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August 29, 2014

Rosemary Chiavetta, Secretary
Pennsylvania Public Utility Commission
Commonwealth Keystone Building
400 North Street, Second Floor
Harrisburg, PA 17120

RE: PECO CAP Design Mediation Status Update, Docket No. M-2012-2290911

Dear Ms. Chiavetta:

This letter provides a further update on the status of mediation efforts in this docket, and requests a further extension of the mediation process until October 30, 2014.

On April 25, 2014, the Commission issued a Secretarial Letter directing the stakeholders in this proceeding to:

- Indicate, on or before June 30, 2014, in writing at Docket No. M-2012-2290911, if they have resolved some or all of their differences regarding PECO's CAP design as reflected in the record by comments and reply comments filed in response to PECO's September 30, 2013 *Report*. This may be a joint filing, with notice to the Office of Administrative Law Judge (OALJ), the Bureau of Consumer Services (BCS), and the Law Bureau.
- Consider enlisting the services of the Commission's mediation process in the interim between now and June 30, 2014, in an attempt to resolve their differences relative to PECO's CAP design.
- Indicate, by July 31, 2014, in writing, to BCS and OALJ, the elements of any partial or complete consensus resolutions. This may be a joint summary submission.

As recommended, key stakeholders – PECO, the Office of Consumer Advocate, Community Legal Services on behalf of TURN, et al, the Pennsylvania Utility Law Project on behalf of CAUSE-PA, and Direct Energy -- did enlist the service of the Commission's mediation process. During May and June 2014 the stakeholders held four extensive mediation sessions (each nearly a full day).

On June 27, PECO filed a status report on behalf of the mediation participants. In the June 27 letter, PECO and the other parties jointly requested a one-month extension to fulfill the additional reporting requirement set forth in the April 25, 2014 Secretarial Letter – that is, to indicate, by August 29, 2014, in writing, to BCS and OALJ, the elements of any consensus resolutions.

By Secretarial Letter issued on July 11, 2014, the Commission granted the parties' request.

The purpose of this letter is to provide the August 29 update.

The parties and the mediator held four additional in-person mediation sessions, each lasting most of a day. The parties have now held a total of eight day-long mediation sessions on this issue.

Substantial progress has been made toward obtaining a common view of some or all the issues under discussion. The parties believe that it will now be worthwhile to exchange written proposals to resolve the issue. To that end, PECO has agreed to prepare the initial written offer to comprehensively address the issues that were discussed during the eight mediation sessions and forward that comprehensive offer to the other parties.

PECO has established a tentative internal review schedule, and proposes to provide the stakeholders with its comprehensive written offer to resolve this matter on Thursday, September 25, 2014. PECO and the parties estimate that, once the other stakeholders have PECO's comprehensive written offer in hand, it will take approximately five weeks of additional discussions, exchange of counter-offers, and discussions with company leadership and clients to either come to closure with a settlement, or to determine that the parties will not be able to settle.

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The parties therefore request an extension of the mediation process until Thursday, October 30, 2014. At that time, the parties expect that they will either file a settlement document or inform the Commission that they have reached impasse and request that the Commission proceed on a non-mediation path.

This status update has been reviewed and approved by the above-named stakeholders.

Sincerely,



Ward Smith
Counsel for PECO Energy Company

/adz

cc: (Via First Class Mail and/or email)

Cynthia Lehman, Commission Mediator
Administrative Law Judge Cynthia Fordham
Kim Hafner, Office of Administrative Law Judge
Grace McGovern, Bureau of Consumer Services
Joseph Magee, Bureau of Consumer Services
Louise Fink Smith, Law Bureau
Christy Appleby, Amy Hirakis, Candis Tunilo, Office of Consumer Advocate
Thu Tran, Rob Ballenger, Josie Pickens, Maripat Pillegi, Community Legal Services
Harry Geller, Elizabeth Marx, Pennsylvania Utility Law Project, on behalf of CAUSE-PA
Ron Cerniglia, Ashley Ramer, Direct Energy
Lauren Feldhake, Patricia King, Rich Schlesinger, Mark Kehl, Scott Neumann, PECO