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October 27, 2016

VIA eFILING

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

**Re: Petition of PECO Energy Company For: (1) Approval of its Microgrid Integrated Technology Pilot Plan And (2) Issuance Of A Declaratory Order Regarding the Recovery of Microgrid Costs
Docket No. P-2016-2546452**

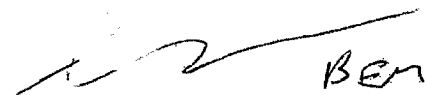
**Re: Application For Construction Of Microgrid Distributed Energy Resources Fueled By Natural Gas
Docket No. A-2016-2546450**

Dear Secretary Chiavetta:

Enclosed is a **Joint Petition for Leave to Withdraw Pleadings to Permit Microgrid Collaborative Process** for filing in the above-captioned matters. A copy has been served on the presiding Administrative Law Judges and the parties of record in accordance with the attached Certificate of Service.

If you have any questions, please do not hesitate to contact me directly at 215.963.5384.

Very truly yours,



Kenneth M. Kulak

c: The Honorable Cynthia Williams Fordham (w/encls.)
The Honorable Eranda Vero (w/encls.)
Per Certificate of Service (w/encls.)

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**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

PETITION OF PECO ENERGY	:	DOCKET NO. P-2016-2546452
COMPANY FOR: (1) APPROVAL OF	:	
ITS MICROGRID INTEGRATED	:	
TECHNOLOGY PILOT PLAN AND (2)	:	
ISSUANCE OF A DECLARATORY	:	
ORDER REGARDING THE	:	
RECOVERY OF MICROGRID COSTS	:	
	:	
APPLICATION FOR CONSTRUCTION	:	DOCKET NO. A-2016-2546450
OF MICROGRID DISTRIBUTED	:	
ENERGY RESOURCES FUELED BY	:	
NATURAL GAS	:	

CERTIFICATE OF SERVICE

I hereby certify and affirm that I have this day served copies of the **Joint Petition for Leave to Withdraw Pleadings to Permit Microgrid Collaborative Process** on the following persons, in the manner specified below, in accordance with the requirements of 52 Pa. Code § 1.54:

VIA ELECTRONIC AND FIRST CLASS MAIL

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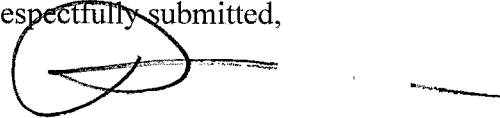
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Respectfully submitted,



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Dated: October 27, 2016

For PECO Energy Company

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

PETITION OF PECO ENERGY	:	DOCKET NO. P-2016-2546452
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ENERGY RESOURCES FUELED BY	:	
NATURAL GAS	:	

**JOINT PETITION FOR LEAVE TO WITHDRAW
PLEADINGS TO PERMIT MICROGRID
COLLABORATIVE PROCESS**

Pursuant to 52 Pa Code § 5.94, PECO Energy Company (“PECO” or the “Company”), the Pennsylvania Public Utility Commission’s (“Commission”) Bureau of Investigation and Enforcement (“I&E”), the Office of Consumer Advocate (“OCA”), the Office of Small Business Advocate (“OSBA”), the Philadelphia Area Industrial Energy Users Group (“PAIEUG”), and the Retail Energy Supply Association (“RESA”) (collectively, the “Joint Petitioners”) request leave for PECO to withdraw its May 18, 2016 Petition for (1) Approval of Its Microgrid Integrated Technology Pilot Plan and (2) Issuance of a Declaratory Order Regarding the Recovery of Microgrid Costs (“Microgrid Petition”) and the related Application (collectively, the “Microgrid Pilot Filing”), and to terminate this proceeding.¹ As explained below, the Joint Petitioners believe it is appropriate for PECO’s Microgrid Pilot Filing to be withdrawn so that PECO and

¹ Direct Energy Services, LLC (“Direct Energy”), who is also a party to this proceeding, does not oppose this Joint Petition.

the parties may participate in a collaborative stakeholder process to consider microgrid deployment in PECO's service territory. In support of this Petition and on behalf of the Joint Petitioners, PECO states as follows:

I. BACKGROUND

1. On May 18, 2016, PECO filed the Microgrid Petition and the related Application seeking approval of a Microgrid Integrated Technology Pilot ("Microgrid Pilot" or "Pilot") in which PECO would construct, own and operate a community microgrid in Concord Township, Pennsylvania (the "Project"). In the Microgrid Petition, PECO requested that the Commission: (1) approve PECO's Pilot as being in the public interest; and (2) issue a declaratory order that PECO may seek to recover the costs of the Pilot that are not recoverable through its electric Distribution System Improvement Charge in a future distribution base rate case, including the costs of distributed energy resources ("DERs") designed to provide power to the microgrid when it separates (or "islands") from PECO's distribution system following a major storm or other catastrophic event. In accordance with Section 519 of the Public Utility Code, 66 Pa.C.S. § 519, PECO's Application also requested that the Commission issue the necessary approval for construction of the microgrid DERs that would be fueled by natural gas.

2. In support of the Petition and Application, PECO explained that the Pilot would explore the potential of new technologies in a community microgrid to further enhance distribution system reliability and resiliency and help ensure that critical government facilities and public accommodations continue to operate during extended power outages. To that end, PECO proposed to initially install and test two microgrids capable of islanding from PECO's distribution system and rapidly restoring power to commercial customers in Concord Township in order to enable the continued provision of goods and services to the surrounding community.

3. PECO also explained that the Project would generate data to foster a better understanding of the integration of advanced microgrid technology and DERs with utility distribution systems. This knowledge and insight, in turn, would be shared by PECO with the Commission and stakeholders through regular reporting to facilitate future microgrid planning in the Commonwealth.

4. PECO's Microgrid Pilot Filing was served on the OCA, OSBA, I&E, and all parties of record in PECO's electric Long-Term Infrastructure Improvement Plan proceeding at Docket No. P-2015-2471423 as well as PECO's most recent electric base rate case proceeding at Docket No. P-2015-2468981. Thereafter, OSBA and the OCA each filed an Answer to the Microgrid Petition and a Petition to Intervene. Direct Energy, PAIEUG and RESA also filed Petitions to Intervene. In addition, a Notice of Appearance was filed by counsel for I&E.

5. A Prehearing Conference was held on June 22, 2016 before Administrative Law Judges Cynthia W. Fordham and Eranda Vero (the "ALJs"), to whom this matter was assigned, and a schedule was established for submitting written testimony, holding evidentiary hearings and filing briefs. On August 4, 2016, written direct testimony was submitted by I&E, the OCA, the OSBA and RESA opposing the Pilot and raising a number of issues regarding the Project's cost-effectiveness, capabilities, proposed cost recovery, and compliance with provisions of the Pennsylvania Public Utility Code. PECO submitted rebuttal testimony on August 25, 2016.

6. On September 15, 2016, the ALJs granted PECO's request to submit supplemental direct testimony to present several modifications to the design of the Project. The ALJs also adopted a revised procedural schedule to permit parties to respond to PECO's supplemental direct testimony prior to evidentiary hearings rescheduled for October 18 and 19, 2016.

7. In response to concerns regarding Pilot costs raised by the parties, PECO proposed to deploy one microgrid grid instead of two microgrids in supplemental direct testimony submitted on September 16, 2016. On October 5, 2016, surrebuttal testimony was submitted by I&E, the OCA, the OSBA, and RESA, in which each party continued to object to the Pilot.

8. On October 13, 2016, after discussion with the parties, PECO notified the ALJs that: (1) it intended to withdraw the Microgrid Pilot Filing to allow for a collaborative process to occur regarding microgrid deployment in PECO's service territory; and (2) the Joint Petitioners agreed to the withdrawal and to participate in the collaborative process. PECO also requested that the ALJs suspend the hearings scheduled for October 18 and October 19, 2016. Subsequently, the ALJs cancelled the scheduled hearings pending the filing of a petition to withdraw the Company's Petition and Application.

REASONS FOR WITHDRAWAL

9. After due consideration of the testimony filed in this proceeding, PECO and the other Joint Petitioners have concluded that the public interest would be best served by a withdrawal of the Microgrid Pilot Filing and participation in a collaborative process to discuss future deployment of microgrids in PECO's service territory. All Joint Petitioners agree that a stakeholder collaboration outside of a contested proceeding would facilitate discussion of the issues raised by the parties in this proceeding and better address questions concerning future microgrid deployment. In addition, the Joint Petitioners agree that statements made or positions taken in the collaborative will be without prejudice to any position which any of the Joint Petitioners may advance in future proceedings.

10. Each Joint Petitioner further agrees that termination of these proceedings prior to hearings and subsequent briefing will conserve the resources of each party, which may then be used to prepare for and participate in the proposed collaborative process.

WHEREFORE, in light of the Joint Petitioners' agreement to address microgrid deployment in PECO's service territory through a collaborative process, the Joint Petitioners respectfully request the Administrative Law Judges grant this Joint Petition and enter an order approving the withdrawal of the Microgrid Pilot Filing and terminating this proceeding.

Respectfully submitted,



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Dated: October 27, 2016

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