



COMMONWEALTH OF PENNSYLVANIA  
PENNSYLVANIA PUBLIC UTILITY COMMISSION  
P.O. BOX 3265, HARRISBURG, PA 17105-3265

IN REPLY PLEASE  
REFER TO OUR FILE

August 22, 2000

A-110550 F0147

Judith W. Burow  
Director, Regulatory Affairs and Market Analysis  
Shell Energy Services Company, L.L.C.  
1221 Lamar, Suite 1000  
Houston TX 77010

**DOCKETED**

AUG 25 2000

Re: RFP for PECO CDS-Lite Service

DOCUMENT  
FOLDER

Dear Ms. Burow,

Thank you very much for Shell's re-bid of the PECO Energy CDS Lite Program. Although much improvement was made over Shell's first, non-conforming bid, we are not satisfied that the second bid conforms with the Request for Proposal (RFP) to provide CDS.

Generally, Shell has not provided an adequate plan to procure generation and capacity to serve the CDS customers with sufficient levels of reliability. Shell is refusing to abide by the Commission's recently adopted "Code of Conduct." Shell's "force majeure" clause would provide for a regulatory out in the event that PJM Operating Rules would change in any way. Shell's most recent bid does not provide for changes to CDS as found in the PECO/Unicom Settlement. Finally, among other issues, Shell has refused to provide creditworthiness documents--balance sheet and income statement-- for its CDS subsidiary.

For these reasons, we are rejecting Shell's second bid as being non-conforming with PECO's RFP.

Pursuant to the Unicom/PECO merger settlement, para. 52 b<sup>1</sup>, because no winning bidder was selected through the RFP process, PECO now is to engage in good faith negotiations with qualified suppliers to enter into a bilateral CDS agreement or agreements with one of more suppliers for the provision of electric generation and capacity to the twenty percent of PECO's residential customers included in the CDS auction. Under the settlement, PECO's divisional and affiliated EGSs may not participate in this process.

<sup>1</sup> The Joint Petition for Settlement that was adopted by Commission order entered June 22, 2000 in Application for PECO Energy Company, Pursuant to Chapters 11, 19, 21, 22 and 28 of the Public Utility Code, for Approval of (1) A Plan of Corporate Restructuring, Including the Creation of a Holding Company and (2) the Merger of the Newly Formed Holding Company and Unicom Corporation, Dkt. A-110550F0147.

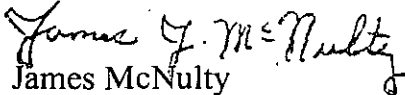
Judith Burow  
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If Shell Energy is interested in participating in bilateral negotiations to provide CDS, contact Al Miller at PECO at (215) 841-5760 for further information.

Sincerely,

  
James McNulty  
Secretary

cc. Ms. V. A. Smith, Esq.  
Ms. T. J. McCloskey, Esq.  
Mr. G. Lawrence, Esq.  
Mr. J. Miller, P.E.  
Ms. P. K. Burket, Esq.  
Mr. A. Miller, PECO Energy Company

ADDRESSEES

Judith W. Burow  
Director of Regulatory Affairs and Market Analysis  
Shell Energy Services Co., LLC  
One Shell Plaza  
PO Box 2463  
Houston TX 77252

Gregory K. Lawrence  
Attorney for Shell Energy Services Co., LLC  
McDermott, Will, & Emery  
600 13th Street, NW  
Washington DC 20005-3096

Al Miller  
PECO Energy Company  
2301 Market St.  
Philadelphia PA 19101