	391,599	273,221	144,576	333,505	518,911	493,853	373,626	327,848	229,802	-	3,839,507
Generation - Oil	17,897	12,793	(3,376)	(2,412)	(2,426)	33,325	35,658	15,454	4,280	(1,128)	(918)	-	109,147
Generation - Interchange	19,785	13,002	3,833	5,478	4,633	13,987	47,228	10,750	6,098	9,324	5,454	-	139,572
GI ***	934,375	1,329,397	659,480	780,435	799,852	986,015	937,727	926,777	650,900	843,546	530,091	-	9,378,595
QF	56,443	54,841	43,240	50,534	43,160	34,272	46,286	46,924	25,710	20,936	28,609	-	450,955
NET GI	877,932	1,274,556	616,240	729,901	756,692	951,743	891,441	879,853	625,190	822,610	501,482	-	8,927,640
COST DATA													
Cost - Nuclear	10,731,806	7,203,493	11,050,406	9,972,396	10,865,575	9,404,077	11,482,193	11,491,291	13,882,660	12,346,058	11,969,408	-	120,399,364
Cost - Steam	6,310,404	6,183,171	3,768,223	5,388,634	4,807,293	5,781,110	6,314,197	6,068,636	4,638,265	5,098,827	5,204,014	-	59,562,774
Cost - Coal	5,768,441	4,820,582	6,304,071	4,305,090	2,341,656	4,596,790	5,911,617	6,760,895	5,560,993	3,971,264	3,050,460	-	53,391,859
Cost - Oil	4,657,084	2,203,506	602,733	269,445	256,912	3,923,054	7,252,958	3,694,868	2,793,005	2,560,244	2,242,867	-	30,456,675
Cost - Interchange	1,583,901	822,049	88,866	94,368	76,761	813,596	3,238,494	482,506	211,765	332,106	332,106	-	8,076,517
CI ***	26,294,169	35,060,717	28,044,419	25,373,312	22,596,210	27,746,570	33,148,764	33,170,767	24,001,389	23,664,036	20,669,610	-	299,769,962
QF	1,581,785	1,627,365	1,158,192	1,386,881	1,303,250	593,827	1,419,494	1,548,435	799,461	699,291	990,885	-	13,108,866
NET CI	24,712,384	33,433,353	26,886,227	23,986,430	21,292,960	27,152,743	31,729,270	31,622,332	23,201,928	22,964,745	19,678,725	-	286,661,096
PM Margin	0	0	0	0	0	0	0	0	0	0	0	0	0
UREC	27	26	33	28	26	27	32	30	31	25	34		29
UNEC	5	5	5	5	5	5	5	5	6	6	5		5
URPC	22	20	28	23	21	22	27	25	25	20	29		24
SALEM DATA													
Unit 1													
CAPACITY	477	477	477	477	471	471	471	471	471	477	477		477
HOURS	24	24	24	24	24	24	24	24	24	24	24		24
CAPACITY FACTOR	1	1	1	1	1	1	1	1	1	1	1		1
# OF DAYS	-	-	13	30	31	30	31	31	-	-	-		-
= # OF MWHS	-	-	116,083	267,883	273,331	264,514	273,331	273,331	-	-	-		1,468,473
Unit 2													
CAPACITY	477	477	477	477	471	471	471	471	471	471	471		471
HOURS	24	24	24	24	24	24	24	24	24	24	24		24
CAPACITY FACTOR	1	1	1	1	1	1	1	1	1	1	1		1
# OF DAYS	-	-	-	30	31	30	31	31	30	31	30		31
= # OF MWHS	-	-	-	267,883	273,331	264,514	273,331	273,331	264,514	273,331	264,514		2,428,080
Station MWHS	-	-	116,083	535,766	546,662	529,028	546,662	546,662	264,514	273,331	264,514		3,896,553
TOTAL REP. COST =	-	-	3,266,111	12,283,507	11,550,968	11,827,479	14,653,822	13,622,270	6,635,863	5,458,147	7,644,719	-	83,676,775
TOTAL SALES (EXCL. LILR)	4,009,764,983	3,547,059,236	3,526,156,100	3,500,042,818	3,250,955,014	3,499,907,868	4,161,792,466	4,012,912,848	3,777,346,967	3,674,364,370	3,277,761,865		
PA ECA SALES	3,016,936,277	2,690,047,935	2,536,765,483	2,563,133,406	2,339,443,300	2,617,997,757	3,211,734,235	3,029,410,822	2,847,636,639	2,671,734,919	2,307,222,629		
% =	1	1	1	1	1	1	1	1	1	1	1		
ALLOC. REP. COST	-	-	2,349,640	8,995,212	8,312,077	8,846,954	11,308,354	10,283,452	5,002,777	3,968,619	5,381,118		
CUM. ALLOC. REP. COST	-	-	2,349,640	11,344,852	19,656,929	28,503,883	39,812,237	50,095,689	55,098,466	59,067,085	64,448,203		

**COMMUNITY
LEGAL
SERVICES, INC.**

1424 CHESTNUT STREET
PHILADELPHIA, PA 19102
215-981-3700
FAX 215-981-0434

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January 12, 1998

James J. McNulty, Secretary
Pennsylvania Public Utility Commission
Room B-18, North Office Building
P.O. Box 3265
Harrisburg, PA 17105-3265

SENT BY FEDERAL EXPRESS

Re: Application of PECO Energy Company for Approval of its Restructuring Plan under Section 2806 of the Public Utility Code, Docket No. R-009973953; Petition of Enron Energy Services Power Inc., for Approval of an Electric Competition and Choice Plan, Docket No. P-00971265.

Dear Mr. McNulty:

We hereby submit for filing an original and nine (9) copies of the Omnibus Answer of CEPA, TAG, ACORN and John W. Long, Jr. to Petitions for Reconsideration of PECO Energy, Enron Energy Power, New Energy Ventures, Office of Consumer Advocate, and the Philadelphia Area Industrial Energy Users Group.

As evidenced by the attached Certificate of Service, all known parties to this proceeding have been duly served.

Very truly yours,

Philip A. Bertocci
STEVEN P. HERSHEY
PHILIP A. BERTOCCHI

Enclosures
cc: Service List

RECEIVED TIME JAN. 12. 9:19PM

BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION

027217

98 JAN 13 AM 8:10

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NOTARIAL OFFICE

APPLICATION OF PECO ENERGY :
COMPANY FOR APPROVAL OF ITS :
RESTRUCTURING PLAN UNDER : Docket No. R-00983953
SECTION 2806 OF THE PUBLIC :
UTILITY CODE :

PETITION OF ENRON ENERGY SERVICES :
POWER, INC., FOR APPROVAL OF AN :
ELECTRIC COMPETITION AND CHOICE : Docket No. P-00971265
PLAN AND FOR AUTHORITY PURSUANT :
TO SECTION 2807(e)(3) OF THE PUBLIC :
UTILITY CODE TO SERVE AS THE :
PROVIDER OF LAST RESORT IN THE :
SERVICE TERRITORY OF PECO ENERGY :
COMPANY :

**OMNIBUS ANSWER OF CEPA, TAG, ACORN AND
JOHN W. LONG, JR. TO PETITIONS FOR RECONSIDERATION
OF PECO ENERGY, ENRON ENERGY POWER, NEW ENERGY
VENTURES, OFFICE OF CONSUMER ADVOCATE, AND
THE PHILADELPHIA AREA INDUSTRIAL ENERGY USERS GROUP**

Consumers Education and Protective Association (CEPA), Tenant Action Group (TAG), Association of Community Organizations for Reform Now (ACORN) and John W. Long, Jr. (hereinafter "CEPA, et al.") hereby submit this Omnibus Answer to the petitions for reconsideration which have been filed by parties to this proceeding urging the Commission to reconsider, rehear, clarify and/or amend its December 23, 1997 Order in the above-captioned matter.

I. INTRODUCTION

In its December 23, 1997 decision, the Commission allows PECO to recover from ratepayers the staggering sum of \$5.024 billion, the full amount of stranded costs determined to be allowable under the Competition Act. As the Commission itself recognizes, the amount of allowable stranded costs is so great that extension of the period for CTC payments 1½ years beyond the statutory deadline, December 30, 2005, is necessary. Opinion, at 110.

Contrary to the Commission's assertions, this stranded cost recovery, when viewed in the context of the Order as a whole, does not "properly balance the interest of shareholders and ratepayers...." Opinion, at 100. The Commission's Order does not satisfy the standard set forth in Section 2804(14) of the Competition Act that ratepayers be treated "fairly," because the Commission has provided them no compensating protections from price risk, while nonetheless imposing upon them the full burden of 100% recovery of stranded costs. The Commission has lost sight of the paramount importance of this overarching requirement in its attempts to address numerous technical issues involving quantification of stranded costs.

In this Order, all parties except ratepayers receive substantial, immediate, short term benefits that are guaranteed or virtually guaranteed. PECO and its shareholders are guaranteed full recovery of 100% of the company's stranded costs through a reconcilable CTC. Marketers receive the establishment of a shopping credit averaging 4.46 cents/kWh, an amount the Commission believes, without contradiction from marketers, will provide "real incentives" (meaning real profits) for electric suppliers to compete for customers. Opinion,

at 44. As for customers, who must single-handedly bear the whole burden of the transition by paying all PECO's stranded costs, there are no guarantees of savings and, aside from statutory rate caps narrowly interpreted, no protections at all against price risk. The Commission only gives its assurance, unsupported by facts in the record, that competition will yield "long term price benefits" and that "adequate shopping credits" will translate into substantial savings. Opinion, at 100.

II. ISSUES FOR RECONSIDERATION

1. CEPA, et al. Agree With PAIUG That The Commission's Order Ignores The Reality That The Competitive Market Will Not Develop Immediately.

The risk that competition will not develop as foreseen by the Commission is not merely theoretical, but substantial. The Commission has failed to take any precautions to protect consumers against the likelihood that PECO's market power will nullify substantial reductions in generation rates.

In its Petition for Reconsideration, PAIUG underscores the lack of support in the record for the Commission's assumption that a shopping credit set at 4.46 cents/kWh will produce a 15% rate reduction. To the contrary, as PAIUG states, the market price projections accepted by the Commission are "substantially less than the 4.46 cents/kWh shopping credit" and that shopping credit "will likely become the market standard," resulting in rate reductions probably below 10% and even below 7%. PAIUG Petition for Reconsideration, at p. 14.

For these reasons, CEPA, et al. support PAIUG's request that the Commission reconsider its refusal to grant guaranteed rate reductions.

2. CEPA et al. Agree With Enron That The Act Requires The Commission To Reduce The Amount of Stranded Generation Costs Recoverable From Customers Due To PECO's Failure To Adequately Mitigate Those Costs.

In its Petition for Reconsideration, Enron states that the Act requires the Commission to reduce PECO's recoverable stranded generation costs where it finds that mitigation of those costs was not adequate, and requests the Commission to reduce PECO's allowed stranded costs on that basis. CEPA, et al. agree with this position.

As the Commission itself recognizes, the determination of the amount of stranded generation costs recoverable from ratepayers requires a balancing of the interests of shareholders and ratepayers. 66 Pa. C.S.A. §§ 2802(18), 2804(14). The Act confers on the Commission express authority to deny full recovery of stranded generation costs. 66 Pa. C.S.A. § 2808(c)(3).

Moreover, the Act plainly details actions by a utility company that are relevant to a determination whether a utility may recover its full generation stranded costs. 66 Pa. C.S.A. §§ 2808(c)(4), 2808(c)(5). These actions are of a type which specifically benefits ratepayers, because they have the effect either to lessen the size of a future CTC, or to provide rate moderation or relief prior to the phase-in period.

The Commission has reviewed PECO's actions in the light of the mitigation standards of Sections 2808(c)(4) and (c)(5) and found that PECO's mitigation actions were

"inadequate." Opinion, at 100. However, the Commission declines to reduce the amount of generation stranded costs recoverable from customers in proportion to this inadequacy.

In declining to make any downward adjustment, the Commission asserts that such downward adjustment under these circumstances is nonetheless a matter of discretion.

CEPA et al. agree with Enron that the language of the Act, especially when read in the context of Section 2808, is mandatory, and imposes upon the Commission a duty to spare ratepayers the burden of paying for stranded costs that could have been avoided. But even if downward adjustment is discretionary, the Commission can not decline to make such adjustment without a showing that in so doing, it is satisfying its Section 2804(14) obligation to treat ratepayers fairly. Where is the fairness to ratepayers, when the Commission allows PECO and its shareholders to recover not only for costly mistakes in electricity generation plant, but even for failing and refusing to take action to lessen the present and future burden of those mistakes on customers? While declining to adjust PECO's stranded costs downward to reflect PECO's inadequate mitigation, the Commission provides no countervailing benefit to ratepayers.

3. CEPA, et al. Agree With New Energy Ventures That The Discount Rate Which The Commission Has Allowed For PECO's Stranded Costs Is Excessive.

New Energy Ventures maintains that the appropriate discount rate for PECO's allowable stranded costs is not 7.47%, the pre-tax cost of PECO's long term debt, but rather 4.37%, the Company's after tax cost of such debt. New Energy Ventures Petition for Reconsideration, at 2,3.

CEPA, et al. agree with New Energy Ventures that the discount rate should be substantially reduced. As the Opinion recognizes, the Competition Act does not specifically require that the Commission include any cost of capital on stranded costs recovered through the CTC. Opinion at 107, n. 107. If, as the Commission believes, the Competition Act implicitly requires a cost of capital, the Act certainly does not permit recovery of more than the minimum necessary to compensate PECO for the fact that it will recover its stranded costs over 8½ years. Where is the benefit to ratepayers which flows from the allowance of 7.74% present value interest on stranded costs? To allow more than a discount rate based on PECO's after tax cost of long term debt is unfair to ratepayers, and a violation of the standards contained in Section 2804(14) of the Act. 66 Pa. C.S.A. § 2804(14).

4. CEPA, et al. Agree With PAIUG That The Generation Rate Cap Should Be Extended Through June 30, 2007.

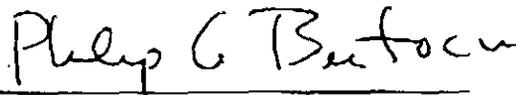
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The Act provides in pertinent part that the generation rate cap shall remain in effect for a "period of nine years from the effective date of this chapter [until December 30, 2005] or until an electric distribution utility is no longer recovering its transition or stranded

III. CONCLUSION

For the foregoing reasons, especially those which require the Commission to consider whether customer interests have been adequately protected in light of the heavy stranded cost burdens imposed upon them, CEPA, et al. request that the Commission grant reconsideration of the matters set forth in this answer.

Respectfully submitted,



STEVEN P. HERSHEY
PHILIP A. BERTOCCI

Attorneys for CEPA, et al.

Community Legal Services, Inc.
1424 Chestnut Street
Philadelphia, PA 19102

Date: January 12, 1998

**In re the Application of PECO Energy
Company for Approval of its Restructuring
Plan Under Section 2806 of the Pennsylvania
Public Utility Code**

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Docket No. R-00973953

CERTIFICATION OF SERVICE

I hereby certify that a copy of the foregoing document has been served in person or by first class mail at the addresses indicated below. I further certify that the manner of service satisfied the requirements of 52 PA.Code §§ 5.75 and 1.54.

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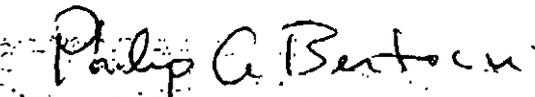
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Philip A. Bertocci

Date: 1/13/98

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FAX NO.: 717-783-9526

FROM: Philip A. Bertocci, Esquire

DIRECT DIAL: (215) 981-3702

MESSAGE: Pages 7 and 8 of Omnibus
Answer of CEPA et al. to Petition for Recon.
R-009973953; P-00971265

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costs through a competitive transition charge ..., whichever is shorter...." 66 Pa. C.S.A. § 2804(4)(ii). In the over all structure of the Competition Act, the generation rate cap serves to protect ratepayers already burdened with CTC charges against unwarranted increases in generation rates. As a general rule, the Act does not permit CTC recovery beyond the same nine year period ending December 31, 2005, and would permit no CTC recovery when the generation rate cap is not in effect. Thus, Section 2808(b) states that unless the Commission provides otherwise for "good cause," "[t]he competitive transition charge shall be included on bills to customers for a period not to exceed nine years [until December 31, 2005] from the effective date of this chapter..." 66 Pa. C.S.A. §2808(b).

Because CTC recovery and the generation rate cap are interdependent under the Act, the Commission's power to extend the CTC recovery period "for cause" encompasses the power also to extend the generation rate cap period for the same amount of time. This interpretation is supported once more by Section 2804(14), which requires fairness to ratepayers. Extension of the rate cap permits larger recovery of stranded costs, benefitting PECO, and the maintenance of large generation credits, a special benefit to generation marketers. But absent extension of the rate cap, how has the Commission protected ratepayers from the risks posed by extension of the CTC recovery period without a corresponding extension of the generation rate cap?

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5. CEPA, et al. Agree With Certain Consumer Protection and Consumer Education Proposals Advanced By OCA And PECO.

As set forth in their Petition for Reconsideration, CEPA, et al. do not oppose the Commission's determination that one component of consumer education should be a statewide media campaign. CEPA, et al. also do not oppose the directives contained in the Opinion and Order at pp. 154-155 ("The Company's Role in Education").

However, like OCA, CEPA, et al. believe that the Order designating consumer representation on the committee charged with directing the mass media campaign is at best inadequate. If provision for greater Philadelphia representation cannot be made in an amended Order, the composition of the committee should be determined in a subsequent proceeding. OCA Petition for Reconsideration, at 10, 11. In addition, like PECO, CEPA, et al. believe that the issue of allocation of PECO's consumer education budget between statewide and local efforts should be addressed in the separate proceeding envisaged by the Commission. PECO Petition for Reconsideration, at Para. 38.

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January 12, 1998

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Harrisburg, PA 17105-3265

PA PUBLIC UTILITY COMMISSION
PROTHONOTARY'S OFFICE

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Re: Application of PECO Energy Company for Approval of its Restructuring Plan under Section 2806 of the Public Utility Code, Docket No. R-009973953; Petition of Enron Energy Services Power Inc., for Approval of an Electric Competition and Choice Plan, Docket No. P-00971265.

Dear Mr. McNulty:

We hereby submit for filing an original and nine (9) copies of the Omnibus Answer of CEPA, TAG, ACORN and John W. Long, Jr. to Petitions for Reconsideration of PECO Energy, Enron Energy Power, New Energy Ventures, Office of Consumer Advocate, and the Philadelphia Area Industrial Energy Users Group.

As evidenced by the attached Certificate of Service, all known parties to this proceeding have been duly served.

Very truly yours,

Philip A. Bertocci
STEVEN P. HERSHEY
PHILIP A. BERTOCCI

Enclosures
cc: Service List

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BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION

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APPLICATION OF PECO ENERGY
COMPANY FOR APPROVAL OF ITS
RESTRUCTURING PLAN UNDER
SECTION 2806 OF THE PUBLIC
UTILITY CODE

:

PA PUBLIC UTILITY COMMISSION
PROTHONOTARY'S OFFICE

: Docket No. R-00983953

:

ORIGINAL

PETITION OF ENRON ENERGY SERVICES
POWER, INC., FOR APPROVAL OF AN
ELECTRIC COMPETITION AND CHOICE
PLAN AND FOR AUTHORITY PURSUANT
TO SECTION 2807(e)(3) OF THE PUBLIC
UTILITY CODE TO SERVE AS THE
PROVIDER OF LAST RESORT IN THE
SERVICE TERRITORY OF PECO ENERGY
COMPANY

:

: Docket No. P-00971265

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**OMNIBUS ANSWER OF CEPA, TAG, ACORN AND
JOHN W. LONG, JR. TO PETITIONS FOR RECONSIDERATION
OF PECO ENERGY, ENRON ENERGY POWER, NEW ENERGY
VENTURES, OFFICE OF CONSUMER ADVOCATE, AND
THE PHILADELPHIA AREA INDUSTRIAL ENERGY USERS GROUP**

Consumers Education and Protective Association (CEPA), Tenant Action Group (TAG), Association of Community Organizations for Reform Now (ACORN) and John W. Long, Jr. (hereinafter "CEPA, et al.") hereby submit this Omnibus Answer to the petitions for reconsideration which have been filed by parties to this proceeding urging the Commission to reconsider, rehear, clarify and/or amend its December 23, 1997 Order in the above-captioned matter.

DOCKETED
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I. INTRODUCTION

In its December 23, 1997 decision, the Commission allows PECO to recover from ratepayers the staggering sum of \$5.024 billion, the full amount of stranded costs determined to be allowable under the Competition Act. As the Commission itself recognizes, the amount of allowable stranded costs is so great that extension of the period for CTC payments 1½ years beyond the statutory deadline, December 30, 2005, is necessary. Opinion, at 110.

Contrary to the Commission's assertions, this stranded cost recovery, when viewed in the context of the Order as a whole, does not "properly balance the interest of shareholders and ratepayers..." Opinion, at 100. The Commission's Order does not satisfy the standard set forth in Section 2804(14) of the Competition Act that ratepayers be treated "fairly," because the Commission has provided them no compensating protections from price risk, while nonetheless imposing upon them the full burden of 100% recovery of stranded costs. The Commission has lost sight of the paramount importance of this overarching requirement in its attempts to address numerous technical issues involving quantification of stranded costs.

In this Order, all parties except ratepayers receive substantial, immediate, short term benefits that are guaranteed or virtually guaranteed. PECO and its shareholders are guaranteed full recovery of 100% of the company's stranded costs through a reconcilable CTC. Marketers receive the establishment of a shopping credit averaging 4.46 cents/kWh, an amount the Commission believes, without contradiction from marketers, will provide "real incentives" (meaning real profits) for electric suppliers to compete for customers. Opinion,

at 44. As for customers, who must single-handedly bear the whole burden of the transition by paying all PECO's stranded costs, there are no guarantees of savings and, aside from statutory rate caps narrowly interpreted, no protections at all against price risk. The Commission only gives its assurance, unsupported by facts in the record, that competition will yield "long term price benefits" and that "adequate shopping credits" will translate into substantial savings. Opinion, at 100.

II. ISSUES FOR RECONSIDERATION

1. CEPA, et al. Agree With PAIUG That The Commission's Order Ignores The Reality That The Competitive Market Will Not Develop Immediately.

The risk that competition will not develop as foreseen by the Commission is not merely theoretical, but substantial. The Commission has failed to take any precautions to protect consumers against the likelihood that PECO's market power will nullify substantial reductions in generation rates.

In its Petition for Reconsideration, PAIUG underscores the lack of support in the record for the Commission's assumption that a shopping credit set at 4.46 cents/kWh will produce a 15% rate reduction. To the contrary, as PAIUG states, the market price projections accepted by the Commission are "substantially less than the 4.46 cents/kWh shopping credit" and that shopping credit "will likely become the market standard," resulting in rate reductions probably below 10% and even below 7%. PAIUG Petition for Reconsideration, at p. 14.

For these reasons, CEPA, et al. support PAIUG's request that the Commission reconsider its refusal to grant guaranteed rate reductions.

2. CEPA et al. Agree With Enron That The Act Requires The Commission To Reduce The Amount of Stranded Generation Costs Recoverable From Customers Due To PECO's Failure To Adequately Mitigate Those Costs.

In its Petition for Reconsideration, Enron states that the Act requires the Commission to reduce PECO's recoverable stranded generation costs where it finds that mitigation of those costs was not adequate, and requests the Commission to reduce PECO's allowed stranded costs on that basis. CEPA, et al. agree with this position.

As the Commission itself recognizes, the determination of the amount of stranded generation costs recoverable from ratepayers requires a balancing of the interests of shareholders and ratepayers. 66 Pa. C.S.A. §§ 2802(18), 2804(14). The Act confers on the Commission express authority to deny full recovery of stranded generation costs. 66 Pa. C.S.A. § 2808(c)(3).

Moreover, the Act plainly details actions by a utility company that are relevant to a determination whether a utility may recover its full generation stranded costs. 66 Pa. C.S.A. §§ 2808(c)(4), 2808(c)(5). These actions are of a type which specifically benefits ratepayers, because they have the effect either to lessen the size of a future CTC, or to provide rate moderation or relief prior to the phase-in period.

The Commission has reviewed PECO's actions in the light of the mitigation standards of Sections 2808(c)(4) and (c)(5) and found that PECO's mitigation actions were

“inadequate.” Opinion, at 100. However, the Commission declines to reduce the amount of generation stranded costs recoverable from customers in proportion to this inadequacy.

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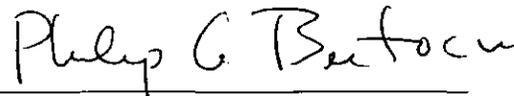
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III. CONCLUSION

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Respectfully submitted,



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Date: January 12, 1998

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

**In re the Application of PECO Energy
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Plan Under Section 2806 of the Pennsylvania
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Docket No. R-00973953

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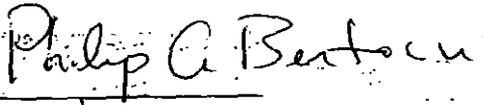
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