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February 18, 2014

**VIA eFILING**

Rosemary Chiavetta, Secretary  
Pennsylvania Public Utility Commission  
Commonwealth Keystone Building  
400 North Street  
P.O. Box 3265  
Harrisburg, PA 17105-3265

**Re:   Petition of PECO Energy Company for Approval of Its Default Service Program  
      (Customer Assistance Program Shopping Plan)  
      Docket No. P-2012-2283641**

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Dear Secretary Chiavetta:

Enclosed for filing on behalf of **PECO Energy Company** is the **Answer to Petitions for Reconsideration and/or Clarification and Stay of the Commission's Order Entered January 24, 2014** in the above-referenced matter.

Per the attached Certificate of Service, all parties will be served in the manner indicated.

Should you have any questions, please contact me directly at 215.963.5384. Thank you.

Very truly yours,

  
Kenneth M. Kulak

KMK/tp  
Enclosures

c:     Per Certificate of Service

Almaty Beijing Boston Brussels Chicago Dallas Dubai\* Frankfurt Harrisburg Houston Irvine London Los Angeles Miami  
Moscow New York Palo Alto Paris Philadelphia Pittsburgh Princeton San Francisco Tokyo Washington Wilmington

\*In association with Mohammed Buhashem Advocates & Legal Consultants

**BEFORE THE  
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

**PETITION OF PECO ENERGY COMPANY** :  
**FOR APPROVAL OF ITS DEFAULT** : DOCKET NO. P-2012-2283641  
**SERVICE PROGRAM (CUSTOMER** :  
**ASSISTANCE PROGRAM SHOPPING PLAN)** :

**CERTIFICATE OF SERVICE**

I hereby certify and affirm that I have this day served copies of **PECO Energy Company's Answer to Petitions for Reconsideration and/or Clarification and Stay of the Commission's Order entered January 24, 2014** on the following persons in the matter specified in accordance with the requirements of 52 Pa. Code § 1.54.

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Date: February 18, 2014

**BEFORE THE  
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

**PETITION OF PECO ENERGY COMPANY :  
FOR APPROVAL OF ITS DEFAULT : DOCKET NO. P-2012-2283641  
SERVICE PROGRAM (CUSTOMER :  
ASSISTANCE PROGRAM SHOPPING :  
PLAN) :**

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**ANSWER OF PECO ENERGY COMPANY  
To Petitions For Reconsideration And/Or Clarification And Stay Of The Commission's  
Order Entered January 24, 2014**

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**I. INTRODUCTION**

On January 24, 2014, the Pennsylvania Public Utility Commission (the "Commission") entered its Opinion and Order (the "Order") in the above-captioned proceeding. In the Order, the Commission addressed PECO Energy Company's ("PECO's" or the "Company's") plan to enable low-income customers enrolled in its Customer Assistance Program ("CAP") to purchase generation supply from electric generation suppliers ("EGSs").

On February 10, 2014, PECO filed a Petition for Reconsideration and Clarification (the "Petition"). In the Petition, PECO requested that the Commission reconsider its conclusion in the Order that it lacks authority to approve the proposal in PECO's plan (the "CAP Shopping Plan" or "Plan") that EGSs choosing to serve CAP customers must charge a rate for generation service equal to or lower than PECO's applicable residential default service Price-to-Compare ("PTC"). PECO's proposal was designed to provide low-income customers with the benefits of the competitive energy market, which PECO strongly supports, while also helping to ensure affordability for CAP customers and control costs for all residential customers who pay for

universal service. In seeking reconsideration, PECO's Petition emphasized the Commission's broad authority under both the Public Utility Code and the Electricity Generation Customer Choice and Competition Act, 66 Pa. C.S. § 2801 *et seq.* (the "Competition Act").

Separately, PECO also requested that the Commission: (1) Eliminate other portions of PECO's original Plan (including requirements that EGSs register with PECO before serving CAP customers) to reduce program costs for PECO (and ultimately customers) and for EGSs if the PTC price limitation is not approved upon reconsideration; (2) extend the commencement date for CAP customer shopping from April 15, 2014 to facilitate development of customer education materials with stakeholder participation and to permit PECO to fully test software upgrades to integrate CAP customers into its existing Standard Offer Program; and (3) clarify that PECO will comply with the Order's reporting requirements by calculating a per-kWh rate charged to CAP customers by EGSs using information currently received from EGSs.

Concurrently, PECO filed an application for a stay of the Order ("Application") pending the outcome of PECO's Petition to avoid irreparable harm to PECO, the Company's CAP customers, and the EGSs who seek to participate in the CAP retail market.

On February 10, 2014, Petitions for Reconsideration and/or Clarification ("Petitions") were also filed by the Office of Consumer Advocate ("OCA") and the Coalition for Affordable Utility Services and Energy Efficiency in Pennsylvania, The Tenant Union Representative Network and Action Alliance of Senior Citizens of Greater Philadelphia (together, "CAUSE-PA/TURN"). CAUSE-PA/TURN also requested a stay of the Order to avoid irreparable harm to CAP customers.

Pursuant to 52 Pa. Code § 5.572(e), PECO submits this Answer to the Petitions filed by the OCA and CAUSE-PA/TURN. In their respective Petitions, the OCA and CAUSE-

PA/TURN have requested that the Commission reconsider aspects of the Order regarding CAP customer protections, including the Commission's rejection of PECO's proposed PTC pricing limitation, and they seek clarification of the reporting requirements directed by the Order. As explained in this Answer, PECO generally agrees with the OCA and CAUSE-PA/TURN that the Public Utility Code provides broad authority for the Commission to approve PECO's proposed pricing limitation and does not oppose appropriate clarification of the Commission's reporting requirements. PECO also agrees with CAUSE-PA/TURN that the Commission should grant a stay of the Order pending resolution of the Petitions, including PECO's, to avoid harm to low-income customers arising from immediate implementation of the Order.

## **II. ANSWER TO THE PETITIONS**

### **A. The OCA's And CAUSE-PA/TURN's Request For Reconsideration Of PECO's Proposal That EGSs Be Required To Charge CAP Customers A Generation Rate At Or Below The PTC**

In their Petitions, both the OCA and CAUSE-PA/TURN ask the Commission to reconsider its conclusion that it lacks authority to limit rates charged by EGSs to CAP customers. OCA Petition, pp. 5-6, 8-10; CAUSE-PA/TURN Petition, pp. 7-11. PECO generally agrees that the Commission has broad powers to assure just and reasonable rates for its customers. PECO believes that the Petitions filed by the OCA and CAUSE-PA/TURN support that view. PECO also agrees with CAUSE-PA/TURN that PECO's Plan will promote shopping and access to the benefits of the competitive market for low-income customers.

### **B. CAUSE-PA/TURN's Stay Request**

In its Petition (pp. 1, 11-14), CAUSE-PA/TURN also requests a stay of the Order, pending the Commission's reconsideration of the issues raised in the Petitions. CAUSE-PA/TURN claims that such a stay is warranted because the uninterrupted continuation of service

to CAP customers may otherwise be jeopardized, particularly when winter protections (e.g., the Company's Low-Income Home Energy Assistance Program) are no longer in effect.

PECO supports CAUSE-PA/TURN's stay request for the reasons noted below. As PECO previously explained, in the absence of a stay PECO's low-income customers will be subject to a compressed customer education schedule, inadequate integration into the Standard Offer Program arising from operational constraints and potentially limited EGS offers due to uncertainty in the final design of the CAP Shopping Plan. The foregoing conditions will undoubtedly lead to customer confusion and dissatisfaction and loss of established customer goodwill by PECO. Moreover, uncertainty in Plan implementation during the pendency of the Petitions may also diminish participation in the CAP retail market by low-income customers and/or EGSs, which could result in significant harm to the overall competitive market.

**C. The OCA's Request For Reconsideration Regarding CAP Customer Options On Product Expiration**

The OCA also requests that the Commission adopt the OCA's recommendation that EGSs must have an affirmative consent from a CAP customer before transitioning the customer to a month-to-month agreement. With the proposed PTC price limitation, EGSs should be free to offer product terms, including variable-priced contracts, to CAP customers. These product terms would be compatible with the EGSs' business interests but subject to the proposed PTC pricing limitation.

PECO further notes that, whether or not the Commission approves PECO's PTC price limitation, the Commission's existing guidelines and its tariff provisions provide some customer protections in this area. Nonetheless, PECO supports reconsideration of this issue so that the Commission may assess the potential impact of variable-priced contracts. Such reconsideration

will provide additional guidance to EGSs and other stakeholders with respect to such contract terms.

**D. CAUSE-PA/TURN's Request For Reconsideration And Amendment Of The Order To Prohibit Termination Fees**

CAUSE-PA/TURN asks the Commission to reconsider its decision allowing EGSs who choose to serve CAP customers to charge termination or switching fees. In its CAP Shopping Plan, PECO emphasized that, with the PTC price limitation in place, EGSs should remain free to offer discounts, promotions, and contract lengths and other terms to CAP customers consistent with their business goals and competitive interests, including termination (with EGSs responsible for collecting such fees). If the Commission does not approve the PTC price limitation, PECO continues to believe that EGSs should be free to propose contract terms consistent with their business interests, but supports reconsideration of this issue so that the Commission may assess the potential effects of termination fees on affordability of service for CAP customers, the justness and reasonableness of the rates charged to other customers, and provide guidance to EGSs and other stakeholders with respect to the use and collection of such fees.

**E. Clarification Of Reporting Requirements Directed By The Order**

Both the OCA's Petition and CAUSE-PA/TURN's Petition seek clarification of the elements of PECO's reporting requirements directed by the Order. First, they ask the Commission to clarify the content of PECO's reports regarding the impact of CAP shopping. Specifically, the OCA proposes to require PECO to report data regarding the number of CAP customers who switch, the level of bills that they experience and the CAP shortfall that is generated to allow the Commission and interested parties to assess the impact of CAP shopping and associated costs. OCA Petition, pp. 12-13. CAUSE-PA/TURN would like the Commission to expressly identify the required content of the reports in the Order. CAUSE-PA/TURN

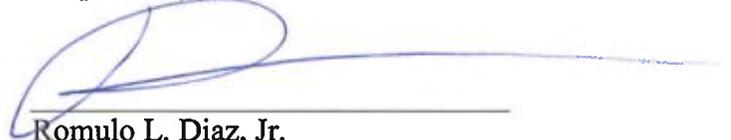
Petition, pp. 14-15. Second, both parties want the Commission to address the OCA's prior request for publication of aggregated data from the reports. OCA Petition, p. 13; CAUSE-PA/TURN Petition, p. 16.

PECO believes the specific content and format of the CAP shopping reports should be developed by PECO in consultation with the Office of Competitive Market Oversight ("OCMO") and the Commission's Bureau of Consumer Services ("BCS"), as directed in the Order. However, the Company does not oppose the specific reporting metrics recommended by the OCA, or the publication of aggregated data, and will raise these issues in its discussion with the OCMO and BCS.

### III. CONCLUSION

WHEREFORE, for the foregoing reasons, the Commission should: (1) grant the Petitions for Reconsideration and/or Clarification filed by the OCA and CAUSE-PA/TURN except to the extent, and with respect to the specific issues, identified previously in this Answer; and (2) grant the limited stay of the Order requested in PECO's Application and supported by CAUSE-PA/TURN.

Respectfully Submitted



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