

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

PETITION OF PECO ENERGY	:	
COMPANY FOR APPROVAL OF ITS	:	
DEFAULT SERVICE PROGRAM FOR	:	DOCKET NO. P-2014-2409362
THE PERIOD FROM JUNE 1, 2015	:	
THROUGH MAY 31, 2017	:	

**STATEMENT IN SUPPORT
OF NEXTERA POWER MARKETING, LLC**

NOW COMES NextEra Power Marketing, LLC, (“NEPM”), by and through its counsel in the above-captioned matter, Hawke, McKeon & Sniscak, LLP, and hereby offers this Statement in Support of the Joint Petition for Partial Settlement filed simultaneously herewith. In support of the Joint Petition, NEPM states and avers as follows:

1. About March 10, 2014, PECO filed a Petition seeking approval of its Default Service Program (“DSP III”) by the Pennsylvania Public Utility Commission (“Commission”) for the Period June 1, 2015 through May 31, 2017. As part of that filing, PECO included Exhibit JJM-2, which is a Supplier Master Agreement (“SMA”) which contains the terms and conditions by which wholesale suppliers who provide energy and other related services to PECO Energy to supply to its default service customers define their contractual relationship with PECO for that role. PECO testified that this particular SMA, referred to as the “Uniform” SMA was the outcome of a collaborative resulting from the Commission’s RMI process, that included electric distribution companies (“EDC”) and the Commission’s Office of Competitive Market Oversight (“OCMO”).

2. PECO's Uniform SMA includes a provision, Section 6.7, which relates to the credit requirements for financial institutions or other issuers of Letter of Credit ("LOC") in support of wholesale suppliers for the basis of providing credit for those wholesale suppliers in that role. PECO's currently effective SMA has a credit rating for such suppliers of A-/A3 (A- for S&P and A3 for Moody's). In the Uniform SMA filed by PECO in this case, it proposed to increase that credit requirement to A/A2.

3. In response to PECO's filing, NEPM provided the testimony of Sean Cheslock who described in detail why increasing the credit standards would lessen the pool of LOC issuers and would potentially provide for increased costs to customers and decreased participation in the program by suppliers.

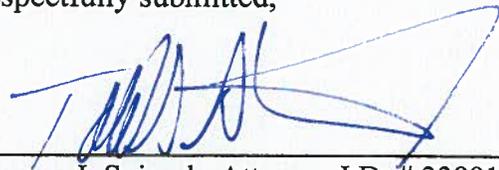
4. As a result of settlement negotiations, PECO has agreed to restore the *status quo* and to maintain the current standards of A-/A3. NEPM supports this settlement as it aligns with NEPM's litigation position and will avoid the potential for an increase in costs to customers and the potential decrease in the number of participating issuers of letters of credit, which could have the effect of diminishing the number of participants in the wholesale auction, lessening the overall competitiveness of the market. NEPM believes that this provision is a benefit for customers and in it will increase the liquidity of the market. No party to the proceeding has opposed this provision.

5. Accordingly, NEPM asserts that by maintaining the *status quo*, will not result any likely negative impacts, as there have been no documented defaults by wholesale suppliers which were then followed by a default of the issuer of a letters of credit, under the current standards. Accordingly, we believe that the settlement, as it relates to this issue, is in a public interest and

should be approved as part of the overall settlement and, therefore, request that the Commission do the same.

WHEREFORE, NEPM respectfully request that the Pennsylvania Public Utility Commission approve the Joint Petition for Partial Settlement and, in particular, approve the modification Section 6.7, which provides for a credit standard of A-/A3 as reflected in the SMA attached to the Joint Petition for Partial Settlement.

Respectfully submitted,



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