

Via Electronic Filing

November 9, 2015

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

**RE: Pennsylvania Public Utility commission v. PECO Energy Company-Electric
Division Docket No. R-2015-2468981**

Dear Secretary Chiavetta,

I am submitting this letter on behalf of The Alliance for Solar Choice (“TASC”) in response to the Recommended Decision (“RD”) in this proceeding. TASC was granted intervenor status in this general rate case and fully participated on a selected set of issues involving fixed customer charges, interconnection procedures and PECO’s proposed Capacity Reservation Rider. TASC filed direct and rebuttal testimony and engaged in settlement negotiations. TASC is a signatory to the Joint Petition for Settlement of Rate Investigation (“Joint Petition”) that was filed with the Commission on September 10, 2015.

Administrative Law Judge Angela Jones (“ALJ”) filed a RD in this proceeding on October 28, 2015. The ALJ recommended that the Commission grant the Joint Petition and adopt the Settlement subject to a “modification” to Paragraph 25 that is described at pages 38-39 and set forth in Ordering Paragraph 5 of the RD.¹ TASC does not plan to file any exception to the RD, however, we wish to note our disagreement with a sentence in the background section of

¹ RD at p. 41

the RD. As described below we believe this statement is not correct, and, if repeated in the Commission's decision in this case, might create a bad precedent on an issue that was not at issue in the underlying rate case. For the reasons set forth below, TASC asks that the Commission's action in this proceeding not adopt or endorse that language.

The RD contains a paragraph on page 2 that describes the history of PECO's recent rate cases and the relationship between customer growth, energy efficiency and conservation and the utility's ability to earn a fair return on its investment. In the excerpt below we set forth the full paragraph and, have underlined the sentence of concern:

PECO filed its last electric base rates increase in March 2010. Those rates went into effect on January 1, 2011, to produce an increase in annual base rate revenues of \$225 million. *Pa. Pub. Util. Comm'n, et al., v. PECO Energy Co.—Electric Division*, Docket No. R-2010-2161575, Opinion and Order, entered December 21, 2010, ordering paragraph 6. Since the last rate increase the Company has made over a billion dollars in new and replacement plant investment. The number of customers has increased at 0.4% compound annual growth rate from 2011 through 2014. However, the customer growth has been offset by a decline in usage per customer due to energy efficiency and conservation mandates under Act 129 of 2008, which affect the Company's ability to earn a fair return on its investment. PECO Stmt. 2 at 3. Specifically, the Company has experienced a decline in load growth at 0.6% on a compound annual basis over the period from 2011 through 2014. (emphasis added)

TASC is concerned about this characterization of the effect of energy efficiency on utility financial health, since distributed renewable energy can also affect growth in electric sales.

TASC believes that the underlined sentence above is not a correct statement of either the record in this case or of the impact of clean energy resources on utility financial health. Sales growth, or the lack thereof, is only one factor, among many, that affects the ability of a utility to earn a fair return on its investment. Other factors include the quality of the utility's management of capital and O&M costs, allowed rate of return, rate design, expenditures to respond to weather or other system emergencies, shareholder incentives for public policy objectives and many other factors. Moreover, energy efficiency mandates or customer investment in renewable generation

are only two of many factors that affect sales growth and usage per customer. Other factors include the general state of the economy, weather, changes in customer base, changes in manufacturing base, changes in end-use technology, and electricity prices.

The language of the RD, however, appears to directly link energy efficiency (and by implication, customer investment in distributed renewable generation) to the utility's ability to earn a fair return on investment. We believe this linkage is inadvertent, since the record in this case does not directly address this question and because no party in this case argued that energy efficiency or other forms of distributed energy resources should be discouraged in order to protect the utility's ability to earn a fair return.

We firmly believe that a utility service territory can experience strong investment levels in energy efficiency and customer-sited renewable generation without adversely affecting the utility's return on investment or overall financial health. We ask the Commission not to endorse or repeat this language in its final order in this case, because we are concerned that the statement maybe repeated in future rate cases in Pennsylvania, or elsewhere, for the proposition that energy efficiency or other forms of distributed energy resources are bad for utility financial health or interfere with a utility's right to earn a fair return on investment.

Respectfully submitted,



Joseph Otis Minott, Esq.
135 South 19th Street, Suite 300
Philadelphia, PA 19103
215-567-4004 Ext. 116
joe_minott@cleanair.org
PA Bar Registration No. 36463



David R. Wooley, Esq.
Of Counsel
Keyes, Fox & Weidman LLP
436 14th Street, Suite 1305
Oakland, CA 94612
(510) 314-8207
dwooley@kfwlaw.com

Counsel for The Alliance for Solar Choice

cc: ALJ Angela Jones
Service List R-2015-2468981

CERTIFICATE OF SERVICE

RE: Pennsylvania Public Utility Commission v. PECO Energy Company
Docket R-2015-2468981, C-2015-2475585, C-2014-247794

I hereby certify that I have this day served a true copy of the foregoing document upon parties of record in this proceeding in accordance with the requirements of 52 Pa. Code § 1.54 (relating to service by a participant), in the manner and upon the persons listed below:

Dated this 9th day of November 2015.

SERVICE BY FIRST CLASS U.S. MAIL, POSTAGE PREPAID
(eServed as a courtesy, if email available)

Honorable Angela T. Jones
Administrative Law Judge
PA Public Utilities Commission
801 Market Street, Suite 4063
Philadelphia, PA 1910
(also served electronically)

Julie Holvik
General Services Administration
The Strawbridge Bldg., Suite 9088
20 North Eighth Street
Philadelphia, PA 19107-3191
Counsel for GSA

Elizabeth Rose Triscari
Daniel G Asmus
Office of Small Business Advocate
Commerce Tower, Suite 102
300 North Second Street
Harrisburg PA 17101
etriscari@pa.gov
dasmus@pa.gov

Michael Panfil
Environmental Defense Fund
1875 Connecticut Ave., N.W., Suite 600
Washington DC 20009
Counsel for EDF

William Kazimer
3121 West Germantown Pike
Eagleville, PA 19403

Kathleen Barksdale
Leonard E Lucas III
General Services Administration
801 Broadway, Suite 113
Nashville, TN 37203
kathleen.barksdale@gsa.gov
leonard.lucas@gsa.gov
Counsel for GSA

SERVICE BY eService only

Romulo L. Diaz, Jr.
Jack R. Garfinkle
W. Craig Williams
PECO Energy Company
2301 Market Street
S23-1
Philadelphia PA 19101-8699
romulo.diaz@exeloncorp.com
jack.garfinkle@exeloncorp.com
craig.williams@exeloncorp.com
Counsel for PECO Energy Company

Thomas P. Gadsden
Brooke E. McGlinn
Catherine G. Vasudevan
Anthony C. DeCusatis
Morgan Lewis & Bockius LLP
1701 Market Street
Philadelphia, PA 19103
tgadsden@morganlewis.com
bmclinn@morganlewis.com
cvasudevan@morganlewis.com
adecusatis@morganlewis.com
Counsel for PECO Energy Company

Christy Appleby
Brandon Pierce
Aron J Beatty
Office of Consumer Advocate
555 Walnut Street
5th Floor, Forum Place
Harrisburg PA 17101
cappleby@paoca.org
bpierce@paoca.org
abeatty@paoca.org

John Finnigan
Environmental Defense Fund
128 Winding Brook Ln.
Terrace Park OH 45174
jfinnigan@edf.org
Counsel for EDF

Charis Mincavage
Elizabeth P Trinkle
Adeolu A Bakare
McNees Wallace & Nurick LLC
P.O. Box 1166
100 Pine Street
Harrisburg PA 17108-1166
cmincavage@mwn.com
etrinkle@mwn.com
lcharleton@mwn.com
abakare@mwn.com
Counsel for PAIEUG

Josie B. H. Pickens
Community Legal Services, Inc.
1410 West Erie Avenue
Philadelphia, PA 19140
jpickens@clsphila.org
jhyman@clsphila.org
Counsel for TURN, et al

Robert W Ballenger
Thu B Tran
Community Legal Services Inc.
1424 Chestnut Street
Philadelphia, PA 19102
ttran@clsphila.org
rballenger@clsphila.org
Counsel for TURN, et al.

Elizabeth R. Marx
Patrick Cicero
Pennsylvania Utility Law Project
118 Locust Street
Harrisburg PA 17101
pulp@palegalaid.net
emarxpulp@palegalaid.net
Counsel for CAUSE - PA

Heather Langeland
Environmental Defense Fund
200 First Avenue, Suite 200
Pittsburgh PA 15222
langeland@pennfuture.org
Counsel for EDF

J. Barry Davis
Scott J Schwarz
Jocelyn G Hill
Sandra Doyle McManus
City of Philadelphia Law Department
1515 Arch Street, 16th Floor
Philadelphia, PA 19102
j.barry.davis@phila.gov
scott.schwarz@phila.gov
jocelyn.g.hill@phila.gov
sandra.d.mcmanus@phila.gov
Counsel for City of Philadelphia

Joseph O. Minott
Logan Welde
Benjamin Hartung
Clean Air Council
135 S. 19th Street, Suite 300
Philadelphia, PA19103
Joe_minott@cleanair.org
lwelde@cleanair.org
bhartung@cleanair.org
Counsel for CAC

Sarah C. Stoner
Daniel Clearfield
Deanne O'Dell
Eckert Seamans
213 Market Street, 8th Floor
Harrisburg, PA 17101
sstoner@eckertseamans.com
dclearfield@eckertseamans.com
dodell@eckertseamans.com
Counsel for KEEA Energy Education Fund

Mark Szybist
Natural Resource Defense Council
1152 15th St. N.W., Suite 300
Washington DC 20005
mszybist@nrdc.org
Counsel for the NRDC

Jennedy S. Johnson
Colin Scott
Philip Kirchner
Bureau of Investigation & Enforcement
Pennsylvania Public Utility Commission
Commonwealth Keystone Building
400 North Street
Harrisburg PA 17120
jennejohn@pa.gov
colinsscott@pa.gov
phikirchne@pa.gov

Dated this 9th day of November 2015.

Blake Elder

Blake Elder
Clean Energy Assistant
KEYES, FOX & WIEDMAN LLP
401 Harrison Oaks Blvd, Suite 100
Cary, NC 27513
919.825.3339
belder@kfwlaw.com