

September 4, 2014

VIA ELECTRONIC FILING

Rosemary Chiavetta, Secretary
Pennsylvania Public Utility Commission
Commonwealth Keystone Building
400 North Street, 2nd Floor
P.O. Box 3265
Harrisburg, PA 17105-3265

Re: Petition of PECO Energy Company for Approval of its Default Service Program for the Period from June 1, 2015 through May 31, 2017; Docket No. P-2014-2409362

Dear Secretary Chiavetta:

On August 28, 2014, PECO Energy Company filed a Joint Petition for Partial Settlement (“Joint Petition”) in the above-referenced proceeding. Please be advised that Noble Americas Energy Solutions LLC (“Noble”) does not oppose the terms and conditions of the proposed settlement subject to Noble’s understanding of the Joint Petition. Noble, nevertheless, offers the following points to confirm that understanding and clarify its position on certain limited matters.

With respect to PECO’s Standard Offer Program (“SOP”), the Joint Petition proposes to convene a stakeholder process to discuss the SOP and related issues following the issuance of the Public Utility Commission’s Order concerning PECO’s Revised DSP III. Noble does not oppose the proposed stakeholder process or, importantly, the assurance that the stakeholder meetings will not address any “...changes to mechanisms for recovery of SOP costs from non-participating EGSs[,]” as stated in Paragraph 60 of the Joint Petition.

The current cost recovery mechanism for PECO’s SOP was established pursuant to the Commission’s Order entered February 14, 2013 at Docket No. P-2012-2283641, which concluded on page 13:

As to the SOP, we agree with RESA that a fee of the lesser of \$30/customer or actual costs per referred customer is appropriate. Any remaining costs should be recovered in either one of two ways – through a non-by-passable surcharge, as proposed by RESA, or shared with 50% from the POR discount and 50% from residential and small commercial default service customers.

Noble understands that Paragraph 60 guarantees that the foregoing cost recovery mechanism cannot be discussed or changed in connection with the SOP stakeholder process. Accordingly, EGSs

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like Noble who do not participate in PECO's Purchase of Receivables will continue to be exempt from the recovery of SOP costs.

As for cost recovery from customers, Noble does not oppose the Joint Petition if the current mechanism, which allows SOP costs to be recovered from residential and small commercial default service customers only, will remain the same, and, more significantly, to the extent the stakeholder meetings will not address any proposals to recover SOP costs from commercial and industrial customers with cumulative usage greater than 25kW. If, however, the Joint Petition attempts to expand (or allows for the expansion of) recovery of SOP costs from these commercial and industrial customers, Noble objects and opposes the settlement in this regard.

Finally, while Noble appreciates the settlement's commitment in regard to cost recovery for non-participating EGSs, Noble's non-opposition of the Joint Petition should not be construed as an acceptance of the current SOP cost recovery mechanism. In its present form, the mechanism permits SOP-participating EGSs to subsidize their costs for marketing and customer acquisition efforts across the broader retail market and discriminates against those that do not participate in this particular program. Noble submits SOP costs, instead, should be recovered only from those EGSs that participate and benefit from the program so as to ensure that the program remains competitively neutral and unbiased. Otherwise, the recovery mechanism rewards participating EGSs to the detriment of the marketplace as a whole.

Copies of this letter are being served upon the persons and in the manner set forth on the attached certificate of service. Thank you for your attention to this matter.

Very truly yours,

THOMAS, NIESEN & THOMAS, LLC

By



Charles E. Thomas, III

cc: Honorable Cynthia Williams Fordham
Certificate of Service
Becky Merola

Petition of PECO Energy Company :
for Approval of Its Default Service Program : Docket No. P-2014-2409362
for the Period from June 1, 2015 Through :
May 31, 2017 :

CERTIFICATE OF SERVICE

I hereby certify that I have this 4th day of September, 2014, served a true and correct copy of the foregoing letter upon the persons and in the manner set forth below:

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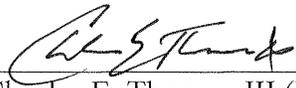
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