

**BEFORE THE  
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

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

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**THE RETAIL ENERGY SUPPLY ASSOCIATION’S  
STATEMENT IN SUPPORT OF JOINT PETITION FOR PARTIAL SETTLEMENT**

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**I. INTRODUCTION**

The Retail Energy Supply Association (“RESA”)<sup>1</sup>, a trade association of electric generation suppliers (“EGSs”), submits this Statement In Support of the Joint Petition for Partial Settlement (“Partial Settlement”) by and between itself and PECO Energy Company (“PECO”), the Office of Consumer Advocate (“OCA”), the Office of Small Business Advocate (“OSBA”), the Coalition for Affordable Utility Services and Energy Efficiency in Pennsylvania (“CAUSE-PA”), and NextEra Power Marketing, LLC (“NEPM”) (collectively, the “Joint Petitioners”).

While the Partial Settlement does not address all of the concerns stated by RESA in this proceeding and in the manner preferred by RESA, the Partial Settlement does represent a reasonable compromise of competing positions and narrows the issues that need to be addressed by the Commission which provides more certainty to the stakeholders and assists in reducing administrative burdens. In support of the Partial Settlement, RESA states as follows:

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<sup>1</sup> RESA’s members include: AEP Energy, Inc.; Champion Energy Services, LLC; Consolidated Edison Solutions, Inc.; Constellation NewEnergy, Inc.; Direct Energy Services, LLC; GDF SUEZ Energy Resources NA, Inc.; Homefield Energy; IDT Energy, Inc.; Integrys Energy Services, Inc.; Interstate Gas Supply, Inc. dba IGS Energy; Just Energy; Liberty Power; MC Squared Energy Services, LLC; Mint Energy, LLC; NextEra Energy Services; Noble Americas Energy Solutions LLC; NRG Energy, Inc.; PPL EnergyPlus, LLC; Stream Energy; TransCanada Power Marketing Ltd. and TriEagle Energy, L.P. The comments expressed in this filing represent only those of RESA as an organization and not necessarily the views of each particular RESA member.

## II. STATEMENT IN SUPPORT OF THE PARTIAL SETTLEMENT

The Partial Settlement is a reasonable compromise and lawful resolution of PECO's proposed default service procurement plan for the period of June 1, 2015 through May 31, 2017. Regarding the procurement plan, RESA recommended that PECO eliminate the long-term, 53-month contracts from the residential procurement portfolio and phase out reliance on longer term contracts and include a greater percentage of 3-month contracts for both the residential and small commercial procurement portfolios. (RESA St. No. 1 at 11, RESA Exhibit RJH-2). RESA also recommended that PECO not enter into contracts for supply that would extend beyond the end of the DSP III plan period. RESA supports the procurement plan contemplated in the Partial Settlement for residential customers because it eliminates the initially proposed 53-month contract and sets forth how any legislative changes will be addressed in the context of the procurement plan. (Joint Petition for Settlement at ¶¶ 13-14, 20). Although the partial settlement does not adopt RESA's recommendation to incorporate additional shorter term contracts for residential and small commercial customers, on balance, the overall settlement represents a reasonable resolution of all issues.

For Medium Commercial customers with peak demands above 100 kW, RESA recommended: (1) those customers without interval meters receive 100% quarterly full requirements products in lieu of PECO's proposed six-month contracts; and, (2) for those with interval meters, they be moved into the Large Commercial procurement group which relies on hourly priced default service. (RESA St. No. 1 at 4). Although the issue of procurement of Medium Commercial default service supply, including but not limited to whether Medium Commercial default service should be priced on an hourly basis, is reserved for litigation, the Partial Settlement sets forth in detail PECO's agreed-to implementation plan to move such

customers if directed by the Commission. (Joint Petition for Settlement at ¶¶25-28). Agreement on how to address these implementation issues while reserving the issue for litigation is a reasonable compromise on this issue.

Regarding PJM Charges, RESA supports requiring PECO to: (1) acquire the costs of PJM Charges for all load (which includes default service load served by wholesale default service suppliers and shopping load served by EGS); and, (2) recover the costs for these charges through a non-bypassable surcharge that would be paid by all distribution customers. (RESA St. No. 1 at 24-28). While the Partial Settlement reserves for litigation how PJM Charges should be handled, PECO specifically commits to supporting a non-bypassable transmission service charge for: (1) Transmission Enhancement charges (a/k/a Regional Transmission Expansion Plan "RTEP") (PJM bill line 1108); (2) Expansion Cost Recovery charges (PJM bill line 1730); and, (3) Generation Deactivation/Reliability Must Run ("RMR") charges (PJM bill line 1930) for which charges are set after the approval of PECO's Revised DSP III by the Commission. (Joint Petition for Settlement at ¶48). While the Partial Settlement also recommends no changes to Unaccounted for Energy and meter error correction charges, it specifically reserves for litigation all issues with respect to Network Integration Transmission Service ("NITS"). (Joint Petition for Settlement at ¶50). The terms of the Partial Settlement reasonably narrow the issues and set forth a path forward once the Commission resolves the issues reserved for litigation.

RESA also recommended some operational changes to the standard offer program and a future stakeholder process where the program can be more fully addressed. (RESA St. No. 1 at 28-31). Through the Partial Settlement some of RESA's operational suggestions were adopted, including: (1) that the effective, discounted price for the SOP and the PTC be published at the same time and that PECO publish the effective, discounted price to the PECO supplier support

website; (2) revision of PECO's SOP request for proposals and rules to allow EGSs to participate on a per class basis; and, (3) that PECO conduct quarterly briefings of customer service representatives about providing information regarding the SOP during customer contacts with PECO's call center. In addition, a future stakeholder process has been established to address program improvements as well as steps to reduce the costs of the program, including administrative cost savings measures. (Joint Petition for Settlement, at ¶¶ 51-61). This is a reasonable result that permits the standard offer program to continue to operate while providing a future opportunity to assess how the program is functioning and how it can be improved.

The terms of the Partial Settlement are supported by the testimony entered into the record, and thus, there is a sound evidentiary basis for the Partial Settlement terms. Moreover, the Partial Settlement is the result of multiple settlement conferences and conversations held over the course of the proceedings in this docket.

The Partial Settlement is in the public interest because its procurement plan and other modifications will serve to facilitate electric competition in PECO's service territory. Importantly, the standard offer program will continue and will be evaluated with the intent of improving its functioning and ensuring that it operates cost efficiently which benefits all stakeholders as well as consumers. Finally, the Partial Settlement amicably and expeditiously resolves a number of important and contentious issues which narrows the issues reserved for litigation. Regarding those two reserved issues, the Partial Settlement sets forth PECO's agreed-to implementation plan depending on the Commission's resolution. For all these reasons, the Partial Settlement reduces the administrative burden and costs to resolve the numerous issues in this proceeding and should be adopted as a reasonable outcome that is in the public interest.

### III. CONCLUSION

RESA respectfully requests that the Partial Settlement, taken as a whole, is in the public interest and should be approved without modification.

Respectfully submitted,



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