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1425 Strawberry Square
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IRWIN A. POPOWSKY
Consumer Advocate

February 23, 1998

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FOLDER

ORIGINAL

James J. McNulty, Prothonotary
Pennsylvania Public Utility Commission
Room B-20, North Office Building
P. O. Box 3265
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 please find for filing an original and ten copies of the Office of Consumer Advocate's *Comments to the Revised Compliance Filing of Peco Energy Company* in the above-captioned proceeding.

Copies have been served upon all parties of record this date as evidenced by the attached Certificate of Service.

Sincerely,

Steven K. Steinmetz
Assistant Consumer Advocate

Enclosures

- cc: All parties of record
- Hon. Marlane R. Chestnut
- Hon. Charles E. Rainey, Jr.
- John M. Quain, Chairman
- Nora Mead Brownell, Commissioner
- Robert K. Bloom, Commissioner
- John R. Hanger, Commissioner
- David W. Rolka, Commissioner

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BEFORE THE

PENNSYLVANIA PUBLIC UTILITY COMMISSION

ORIGINAL

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

Docket No. R-00973953

PETITION OF ENRON ENERGY SERVICES
POWER, INC., FOR APPROVAL OF AN
ELECTRIC COMPETITION AND CHOICE
PLAN AND FOR AUTHORITY PURSUANT
TO SECTION 2807(E)(C) 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

COMMENTS
OF THE OFFICE OF CONSUMER ADVOCATE
TO THE REVISED COMPLIANCE FILING OF PECO ENERGY COMPANY

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DOCKETED

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February 23, 1997

I. INTRODUCTION

On the afternoon of February 20, 1998, the Office of Consumer Advocate (OCA) received the Revised Compliance Filing of PECO Energy in the above-captioned matter. In the short period of time that the OCA has had to review the many changes contained within this filing, the OCA has attempted to determine whether these changes are consistent with the Commission's Opinion and Order (Compliance Filing) of February 5, 1998. As of this due date, the OCA has been able to identify only two issues requiring further discussion. Accordingly, the OCA hereby submits the following Comments to the Revised Compliance Filing of PECO Energy.

II SPECIFIC ISSUES

Electric Generation Supplier Coordination Tariff

In reviewing the Company's Supplier Tariff provided with its Revised Compliance filing, the OCA noted that pursuant to Rule 9.1, the EGS is responsible for obtaining transmission service for delivery of competitive energy supply to the customer. The OCA had raised questions in its Comments regarding the Company's Compliance Filing regarding transmission service for residential customers. From the tariffs now filed with the Revised Compliance Filing, it appears that a residential customer who purchases power from an alternative supplier will now be shopping for both generation and transmission, not just the generation service shown in the "shopping credit." It appears that suppliers will have to price supply to reflect these transmission charges, either by bundling it into the price for energy service, or showing it as a separate charge for the customer. This transmission charge for

shopping customers would be in lieu of the transmission charge of PECO.

The OCA submits that this approach raises several questions for residential customers at this time. First, the “shopping credit” that the Commission determined and against which the customer must compare offers, does not contain any costs for transmission service. This “shopping credit” was determined after the transmission, distribution and CTC charges were subtracted from the Company’s total cents/kwh charge for service. Thus, the cost of transmission service is not reflected in the “shopping credit” even though the offers must now reflect the cost of transmission. Second, even for customers who shop, the Act contemplated a rate cap for all non-generation services, including both transmission and distribution. By making transmission part of the competitive generation supply, the possibility exists that the non-generation rate cap could be violated for customers if the alternative supplier charges more for transmission than that embedded in PECO’s current rates.

The OCA submits that if this interpretation of the PECO Tariff is correct, PECO should be required to show its transmission charges on its bills as part of the “shopping credit”-- preferably as a separate line item within a “total shopping credit” reflected on the bill. In this manner, customers will be able to more properly compare offers that must now include all transmission service to the customer. Additionally, the OCA submits that if transmission is to be provided by the alternative supplier, then adequate consumer education must be developed to fully explain this process and the charges to customers.

Electric Service Tariff--Rule 19--Unfulfilled Contracts

In OCA’s Comments to PECO’s original Compliance Filing, the OCA expressed concern regarding the application of this provision to residential customers. This provision

provides that a notice to discontinue service under a contract will not relieve a customer from any minimum, or guaranteed payment under any contract or rate. The OCA requested clarification that this provision: 1) not be applied to residential default service customers; and 2) only apply to residential customers who sign actual contracts with the *Company* for service other than default service that clearly sets forth such a term, and such term is clearly explained to the customer and agreed to by the customer. The Commission accepted OCA's recommendation on this matter and required PECO to make the appropriate changes in this Tariff.

PECO's revised Tariff made no changes to this provision. The OCA acknowledges that by removing the requirement for a minimum 12 month term for default service, much of the concern over unfulfilled residential contract liability would seem to be mitigated. However, the OCA submits that the Commission should again acknowledge that, to the extent unfulfilled residential contract liability exists, the application of such liability must be pursuant to the clear and specific terms of any actual contract signed by a customer, and not simply pursuant to the language contained within the PECO tariff. Only the inclusion of this provision within an actual signed contract will ensure that a customer has had the opportunity to understand that this potential liability exists, and has had the opportunity to agree that such a provision shall govern such contracts prior to a customer's acceptance of such terms.

Accordingly, the OCA submits that the Commission should clarify that Rule 19 of the PECO Tariff applies only to express written contracts which clearly include notice of the provisions of this Rule and indicate the acceptance of the same.

III. CONCLUSION

WHEREFORE, the OCA respectfully submits that the Commission should adopt the recommendations of the Office of Consumer Advocate and make any further modifications deemed necessary upon any further review conducted by the Commission.

Respectfully submitted,



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Dated: February 23, 1998
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CERTIFICATE OF SERVICE

Re: Application of PECO Energy Company for
Approval of its Restructuring Plan Under
Section 2806 of the Public Utility Code
Docket No. R-00973953

I hereby certify that I have this day served a true copy of the foregoing document, OCA's Comments to the Revised Compliance Filing of Peco Energy Company, upon parties of record in this proceeding in accordance with the requirements of 52 Pa. Code § 1.54 (relating to service by a participant), in the manner and upon the persons listed below:

Dated this 23rd day of February, 1998.

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February 23, 1998

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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-00973953)

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)

COMMENTS OF MID-ATLANTIC POWER SUPPLY ASSOCIATION IN RESPONSE TO PECO ENERGY COMPANY'S FEBRUARY 19, 1998 COMPLIANCE FILING

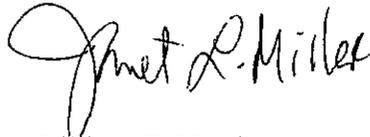
Dear Mr. McNulty:

Enclosed are the original and fifteen (15) copies of the Comments of Mid-Atlantic Power Supply Association to PECO Energy Company's February 19, 1998 Compliance Filing in connection with the above-captioned matters. A copy of this document has been served in accordance with the attached Certificate of Service.

James J. McNulty, Secretary Prothonotary
Pennsylvania Public Utility Commission
February 23, 1998
Page 2

If you have any questions, please feel free to call.

Very truly yours,



William T. Hawke
Janet L. Miller
Todd S. Stewart

Counsel for Mid-Atlantic Power
Supply Association

JLM/kmg
Enclosures

cc: All Parties of Record

BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION

ORIGINAL

Application of PECO Energy Company : R-00973953
for Approval of its Restructuring Plan :
Under Section 2806 of the Public Utility :
Code and Joint Petition for Partial Settlement :

Petition of Enron Energy Services Power, Inc. : P-00971265
for Approval of an Electric Competition and :
Choice Plan and for Authority Pursuant to :
Section 2807(E)(C) of the Public Utility Code :
to Serve as the Provider of Last Resort in the :
Service Territory of PECO Energy Company :

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FEB 25 1998

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COMMENTS OF
MID-ATLANTIC POWER SUPPLY ASSOCIATION
TO PECO ENERGY COMPANY'S
FEBRUARY 19, 1998 COMPLIANCE FILING

Mid-Atlantic Power Supply Association ("MAPSA")¹, by its counsel, offers the following comments to the Pennsylvania Public Utility Commission ("Commission") in response to the February 19, 1998 filing of Electric Service Tariff - Pa. P.U.C. No. 3 ("Compliance Tariff") made by PECO Energy Company ("PECO"). This Compliance Tariff was filed by PECO in accordance with the directives contained in the Commission's Order entered February 5, 1998 (Order on Compliance Filing) ("Order"). MAPSA respectfully recommends that the Commission direct PECO to make changes to the Compliance Tariff as set forth below in these Comments.

¹ MAPSA is an association of power marketers, independent power producers and a broad range of companies who support the electric services industry with an interest in the emerging electric power supply market within the Commonwealth of Pennsylvania and the Mid-Atlantic region. MAPSA's current Board of Directors includes representatives of Air Products and Chemicals, Inc.; Atlantic Generation, Inc.; CNG Energy Services Corporation; Cogen Technologies, Inc.; DuPont Power Marketing, Inc.; The Eastern Group; Energy Investment Advisors; Enron Capital & Trade Resources; Edison Source; MC2, Inc.; NGC Destec; Odyssey Strategies, Inc.; and U.S. Generating Company. The comments contained in this filing represent the position of MAPSA as an organization, but not necessarily the view of any particular member with respect to any specific issue.

I. ELECTRIC SERVICE TARIFF

A. PECO Improperly Has “Grossed Up” The Collection Of Gross Receipts Tax Associated With The Competitive Transition Charge.

PECO does not utilize the correct rates for Gross Receipts Tax as established in the Commission's Order. PECO is allowed to collect its stranded costs through a Competitive Transition Charge ("CTC"), and to levy and collect the Gross Receipts Tax associated with the CTC. PECO will overcollect by \$1,594,355 per year due to their unnecessary re-calculation of the CTC revenue requirements, as set forth in the Compliance Tariff.

B. PECO Improperly Has Developed Transmission And Distribution Rates.

PECO does not utilize the correct rates for Transmission and Distribution (collectively "T&D") as established in the Commission's Order. While the Commission discussed PECO achieving a “2.93¢ per kWh charge rounded” for T&D, PECO will overcollect by \$2,034,598 per year through its re-calculation of the rates. The Commission should require PECO to restate its T&D rates to the rates established by the Commission's Order.

C. PECO Unreasonably Has Limited Advanced Metering.

PECO unreasonably has limited the role of a customer selected advanced meter in Rule 14.7 - METER READING INTERVALS to “the purposes of monitoring the customers’ load”, and has reserved for itself the role of reading “the meter for billing purposes.” This Rule, if the Commission were to allow it to be adopted, would effectively circumvent the goal of the Commission to have advanced metering deployed throughout Pennsylvania. Customers

currently have the right to monitor their load, and do not need any new rules or procedures. Clearly, the Commission intended for an advanced meter to be the billing meter, and not simply a monitor. PECO should be required to file the following:

14.7 METER READING INTERVALS. The Company will read its meters at scheduled regular intervals of one month and will render standard bills for the recorded use of service based upon the time interval between meter readings. Only those bills which cover a period of service of less than 27 days or more than 34 days will be prorated. The EGS serving the customer may perform remote-read meter reading activities if advanced metering equipment with remote-read meter reading capabilities has been installed. The Company *will continue to perform meter reading activities if non-remote read advanced meters are installed.* The Company shall consider the advanced meter as the billing meter, and shall accept data collected by the EGS performing remote-read meter reading services as the billing meter data. The EGS shall provide all necessary data to the Company in a timely manner so that the Company can fulfill its obligations under the Supplier Tariff.

D. Meter Testing Requests Also Should Be Permitted By An Electric Generation Supplier.

Meter testing should not be predicated upon an agency relationship, given that the Company, the customer, and the supplier need accurate information for determining charges and bills. PECO has added language in its Compliance Tariff which would require a supplier to obtain customer consent before requesting a meter test (after the Commission provided detailed language for PECO). The Commission should order PECO to adjust Rule 16.2 REQUEST TESTS as follows:

16.2 REQUEST TESTS. The Company will make additional tests or inspections of its meters at the request of a customer or an EGS providing electric energy to a customer, but reserves the right to make the charge provided for in the Electric Regulations of the Pennsylvania Public Utility Commission.

E. Customer Enrollment And Information Should Not Contain A "Check-Off Box".

In Rule 22.2, PECO requires that an enrollment form contain a “check-off box or other similar mechanism to enable the customer to require the EGS and PECO Energy to not disclose any information about the customer to other EGSs or the public.” As the Pilot Programs have demonstrated, if PECO does not release customer information to licensed suppliers, customers will not be provided with the full range of necessary choices. While there are very good reasons to limit who has access to “customer information,” there are no good reasons to limit suppliers from knowing who is enrolled and who desires competitive options for their electricity services. Any consumer provided this check-off box will unknowingly limit their options. PECO should be required to modify Rule 22.2 to remove the requirement of a check-off box.

F. PECO Should Not Limit To “Once Per Calendar Year” A Copy Of A Customer’s Readily Available Load Data.

Many consumers will desire to seek out new suppliers at irregular times, and often multiple times during a year. In fact, the goal of this process has been to allow a consumer to switch suppliers as often as the consumer sees fit, given their personal objectives. PECO, in Rule 24.1, attempts to limit consumers from having the necessary information to seek out the best supplier and supply. The Commission should order PECO to delete “and only once per calendar year, a single” from Rule 24.1.

G. The Interim Code Of Conduct Does Not Just Apply To Enrollment Processes.

PECO establishes the Interim Code of Conduct to have control over “activities related to implementation of the Phase-in of Direct Access.” The Commission's language was clearly

much broader than just “activities related to implementation” (which may only be enrollment and customer switching). Rather, the Commission undoubtedly desired to see that all activities related to the future marketplace and customer selection of a new supplier which occurs from now until a final rule on codes of conduct is completed will be consistent with the Interim Code of Conduct. The Commission should affirm this intent by requiring PECO to delete any conditional language related to the Interim Code of Conduct. Everything that the PECO EDC does from this point forward impacts the competitive market, and the Commission should not condone any abuse.

II. ELECTRIC GENERATION SUPPLIER COORDINATION TARIFF

A. PECO’s Supplier Tariff Continues To Lack The “Specific Details Necessary”.

Throughout the entire restructuring process, MAPSA continually has argued for a “Supplier Tariff” which would outline the process and procedures for arranging reliable direct access. Rather than provide this information upfront to be examined during the restructuring case, PECO opposed providing this information until after its restructuring case was final. PECO even failed to comply with the Commission’s requirement, in its Opinion and Order on PECO's Restructuring Case, that PECO proffer a Supplier Tariff in its original compliance filing.

In its February 19, 1998 filing, PECO finally has provided a somewhat vague Supplier Tariff. Because this filing was not received by MAPSA and other parties until Friday, February 20, 1998, MAPSA has had only three (3) days to review its provisions -- an insufficient amount of time for such a significant issue. Given the need to analyze PECO's Supplier Tariff,

and see if it is “consistent with applicable PJM and FERC requirements and Commission orders,” as well as ensure that it establishes the necessary “procedures” to “establish the basic requirements for EGS/EDC interactions in a standard format through a standardized consistent process,” MAPSA believes the Commission should reject PECO's Supplier Tariff at this time and either (1) extend the comment period for fourteen (14) days to give suppliers a reasonable opportunity to examine and make suggestions on the Supplier Tariff as filed; and/or (2) order PECO to hold technical conferences with interested parties to discuss the operational details that need to be included in a Supplier Tariff that will produce safe, non-discriminatory, and reliable direct access.

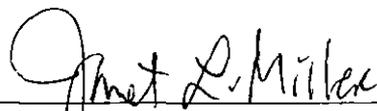
B. The Interim Code Of Conduct Must Apply To PECO's Supplier Tariff.

Nowhere does PECO make clear that the Interim Code of Conduct applies to the Supplier Tariff. Given that the Supplier Tariff contains the rules under which PECO EDC will allow an EGS to provide competitive energy and capacity, it must be clear that there will be no discrimination. The Commission should require PECO to ensure that the Interim Code of Conduct, and any future Code of Conduct directed by the Commission and/or implemented by PECO, is applicable to all PECO EDC tariffs.

III. CONCLUSION

For the reasons set forth above, MAPSA respectfully requests that the Commission direct PECO to make changes to its February 19, 1998 Compliance Tariff as set forth in these Comments.

Respectfully submitted,



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DATED: February 23, 1998

CERTIFICATE OF SERVICE

I hereby certify that I am this day serving a copy of the foregoing document upon the persons named and in the manner indicated below.

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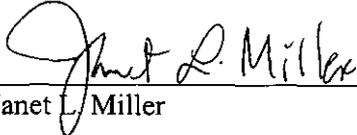
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Janet L. Miller

DATED: February 23, 1998

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February 23, 1998

James J. McNulty, Secretary
Pennsylvania Public Utility Commission
Room B-20, North Office Building
Harrisburg, PA 17120

DOCKETED VIA HAND DELIVERY
FEB 25 1998

Re: Pennsylvania Public Utility Commission v. PECO Energy Company: Application of PECO Energy Company for Approval of its Restructuring Plan Under Section 2806 of the Public Utility Code; Docket No. R-00973953; PAIEUG'S COMMENTS ON PECO COMPLIANCE FILING OF FEBRUARY 19, 1998

Dear Mr. McNulty:

The Philadelphia Area Industrial Energy Users Group ("PAIEUG"), an active participant in the above-referenced proceeding, hereby files the original and nine (9) copies of this letter-comment in response to PECO Energy Company's ("PECO's") February 19, 1998, Compliance Filing in this proceeding. PECO's second Compliance Filing improperly reduces the term for availability of the Large Interruptible Load Rider ("LILR") by one-and-a-half years.

PECO states in its cover letter attached to its second Compliance Filing that it "revised certain language in Rule 4.6, the Economic Efficiency Rider, the Incremental Process Rider, and the Large Interruptible Load Rider," allegedly consistent with the PAIEUG Comments regarding PECO's original Compliance Filing. However, PAIEUG's Comments as filed on January 27, 1998, requested that PECO revise language regarding EER, Rule 4.6, and IPR contracts to acknowledge that if those contracts expire prior to the conclusion of the transition period, the charges for those customers will remain capped for the duration of the applicable rate cap period. PAIEUG's Comments only addressed LILR to the extent that PECO's LILR unbundling in its original Compliance Filing did not appear to be rate cap compliant. See PAIEUG Comments of Jan. 27, 1998, at 4-8, 10.

However, PECO's second Compliance Filing inexplicably limits the availability of the LILR option by nearly two years. Ostensibly, rather than allow availability of LILR through the

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James J. McNulty, Secretary
February 23, 1998
Page 2

transition period, as it was previously defined, PECO has restated in its Compliance Filing that LILR is to only be available through the "Statutory Rate Cap Period." See Tariff Electric - Pa. P.U.C. No. 3, Original Page No. 85. As newly defined in its second Compliance Filing, the "Statutory Rate Cap Period" runs through December 31, 2005. PECO has eliminated its previous definition of "Transition Period" (the period of time during which PECO would collect a CTC) and replaced it with "Statutory Transition Period," the period that would run through June 30, 2007. PECO's original Compliance Filing reflected that LILR was available through what is now defined as PECO's Statutory Transition Period; i.e., through June 30, 2007. PECO has revised LILR in its second Compliance Filing, however, to only allow availability through the Statutory Rate Cap Period; i.e., December 31, 2005. In short, **PECO has cut availability of LILR by one-and-a-half years.**

PECO had no authority to limit LILR's availability in this fashion. PAIEUG's original Comments on PECO's Compliance Filing addressed the rate cap compliance of PECO's unbundling of LILR. PAIEUG in no way either expressly or impliedly sought to limit availability of LILR, nor did the Commission in its Order on PECO's original Compliance Filing provide PECO with the authority to limit LILR availability. **Accordingly, the PUC must order PECO to resubmit its Compliance Filing to reflect that customers served under LILR may remain on the rider through the "Statutory Transition Period" as now defined by PECO.**¹

As evidenced by the attached Certificate of Service, all known parties to this proceeding have been duly served. Please date stamp the extra copy of this transmittal letter and kindly return for our filing purposes.

Respectfully submitted,

McNEES, WALLACE & NURICK

By 
David M. Kleppinger
Derrick P. Williamson

Counsel to the Philadelphia Area
Industrial Energy Users Group

DPW/ah
Enclosures

¹Though the rate cap for LILR may only apply through 2005, the right to remain on LILR should extend through June 30, 2007.

James J. McNulty, Secretary

February 23, 1998

Page 3

c: Cheryl Walker Davis, Office of Special Assistants (via hand delivery)
Robert Bennett, Bureau of Fixed Utility Services (via hand delivery)
Chairman John M. Quain (via hand delivery)
Vice Chairman Robert K. Bloom (via hand delivery)
Commissioner John Hanger (via hand delivery)
Commissioner David W. Rolka (via hand delivery)
Commissioner Nora Mead Brownell (via hand delivery)
Certificate of Service

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CERTIFICATE OF SERVICE

I hereby certify that I have this day served a true copy of the foregoing document upon the participants listed below, in accordance with the requirements of 52 Pa. Code § 1.54 (relating to service by a participant).

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Derrick P. Williamson, Esq.

Dated this 23rd day of February, 1998, in Harrisburg, Pennsylvania.

* Via facsimile and first class mail.

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KJR

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February 23, 1998

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

FEB 23 1998
PA PUBLIC UTILITY COMMISSION
PROTHONOTARY'S OFFICE

RE: PECO Energy Compliance Filing, Docket # R-00973953, Docket # P-00971265

Dear Secretary McNulty:

New Energy Ventures appreciates the opportunity to present comments and 15 copies for consideration in regard to PECO Energy's Restructuring Compliance Filing.

NEV is commenting on concepts and issues that have not been fully or adequately addressed in PECO Energy's 2nd Restructuring Compliance Filing. NEV submits these comments to identify areas where PECO Energy must implement change that is designed to bear out the commission's clear and precise intent to create a fully competitive market, without impediment to or favorable treatment for any entrant in the marketplace.

The attached comments are respectfully submitted.

Sincerely,


Jeffrey M. Bladen
Manager, Corporate Development

cc: w/enclosures

The Honorable John M. Quain, Chairman
The Honorable Robert K. Bloom, Commissioner
The Honorable John R. Hanger, Commissioner
The Honorable David W. Rolka, Commissioner
The Honorable Nora Mead Brownell, Commissioner
Bureau of Fixed Utility Services
Office of Special Assistants

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INTRODUCTION

The PECO Energy compliance filing of February 19, 1998, in the areas which deal with issues previously address by the PUC, comply with the directives of the PUC in its orders. However, PECO Energy has again attempted to circumvent the process for reasonable comment on significant portions of proposed tariffs. By providing the proposed Energy Generation Supplier Coordination Tariff for the first time in a 2nd compliance filing, parties to the restructuring case are effectively provided only one business day for comments on an entirely new document that has a critical impact on all suppliers. PECO's action is clearly outside the spirit of the Public Utility Commission's desire for substantive comment from intervenors in the restructuring case.

New Energy Ventures (NEV) asserts that additional time should be granted to comment on the substance of the EGS Coordination Tariff. While some comments on the this Tariff are contained herein, NEV makes no suggestion that these are either inclusive of all potential issues or comprehensive in their discussion. NEV would have provided more detailed comments if PECO had not withheld this proposed tariff until the "11th hour."

Importantly, PECO should not be given additional time to respond to comments or an opportunity to delay implementation as a result of any extra time grated to parties for comment on this portion of the compliance filing.

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Energy Generation Supplier Coordination Tariff

Section 2.2

PECO, in section 2.2 states that the EDC Tariff language should supercede any language that is inconsistent between the EGS Coord. Tariff and the EDC Tariff. This is an unacceptable lack of coordination. There should be one set of tariff rules to be followed, not two with possible conflicts. The potential is great for significant difficulty in tariff compliance if parties are required to consult two different sets of rules then decide whether they overlap in coverage. The PUC should not allow PECO to begin the transition into a deregulated market by implementing potentially contradictory rules.

Section 3.1c

PECO's requirement for a copy of an EGS' registration to do business in PA is unnecessarily duplicative. All EGS' must obtain licensure from the PUC in order to conduct business in the State with one requirement of licensure being an EGS is registered to do business in Pennsylvania. This licensure should be proof enough for PECO. Any additional requirements are redundant.

Section 3.5a & b

PECO's criteria for rejecting application for coordination of services in A & B are vague at best.

In section A, what is the definition of “bad credit?” What, if any, criteria are being used to define credit worthiness? These questions must be answered satisfactorily before they can be accepted as criteria for rejecting or conditionally accepting an EGS application for Coordinated Service.

In section B, what is the definition of “outstanding debts?” Does this mean overdue by some generally accepted accounting standard or is this some other PECO defined criteria. *NEV believes that this can not be defined simply as “EGS owes EDC money.”* Rather, this must be explicitly defined and agreed to by EGS and EDC and/or adherent to a generally accepted principal for receivables.

Section 6.2.3

PECO has stated that typical load curve data used for daily forecasting will be made available to an EGS. NEV submits that the EDC should be required to notify the EGS of all changes to load curve data. Daily comparisons of the load data curve of each and every customer class served by an EGS would be required under PECO’s proposal. This could pose a major hurdle to service provision in the PECO territory. In order to supply the correct load into the system, an EGS must have the most up-to-date load data curve for forecasts. Notifications to EDS of changes in a customer Load Data Curve should be required.

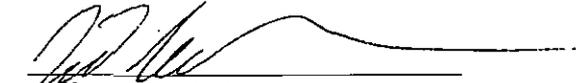
Section 14.1

PECO has proposed a 90-day rule for any EGS wishing to withdraw completely from the market. This is unnecessary, as PECO only requires 30 days notice to drop any single customer. For what reason does PECO need to add two additional months of service to drop all customers rather than just one? Unless PECO can substantiate the *difference, the rule to withdraw from the market should correspond with the single customer drop rule.*

Section 15.2

PECO has proposed that an EGS provide any customer it wishes to discontinue service to 30 days notice. This must be clarified. Does this mean 30 calendar days prior the next meter reading? Is service suspended 30 days after the next scheduled meter read or 30 days from the date notice is provided? These questions must be answered in order to implement this clause.

Submitted by:



Jeffrey M. Bladen
Manager, Corporate Development



PECO ENERGY

Legal Department

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February 24, 1998

VIA FACSIMILE AND FIRST CLASS MAIL

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

Subject: Reply to Comments on Revised Compliance
Filing – Docket No. R-00973953

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Dear Secretary McNulty:

PECO Energy submits the following reply to the Comments filed yesterday by MAPSA, the OCA, and PAIEUG to the Company's February 19, 1998 Revised Compliance Filing.

I. MAPSA COMMENTS

Gross Receipts Tax Recovery Associated With The CTC

MAPSA claims that PECO Energy's CTC rates will overcollect allowed Transition or Stranded Costs due to the calculation of PA Gross Receipts Tax (GRT). That claim is simply wrong. Recovery of GRT always recognizes that the tax is imposed on the total revenue level thus requiring the "gross up" of the GRT itself. PECO added to the CTC revenue requirement of \$787,294,724 the GRT of \$36,235,322 [$\$787,294,724 * (0.044) / (1 - 0.044)$] for a total CTC revenue of \$823,530,046 (shown in proof of revenue section of 2/19/98 filing). The proof that this is the correct amount is straightforward: \$823,530,046 less the 4.4% GRT of \$36,235,322 leaves a remainder of \$787,294,724.

MAPSA'S Objection re Transmission and Distribution Rate

The Commission's Order on Compliance Filing was clear that the T&D rate must

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Page 2

be 2.93 cents per kWh: "the total Transmission and Distribution rate for unbundling purposes remains 2.93 cents per kWh." (Order on Compliance Filing, p. 8). Appendix C to that Order also indicates that the rate should "round to 2.93." PECO Energy has simply rounded the Commission's revenue requirement of \$981,547,562 up to \$983,582,160 to reflect the difference between 2.92 cents (which equates to the \$981,547,562 figure per Appendix C) and 2.93 cents. Accordingly, MAPSA's claim that PECO Energy did not utilize the correct rates for unbundling purposes is incorrect.

Advanced Metering

MAPSA claims that PECO Energy unreasonably limited advanced metering. This is untrue. PECO has not limited the placement of advanced metering. The Commission's Order states that it has "outlined the standards and practices to ensure that customers have real options for competitive metering while retaining all physical work related to metering as a regulated EDC functions" in its metering rulemaking. The metering rulemaking is in the comment phase. MAPSA's interpretation of the Commission's metering requirements in the case would, in effect, put into place a rule that is still under consideration in the rulemaking process. The Company will make any changes required by the Commission's rulemaking at the end of that proceeding.

Accordingly, PECO Energy should continue to have meter reading responsibilities for billing purposes, including when a customer has an advanced meter. This is necessary for billing consistency as well as energy scheduling, load balancing and reconciliation.

Check-Off Box on Phase-In Enrollment Forms

MAPSA objects to the inclusion of a check-off box on enrollment cards and forms that would allow customers to protect their identities and other private information from unwanted disclosure. MAPSA argues that there is "no good reason" to allow customers to protect this information. Customers' right to privacy is, to the contrary, a very good reason. Customers should not be forced to waive their right to privacy as a precondition to participation in full Direct Access. The Commission recognized and endorsed this principle in its Customer Information Order (M-00968890F.008), at p. 29:

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February 24, 1998

Page 3

“Information regarding customer name, address and telephone number shall not be released to a third party by the EDC or supplier without the customer first having the opportunity to restrict such release. Residential and small commercial customers should be afforded the opportunity to restrict information release through the return of a signed form or by calling the EDC or supplier.”

Provision of Load Data

MAPSA requests that PECO Energy be required to supply load data to a customer more than once per year for free. This request is in direct violation of the Commission's Order on Compliance Filing, which provides unambiguously that a customer “will be provided all available data from the meter once per calendar year for no fee.” (Order on Compliance Filing, p. 33). This result reflects the Commission's recognition that PECO Energy will incur new costs to provide a large amount of data to a large number of customers.

Code of Conduct

MAPSA's requests for changes to PECO Energy's Interim Code of Conduct are entirely without basis in any of the Commission's Orders. PECO Energy's intent in stating that the Interim Code of Conduct “applied to activities related to implementation of the Phase-In of Direct Access” was merely to distinguish between the applicability of the Interim Code and the simultaneously effective Pilot Code, and not, as MAPSA asserts, to restrict the Interim Code's applicability to the operational mechanics of phase-in (i.e. enrollment and customer switching).

PECO Energy was merely following to the letter the Commission's direction that “[t]he Interim Code of Conduct will be applicable to all transactions, and activities . . . related to implementation of the phase-in of customer choice as of 1/1/99. It will not govern Pilot activities.” (Order on Compliance Filing, p. 39).

Supplier Tariff

MAPSA complains that it has not had time to review the Supplier Tariff and it requests an additional 14 days for review and comment. PECO Energy notes that it has been afforded very little time to reply to the hundreds of pages of

February 24, 1998

Page 4

comments filed by parties to its original compliance filing. It would violate principles of fairness and due process to allow Suppliers more time while not having allowed PECO Energy the same time.

In addition, the parts of the Supplier Tariff derives from the Electric Service Tariff and the Pilot Policies and Procedures, which MAPSA's members have had for several months. Indeed, it was Enron and MAPSA who insisted that the relevant provisions of the Policies and Procedures be incorporated into the Supplier Tariff. As a consequence, they should not be given more time to review it.

Advanced Metering and Meter Test Rules

II. OCA Comments

Transmission Service

OCA claims that PECO Energy should reflect the cost of transmission service removed from customers' PaPUC jurisdictional rates in a shopping credit line item on the customers' bills. Because FERC has exclusive jurisdiction over transmission service, the PaPUC does not have the authority to require PECO Energy to include any line item credit for transmission service.

With respect to OCA's concern about what it characterizes as potential rate cap violations, OCA is correct that an alternative supplier could include in its total charges for service an amount for transmission service (or, for that matter, generation service) that would result in total charges greater than the charges currently embedded in customers' rates. The PaPUC, however, does not have jurisdiction over the terms and conditions of transmission service, or over what prices alternative providers will charge.

III. PAIEUG Comments

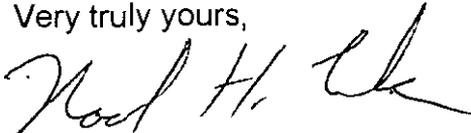
PAIEUG argues that the rate cap provisions of the Competition Act require PECO Energy to continue to provide discounted rates for LILR customers until June 30, 2007, when PECO Energy will stop charging CTCs to customers. The statute unambiguously provides that the rate caps on PECO Energy's generation and total charges will last until December 31, 2005 or the end of the CTC recovery period, "whichever is shorter." 66 Pa.C.S. §2804(4)(i and ii)(emphasis

February 24, 1998

Page 5

added). The law, therefore, requires the statutory rate caps to expire on December 31, 2005.

Very truly yours,



Noel H. Trask

NHT/nht

Enclosures

cc: w/enclosures

Certificate of Service

John M. Quain, Chairman

John Hanger, Commissioner

David W. Rolka, Commissioner

Robert K. Bloom, Commissioner

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February 24, 1998

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**Re: PennSEIA's Response to Peco's Second Restructuring Plan Compliance
filing February 19, 1998. Docket # R-00973953.**

Dear Mr. McNulty:

I enclose for filing with the Commission an original and nine copies each of the
Comments on Behalf of the Pennsylvania Solar Energy Industries Association
(PennSEIA) concerning Peco's Second Restructuring Plan Compliance filing for
February 19, 1998.

Sincerely,

Saul Berger and Ron Celentano

Saul Berger and Ron Celentano
by Brooks Mountcastle

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**Penn Seia. 5919 Pulaski Ave. Phila., PA 19144
Pennsylvania Solar Energy Industries Association
Member of the Environmentalists reply on Deregulation**

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**Penn SEIA's Response to PECO's Second Restructuring Plan Compliance
filing Feb. 19. 1998**

Reply February 23, 1998. Docket # R-00973953.

The following includes Penn SEIA's response to PECO's second compliance filing, which was submitted to the PUC on February 19, 1998. PENN SEIA's response consists of seven points, some of which have been expressed before – these are summarized below:

1. In PECO's re-issued Rate R-S Renewable Energy Service tariff (Original Page No. 40), a new line was inserted in the middle of the Availability section of the tariff, which states the following,

"Availability is limited to 10,000 customers (with a maximum of 2,000 customers using fuel cell installations)."

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This not in the previous version of this tariff in PECO's first compliance filing submitted on January 20, 1998, and explicitly disagrees with the PUC's Order under Section 4. Self-Generation, a. Interconnection Opportunities, which states the following,

"We agree with Mr. Schoengold's recommendations that self-generating interconnection must be provided by PECO as an EDC to all customers, without numerical limits."

We request that this inserted line be removed (as indicated in the attached red-lined Rate R-S Renewable Energy Service tariff).

2. In PECO's re-issued Rate R-S tariff, under the Metering/Billing Provisions section, the ratcheted meter definition in Option (a) should be redefined as a non-ratcheted bi-directional meter option. In the PUC's December Order, under Section 4. Self-Generation, a. Interconnection Opportunities, it states the following,

"Lastly, PECO has the duty as an EDC to provide a "qualified meter" that can provide advanced services required in the market. Meters that support net metering, such as non-ratcheted bi-directional meters, and two meter or smart meter systems should be considered."

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Further, the PUC's latest response to PECO's second compliance filing, states the following,

"In our December Order, we noted that PECO has a duty to provide a "qualified meter", and we stated that consideration should be made for meters which support net-metering. The Environmentalists suggest two additional meters that should be provided to support net metering.

The Commission agrees that these advanced metering options should be available. PECO will be required to provide all qualified meters as indicated in our discussion of Rule 14."

One of the two additional meters suggested by the Environmentalists was the existing non-ratcheted bi-directional meter. We request that the meter Option (a) in Rate R-S be redefined to include a non-ratcheted bi-directional meter instead of just the ratcheted meter currently defined. This request is indicated in the attached red-lined Rate R-S Renewable Energy Service tariff.

3. In PECO's Rate R-S tariff, in the last paragraph under the Metering/Billing Provisions section, language must be added to indicate that when a customer is served under Rate R-T, there should be a distinction between customer generated energy delivered to the Company during on-peak versus off-peak hours, so that the customer can be accurately credited. This distinction can be determined either with a second R-T meter, a SMART meter, or simply estimated by using a single meter and applying a 0.714 multiplier on the customer's generated energy delivered to the Company. (It can be assumed that all generated energy from solar PV panels would occur during on-peak hours for five of the seven days in the week; $5/7 = 0.714$).

We request Rate R-S be modified for Rate R-T customers, such that it reflects the distinction between on-peak and off-peak energy delivered by the customer to the Company, in order to accurately credit the customer.

4. The R-S tariff should be modified to limit overcharging of monthly meter charges for Rate R-S customers under Rate R-T; this should be written in either Rate R-S or in Appendix II (Requirements for Parallel Operation of Non-Utility Generation for Customers with Generation Less than 15kVA - referred to in the Rate R-S tariff). For instance, a customer under Rate R-T applies for Rate R-S and selects Meter Option (b), so that they may have a second time-of-use meter installed. The customer should not be charged for both the second R-T meter (\$10.19/month) and the Option (b) R-S meter charge (\$10.32/month) for the same meter.

We request the Rate R-S customer under Rate R-T not to be overcharged for monthly meter fees.

The next three points address financial obstacles to renewables – specifically solar PV. In the PUC's December Order, under Section 4. Self-Generation, a. Interconnection Opportunities, the following is stated,

"We also agree with Mr. Schoengold's recommendation that a reasonable interconnection opportunity for such customers may not impose unnecessary barriers such as complex or technical standards above national norms or expensive inspection standards."

The following points (5, 6 and 7) identify those financial barriers which substantially slow the growth of renewables in Pennsylvania,

5. In Appendix II (Requirements for Parallel Operation of Non-Utility Generation for Customers with Generation Less than 15kVA), which is referred to in the Rate R-S tariff, Section D. Rearrangement of PECO Distribution Facilities, states the following,

"The cost of rearranging PECO's existing distribution facilities required for parallel operation of non-utility generation by the customer shall be borne by that customer."

It is not clear whether this 'rearrangement' is intended to take place at the distribution transformer or at the customer's site. If it is at the transformer, it appears to be a given at the full expense of the customer. However, this should not be necessary (as discussed between PSEA/PennSEIA members and technical PECO staff at a meeting at PECO in the fall of 1997), and therefore, should be changed to the following,

"The Company will absorb up to \$1,000 for any necessary transformer upgrades that may be required for parallel operation of non-utility generation; the customer will be responsible for the remaining costs."

6. In PECO's Rate R-S tariff, in the last paragraph under the Metering/Billing Provisions section, annualized net metering must be reconsidered over monthly net metering. It is imperative for the excess solar electric energy delivered to the Company in the summer months be carried over as credit to the customer during the winter months for solar technology to be economically viable.
7. The application fee of \$300 remains a major barrier. Does PECO charge comparable fees in the commercial market for similar services? If this fee must exist at this time, the cost should come down considerably over time and/or the number of applications. If we were to assume PECO's limit of 10,000, that equates to \$3 million in application fees alone!

Language should be crafted so that PECO must reduce the application fee over time.

RATE R-S RENEWABLE ENERGY SERVICE

AVAILABILITY.

Single-phase electric service in the entire territory of the Company for a customer served under Rate R, Rate R-II, Rate R-T or Rate GS, that has installed a device or devices that are, in PECO Energy's sole judgment, a bona fide technology for use in generating electricity from qualifying renewable energy installations not exceeding 10 kW, and that will be operated in parallel with the Company's system. Qualifying renewable energy installations include solar panels, wind, hydro, biomass, methane field, and fuel cell generation. ~~Availability is limited to 10,000 customers (with a maximum of 2,000 customers using fuel-cell installations).~~ The customer's equipment must conform to the installation requirements contained in Appendix II of the Company's published "Requirements For Parallel Operation Of Non-Utility Generation." The Company will modify its distribution and transmission facilities as necessary to interconnect with the customer at a single point. A customer will be charged for all modifications, additions or retirements made to provide the interconnection, in accordance with Appendix II of the "Requirements for Parallel Operation of Non-Utility Generation."

(Not available when the source of supply is service purchased from a neighboring Company under Rate BLI Borderline Interchange Service.)

METERING/BILLING PROVISIONS.

A customer may select one of the following billing and metering options in conjunction with the Applicable Rate R, Rate R-H, Rate R-T or Rate GS charges.

(a) ~~A non-ratcheted, bi-directional meter, such as the existing meter at the facility, may be installed that records used to record only net energy sales to the customer.~~ If the solar panels or other device generate more electricity than the customer uses in any billing month, then the customer will not be charged for any energy usage, but the customer will not be paid by the Company for the excess energy delivered to PECO Energy. No dual metering charge shall apply.

(b) Two meters may be installed. One will measure the energy delivered by the Company that the customer uses, and the other will measure the energy delivered to the Company from the customer that is generated by the customer's qualified renewable energy installation.

(c) A SMART meter may be installed that measures energy delivered by the Company to the customer and also measures the energy delivered to the Company from the customer that is generated by the customer's qualified renewable energy installation.

If, in any billing month, the amount of energy delivered by the Company under Option (b) or (c) that the customer uses is greater than the amount of energy the customer delivered to the Company, then the Company will bill the customer for the difference. If, in any billing month, the amount of energy delivered by the Company under Option (b) or (c) that the customer uses is less than the amount of energy the customer delivered to the Company, the Company will allow the customer to carry-forward a credit for up to 12 months at which point the Company will pay the customer for the excess using the monthly average PJM billing rate, market clearing price, or its successor. A monthly meter charge shall apply if Option (b) or (c) is selected. A customer may sell any excess energy to an EGS other than PECO Energy. However, the customer must pay the appropriate Variable Distribution Service Charges on this excess energy.

CURRENT CHARACTERISTICS.

Standard single-phase secondary service.

METERING CHARGE: \$ 4.46 for Option (b)
\$10.32 for Option (c)

MONTHLY RATE TABLE FOR NET ENERGY USED BY CUSTOMER. (See Applicable Rate R, Rate R-H, Rate RT or Rate GS for charges.)

MINIMUM CHARGE: The minimum charge per month will be the Fixed Distribution Service Charge for the applicable Rate R, Rate R-H, Rate R-T or Rate GS Service and the metering charge if the customer has selected Option(b) or Option(c).

STATE TAX ADJUSTMENT CLAUSE APPLIES TO THIS RATE.

CONTRACT TERM.

Not less than twelve months.

PAYMENT TERMS.

Standard