

PECO ENERGY COMPANY
STATEMENT NO. 1-R

BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION

OFFICE OF CONSUMER ADVOCATE

v.

PECO ENERGY COMPANY

DOCKET NOS. M-2018-3005860
C-2018-3006242

REBUTTAL TESTIMONY

WITNESS: JOSEPH A. BISTI

SUBJECT: CALCULATION OF PECO ENERGY
COMPANY'S NON-BYPASSABLE
TRANSMISSION CHARGE RATES
EFFECTIVE AS OF DECEMBER 1, 2018
AND JUNE 1, 2019

DATED: OCTOBER 4, 2019

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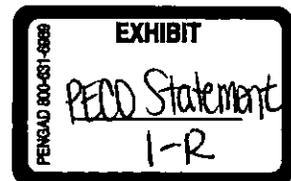


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1 through December 2010.”¹ Specifically, I will address Dr. Pavlovic’s
2 statements regarding Account 561.8 of the Federal Energy Regulatory
3 Commission’s (“FERC”) Uniform System of Accounts² and his contention
4 that “transmission revenues” generated by PECO’s “transmission rates”³
5 recovered all of the costs recorded in that account, including PECO zone
6 RTEP charges.⁴ I will identify the errors in Dr. Pavlovic’s testimony and
7 explain why the “transmission revenues” and “transmission rates” he relies
8 upon are not relevant and do not support requiring PECO to refund \$5.5
9 million of pre-2011 bill credits it received under the settlement approved by
10 the FERC at Docket No. EL05-121-009 (“Settlement”).

11 Second, I will respond to Dr. Pavlovic’s contention that PECO’s calculation
12 of the portion of the total PJM net bill credit adjustments relating to pre-2011
13 transmission charges is a “highly speculative estimate.”⁵ As discussed in my

¹ Direct Testimony of Karl Richard Pavlovic on behalf of the Office of Consumer Advocate (August 5, 2019), identified as OCA Statement No. 1 (hereafter, “OCA St. No. 1”), p. 3, lines 14-15 (“PECO has not demonstrated that it was unable to recover any portion of its PECO zone RTEP charges during the period June 2007 through December 2010”) and lines 19-20 (“Therefore, PECO should retain no PECO zone RTEP credits for the period June 2007 through December 2010”) and p. 8, line 16 – p. 9, line 2 (“I conclude that PECO has provided no support for its claim that it did not otherwise recover PECO zone RTEP charges through its transmission rate during the June 2007 through December 2010 period. I further conclude that PECO should retain no RTEP credits for that period.”).

² OCA St. No. 1, p. 6, lines 2-6 (“As a matter of the cost-based ratemaking principles underlying PECO’s FERC approved transmission rates, it is not correct. PECO records its PECO zone RTEP charges to FERC Account 561.8. Account 561.8 is functionalized in the FERC Uniform System of Accounts as a transmission operating expense. This means that PECO’s transmission rate included a provision for RTEP charges as transmission operating expenses.”).

³ *Id.*, p. 6, line 18 – p. 8, line 13.

⁴ *Id.*, p. 8, line 16 – p. 9, line 2 (quoted in footnote 1, *supra*).

⁵ *Id.*, p. 3, lines 16-18 (“PECO’s calculation of the PECO Zone RTEP credits that PECO seeks to retain is a highly speculative estimate that is not based in any way on PECO’s billed RTEP charges during the period June 2007 through December 2010.”) and p. 12, lines 3-8 (“The \$5,560,416 that PECO seeks to retain is a highly speculative estimated number that is not based on and supported by the RTEP charges actually billed to and paid by PECO as the default service provider in the PECO zone during the June 2007 through December 2010 period.”).

1 Direct Testimony, PECO used time-segmented “black box” RTEP
2 reallocation amounts for the PECO Zone provided by PJM during the
3 negotiations leading to the Settlement⁶, and PECO’s calculations are
4 reasonable.

5 **II. DR. PAVLOVIC’S STATEMENTS REGARDING ACCOUNT 561.8 AND**
6 **“TRANSMISSION REVENUES” GENERATED BY PECO’S**
7 **“TRANSMISSION RATES” DO NOT PROVIDE A VALID BASIS FOR**
8 **REQUIRING PECO TO REFUND TO RETAIL CUSTOMERS PJM BILL**
9 **CREDITS FOR PRE-2011 RTEP CHARGES**

10 **4. Q. Mr. Bisti, Dr. Pavlovic summarizes a portion of your Direct Testimony,**
11 **stating that “from January 2011 through December 2015 the PECO zone**
12 **RTEP charges billed to PECO were recovered from retail customers,**
13 **first, through PECO’s separate tariffed Transmission Service Charge and**
14 **later through its tariffed Nonbypassable Transmission Charge.”⁷ Is Dr.**
15 **Pavlovic’s summary accurate?**

16 A. Dr. Pavlovic’s statement is accurate but leaves out an important fact. Both
17 PECO’s Transmission Service Charge (“TSC”), which did not become
18 effective until January 1, 2011, and its Non-Bypassable Transmission Charge
19 (“NBT”), which went into effect as of June 1, 2015, are fully reconcilable
20 adjustment clauses established under Section 1307 of the Public Utility Code
21 (“Code”). As such, PECO recovers qualifying transmission costs under those
22 clauses on a dollar-for-dollar basis. Costs and revenues are reconciled, and

⁶ PECO St. No. 1, p. 14, lines 6-9 (“The Company used time-segmented “black box” RTEP reallocation amounts for the PECO Zone provided by PJM during the settlement negotiations at FERC Docket No. EL05-121-009 to determine the portion of RTEP charges paid by PECO during the historical period.”).

⁷ OCA St. 1, p. 5, lines 7-10.

1 over or under-recoveries are refunded or recouped, respectively, so that PECO
2 recovers its actual cost to obtain transmission service, neither more nor less.

3 **5. Q. How did PECO recover its cost to obtain transmission service on behalf**
4 **of retail customers before the TSC was implemented?**

5 A. On January 1, 1999, PECO's retail rates were functionally "unbundled" into
6 distribution, transmission and generation components pursuant to its
7 Commission-approved Restructuring Plan. Beginning on that date, PECO had
8 the obligation to offer and furnish "Provider Of Last Resort" ("POLR")
9 generation service, as required by Section 2807(e)(1) of the Code,⁸ to
10 customers that did not, or could not, shop with an electric generation supplier.
11 In addition, PECO had to obtain and furnish transmission service to deliver
12 the energy it supplied to PECO's PJM zone, where that energy could then be
13 distributed by PECO to POLR customers' premises. Because PECO's retail
14 rates had been unbundled, the cost of providing POLR service included two
15 components: a generation price, which remained capped until January 1,
16 2011, and a transmission component, to recover the cost of bringing that
17 generation into the PECO zone.⁹ PECO's "price to compare" ("PTC") for

⁸ After PECO's generation rate caps expired on January 1, 2011, PECO began to furnish "default service" to non-shopping customers under a "commission-approved competitive procurement plan" pursuant to Section 2807(e)(3.1) of the Code and the Commission's regulations on default service (52 Pa. Code §§ 54.181 – 54.189) instead of POLR service at the capped generation price established by its Restructuring Plan. PECO's TSC was implemented at the same time PECO began to provide default service under its first Commission-approved default service program at generation prices that were no longer subject to the generation rate cap (PECO St. No. 1, p. 7, line 10 – p. 8, line 12).

⁹ The statutory caps on PECO's transmission and distribution rates that had initially been extended pursuant to its Restructuring Plan and further extended in the PECO/Unicom merger settlement expired on December 31, 2006. See *Application of PECO Energy Co. for Approval of its Restructuring Plan Under Section 2806 of the Public Utility Code et al.*, Docket Nos. R-00973953 and P-00971265 (Opinion and Order entered May 14, 1998), pp. 3-4, 8; *Application of PECO Energy Co. Pursuant to Chapters 11, 19, 21, 22 and 28 of the Pub. Util.*

1 POLR service was the sum of these two components.¹⁰ As I explained in my
2 Direct Testimony,¹¹ until PECO's fully-reconcilable TSC was implemented
3 on January 1, 2011, PECO recovered the cost of obtaining transmission
4 service for POLR customers through the transmission component of its retail
5 base rates in the PTC charged to POLR customers. However, as explained in
6 more detail below, the transmission component of PECO's retail rates did not
7 include the PJM charges at issue in this proceeding. Indeed, during the period
8 2007-2010, the at-issue PJM charges were not included for recovery in *any*
9 rate charged to *any* person or entity.

10 **6. Q. Is PECO refunding to retail customers the PJM bill credits for RTEP**
11 **charges billed after PECO implemented its TSC on January 1, 2011?**

12 A. Yes. PECO is refunding all post-2010 PJM bill credits through its NBT rates
13 (approximately, \$77.5 million), as I explained in my Direct Testimony.¹²

Code for Approval of (1) a Plan of Corporate Restructuring, Including the Creation of a Holding Company and (2) the Merger of the Newly Formed Holding Company and Unicom Corp., Docket No. A-00110550F0147 (Opinion and Order entered June 22, 2000), pp. 8, 26.

¹⁰ What is now known as the PTC for default service was referred to at the time of restructuring as a "shopping credit" for POLR service.

¹¹ PECO St. No. 1, p. 7, lines 10-17 ("PECO's base rates in effect at the time PJM initiated RTEP charges were established in PECO's 1989 base rate case and were subsequently unbundled effective January 1, 1999, in conjunction with PECO's Commission-approved Restructuring Plan. The 1989 base rates did not provide for the recovery of any RTEP charges because PECO was not yet incurring those charges. PECO therefore absorbed all RTEP charges without recovering those costs from customers while the 1989 base rates were effective.").

¹² *Id.*, pp. 15-19.

1 7. Q. Why is it appropriate to refund *post-2010 PJM bill credits to retail*
2 *customers?*

3 A. As I noted above, after January 1, 2011, PECO implemented a TSC (and as of
4 June 1, 2015, an NBT). The terms of those adjustment clauses provide for full
5 reconciliation of the revenues those clauses recover to the costs PECO
6 actually incurs to obtain transmission service for retail customers.¹³
7 Therefore, increases in qualifying transmission costs above the level used to
8 establish the TSC (from January 1, 2011 to May 31, 2015) and the NBT (from
9 and after June 1, 2015) are included in the “E” factor of the clause formula
10 and recovered from retail customers following the end of each rate adjustment
11 period, when a reconciliation is calculated. In the same way, if qualifying
12 transmission costs fall below the level used to set PECO’s TSC or NBT rate,
13 the over-recovery is reflected in a subsequent calculation to reduce charges to
14 customers in order to match revenues recovered with costs actually incurred.

15
16
17

¹³ Under the TSC, PECO recovered the cost of obtaining transmission service to deliver generation to its zone to supply default service customers. After June 1, 2015, with the Commission’s approval, PECO began to obtain transmission service for *both* default service customers and “shopping” customers and, therefore, also began to recover the cost of obtaining that transmission service from *all* of its retail customers under the NBT charge. PECO St. No. 1, p. 9, lines 3-16.

1 8. Q. Was the transmission component of the rate for POLR service that
2 PECO charged prior to January 1, 2011 subject to reconciliation like the
3 TSC and NBT?

4 A. No, it was not. The transmission component of PECO's retail base rates was
5 not subject to reconciliation, nor was it subject to refund or recoupment like
6 the TSC and NBT.

7 9. Q. Dr. Pavlovic contends that the way RTEP charges were recorded by
8 PECO for accounting purposes is relevant to how PECO may have
9 recovered those costs before January 1, 2011.¹⁴ What does he offer as the
10 basis for his position?

11 A. Dr. Pavlovic makes three related contentions. First, he reiterates that PECO
12 records PJM charges in FERC Account No. 561.8.¹⁵ Second, he states that
13 Account 561.8 is functionalized in the FERC Uniform System of Accounts as
14 a "transmission operating expense."¹⁶ Third, based solely on these two facts,
15 he contends that PECO's "transmission rate" included a "provision for RTEP
16 charges" during the 2007 to 2010 period.¹⁷

17

¹⁴ OCA St. No. 1, p. 6, lines 2-6 (quoted in footnote 2, *supra*).

¹⁵ *Id.*, p. 6, lines 3-4 (quoted in footnote 2, *supra*).

¹⁶ *Id.*, p. 6, lines 4-5 (quoted in footnote 2, *supra*).

¹⁷ *Id.*, p. 6, lines 5-6 (quoted in footnote 2, *supra*).

1 **10. Q. Does Dr. Pavlovic identify what “transmission rate” he is referring to at**
2 **page 6, line 5, of his Direct Testimony?**

3 A. No, he does not. However, in light of his testimony following that statement,
4 it appears he is referring to the FERC-approved “transmission rate” for
5 Network Integration Transmission Service (“NITS”) that PECO charges to
6 Load Serving Entities (“LSEs”) to move power on their behalf on PECO’s
7 transmission system.¹⁸

8 **11. Q. Do you agree with Dr. Pavlovic’s analysis and conclusion?**

9 A. No, I do not. Dr. Pavlovic’s conclusion is not correct because it is based on
10 three principal errors. First, Dr. Pavlovic inaccurately implies that the manner
11 in which PECO recorded these costs for accounting purposes determined the
12 manner in which they are recovered for ratemaking purposes. Second, Dr.
13 Pavlovic ignores important differences in the kinds of transmission costs
14 PECO incurs, which reflect relevant distinctions in the nature of the
15 transmission service PECO obtains for its customers as opposed to the
16 transmission service PECO provides to other LSEs. Third, Dr. Pavlovic
17 improperly commingles revenues from two different kinds of transmission
18 service and, in so doing, introduces issues that are not relevant to this case.

¹⁸ OCA St. No. 1, p. 7, lines 8-14 (stating that if a utility believes its “transmission rate” was inadequate to recover its “transmission capital costs or operating expenses” then “[t]here are two possible courses of action: (1) a utility can construct a transmission revenue requirement that includes all current costs and apply to the FERC for approval of a new stated transmission rate that will recover its transmission costs; or (2) a utility can apply to the FERC for approval of a transmission formula rate that on an annual basis will adjust rates to recover all its costs. In either case, all that is required is an application to the FERC under Section 205 of the Federal Power Act which a transmission utility may do at a time of its own election.”). Dr. Pavlovic’s response to PECO-OCA-II-6 (attached hereto as PECO Exhibit No. JAB-1R) also clarifies that page 6 of his direct testimony refers to PECO’s transmission rate charged to LSEs.

1 This proceeding pertains specifically to the transmission component of retail
2 rates that PECO charged for retail POLR service, subject to the jurisdiction of
3 the Commission, before implementing the fully reconcilable TSC.

4 **12. Q. Can you please explain Dr. Pavlovic's first error relating to how costs are**
5 **recorded?**

6 A. The fact that PECO recorded RTEP costs in Account No. 561.8 for accounting
7 purposes does not support Dr. Pavlovic's conclusion that those costs were
8 recovered in PECO's "transmission" rates. PECO's NITS rate was established
9 by a 1998 FERC Settlement at Docket No. ER97-3189-000 ("1998
10 Settlement").¹⁹ This occurred before PJM began imposing RTEP charges and
11 even before FERC established Account 561.8.²⁰ Contrary to Dr. Pavlovic's
12 contention, the terms of the 1998 Settlement specifically prevented PECO from
13 recovering *any* costs recorded in Account 561 via PECO's NITS rate.²¹ The
14 1998 Settlement terms remained in effect after FERC established more detailed
15 sub-accounts to replace FERC Account 561, including but not limited to FERC

¹⁹ PECO St. No. 1, p. 10, lines 3-13 ("Network Integration Transmission Service ("NITS") is the mechanism by which PECO and other transmission owners recover their annual transmission costs and revenue requirements from PJM network customers. For the period of January 1, 2007 through December 31, 2010, PECO recovered its cost of providing network service in its transmission zone through a stated rate. PECO's stated FERC transmission rate was fixed at \$20,942 per megawatt-year in 1998 based on a black box settlement approved by the FERC at Docket No. ER97-3189-000. PJM RTEP costs did not exist at the time the 1998 settlement was approved.").

²⁰ *Accounting and Financial Reporting For Public Utilities Including RTOs*, FERC Docket No. RM04-12-000 (Order No. 668 issued Dec. 16, 2005), pp. 30-33 (creating three new subaccounts, including Account 561.8, to provide greater transparency for the payments made by public utilities to regional transmission organizations).

²¹ The 1998 FERC Settlement (pp. 2-3) (attached hereto as PECO Exhibit No. JAB-2R) removed *all* costs recorded in FERC Account No. 561 from PECO's annual revenue requirement used to establish its stated NITS rate. As evidenced by Dr. Pavlovic's response to PECO-OCA-II-4 (attached hereto as PECO Exhibit No. JAB-3R), Dr. Pavlovic assumed incorrectly that the adjustment to PECO's annual transmission revenue requirement removed from Account No. 561 only Scheduling, System Control and Dispatch Service expenses.

1 Account 561.8, effective as of January 1, 2006. Given that the associated PECO
2 NITS rate and related 1998 Settlement terms were still in effect between 2007
3 and 2010, PECO could not and did not recover any RTEP costs recorded in
4 FERC Account 561.8 through its NITS rate, regardless of the manner in which
5 FERC functionalizes that account.

6 **13. Q. What is Dr. Pavlovic's second error involving differences in transmission**
7 **service?**

8 A. Dr. Pavlovic disregards differences in the nature of "transmission service" that
9 are relevant to this case. PECO provides transmission to other entities,
10 including other LSEs, to move power on their behalf within or across the
11 PJM-designated PECO zone using transmission facilities owned by PECO.
12 The costs PECO incurs for that service, including the fixed costs of PECO-
13 owned transmission facilities, are recovered in PECO's wholesale NITS rate
14 from the entities that receive that service.²²

15 However, PECO, in its capacity as an LSE, was (and still is) a user of
16 transmission service provided by others. As I previously explained, after
17 PECO's retail rates were unbundled on January 1, 1999, PECO obtained
18 transmission service from transmission owners to move generation to the
19 PECO zone to supply the energy needs of its POLR customers. Until January
20 1, 2011, the wholesale LSE transmission-related costs that PECO incurred had
21 to be recovered in the transmission component of its unbundled retail base

²² This concept is also explained in my Direct Testimony (PECO St. No. 1, p. 10, line 8 – p. 11, line 6).

1 rates charged to POLR customers. The pre-2011 RTEP charges to which pre-
2 2011 PJM bill credits relate were imposed on PECO in its capacity as an LSE
3 to recover costs incurred by other transmission owners that owned and
4 operated transmission facilities outside the PECO zone. As I previously
5 testified, and undisputed by Dr. Pavlovic, these RTEP charges “were not, and
6 could not, be a part of PECO’s network service rate.”²³ Dr. Pavlovic either
7 disregards or confuses the important distinction between these two kinds of
8 transmission costs that PECO incurred during the 2007-2010 period.

9 **14. Q. What is Dr. Pavlovic’s error involving commingling of funds?**

10 A. Dr. Pavlovic contends that pre-2011 Settlement credits should be refunded to
11 retail customers through PECO’s reconcilable NBT rate because “PECO has
12 not demonstrated that it was unable to recover any portion of its PECO zone
13 RTEP charges during the period June 2007 through December 2010.”²⁴ In
14 support of this argument, Dr. Pavlovic compared PECO’s “transmission
15 revenues” reported in PECO’s FERC Form 1 during the period 2007-2009 to
16 the Company’s “transmission revenue requirement” for providing NITS.²⁵ He
17 derived the revenue requirement from information relating to the 1998

²³ PECO St. No. 1, p. 11, lines 4-6.

²⁴ See footnote 1. *supra*.

²⁵ OCA St. No. 1, p. 8, lines 1-8 (“The annual revenue requirement underlying PECO’s \$20,924 per megawatt-year 1998 transmission rate referenced by Witness Bisti was \$151,703,000. The transmission revenues PECO reported in its FERC Form 1 Reports for 2007, 2008 and 2009 range from \$197,140,504 in 2007 to \$193,610,760 in 2009. PECO’s reported transmission revenues for each of those years were, thus, approximately \$40 million dollars more than its transmission revenue requirement. This would have been more than enough to cover the PECO zone RTEP charges for that period as estimated by PJM in the EL05-121-009 settlement, the highest of which was approximately \$5.2 million in 2009.”).

1 Settlement establishing PECO's NITS rate, which FERC approved more than
2 nine years before the period he used to derive his "transmission revenues."

3 Based on that comparison, Dr. Pavlovic alleged that PECO's reported
4 "transmission revenues" exceeded its "transmission revenue requirement" and,
5 therefore, produced revenues "more than enough to cover" RTEP charges paid
6 by PECO between 2007 and 2010.²⁶

7 The commingling error in Dr. Pavlovic's analysis grows out of his second
8 error, which I explained in my prior answer. Dr. Pavlovic commingles the
9 revenue requirement PECO recovers under the wholesale "transmission rate"
10 (that is, its NITS rate), charged to LSEs for transmission service PECO
11 provides using PECO-owned facilities in the PECO zone, with the retail
12 "transmission" component included in PECO's PTC charged to POLR
13 customers. PECO's wholesale revenue requirement to furnish network
14 transmission service to other entities and the "transmission revenues" it
15 obtained under its NITS rates for that service are not relevant to the retail rate
16 issues in this case. This case involves costs PECO incurred in its capacity as
17 an LSE to obtain wholesale transmission service on behalf of POLR
18 customers and the recovery of those costs from POLR customers under the
19 applicable retail POLR rate. As I previously demonstrated, PECO's retail
20 POLR rate during the period 2007-2010 could not have included a provision

²⁶ See footnote 25, *supra*, and OCA St. No. 1, p. 8, lines 10-13 ("Unfortunately, in its 2010 FERC Form 1 PECO did not report transmission revenues, but it seems unlikely that they would not have been sufficient to cover the 2010 PECO zone RTEP charges of approximately \$10.5 million as estimated by PJM in the EL05-121-009 settlement.").

1 for RTEP costs because the transmission component of PECO's retail base
2 rates was established before RTEP charges existed.

3 Dr. Pavlovic's third error is also demonstrated by his statement that, if PECO
4 was not recovering RTEP charges during the 2007-2010 period, it should have
5 sought FERC approval under Section 205 of the Federal Power Act either to
6 increase its "stated" FERC rate or to implement a "formula" adjustment
7 mechanism to reflect annual changes in its costs.²⁷ Under either alternative,
8 PECO would be asking FERC to increase its rate for network service. As I
9 stated above, PECO's wholesale revenue requirement and corresponding
10 NITS rate are not relevant to the retail rate issues in this case. PECO incurred
11 RTEP costs during the 2007-2010 period in its capacity as an LSE, and
12 PECO's pre-2011 base retail rates did not include cost recovery of those
13 RTEP costs from POLR service customers. Therefore, as I stated in my
14 Direct Testimony, it is not reasonable to require PECO to include the pre-
15 2011 billing adjustments at issue in this case in its calculation of NBT
16 charges, regardless of PECO's actions with respect to its wholesale
17 transmission revenue requirement.²⁸

²⁷ See footnote 19, *supra*.

²⁸ PECO St. No. 1, p. 19, lines 13-17 ("The 2018 Settlement before the FERC that required PJM to make retrospective billing adjustments does not provide any valid basis for a single-issue, line-item adjustment to PECO's pre-2011 base rates. Such an adjustment is particularly inappropriate given that PECO's pre-2011 base rates did not reflect any RTEP charges.").

1 **III. PECO'S ESTIMATE OF THE PORTION OF THE SETTLEMENT BILL**
2 **CREDITS THAT RELATES TO THE 2007-2010 PERIOD IS REASONABLE,**
3 **BASED ON DATA PROVIDED BY PJM, AND NOT A "HIGHLY**
4 **SPECULATIVE ESTIMATE"**

5 **15. Q. Do you agree with Dr. Pavlovic's contention that PECO's \$5.5 million**
6 **estimate of Settlement credits that relate to transmission service for the**
7 **2007-2010 period is "highly speculative" because it is not based on actual**
8 **PJM charges paid by the Company?**²⁹

9 A. No. As explained in my Direct Testimony,³⁰ for the "historical period" (2007-
10 2016), the total amount of RTEP charges that were reallocated, and the
11 corresponding billing adjustments, under the Settlement are based on a "black
12 box" settlement and not actual PJM invoices paid by PECO and other LSEs in
13 each PJM transmission zone. However, PJM provided time-segmented
14 amounts of RTEP reallocated costs under the Settlement for the PECO Zone
15 that were used as the basis for Settlement negotiations. PECO used those
16 time-segmented amounts to calculate its pre-2011 bill credits under the
17 Settlement. Using the same time-segmentation that was employed by the
18 parties and PJM to negotiate the Settlement is reasonable and not speculative,
19 as Dr. Pavlovic contends.

²⁹ See footnote 6, *supra*.

³⁰ PECO St. No. 1, p. 13, lines 4-12 ("For the 'historical period,' from the initiation of RTEP charges in 2007 to January 1, 2016, the total amounts that were reallocated and the corresponding billing adjustments are based on a "black box" settlement. A new Schedule 12-C, Appendix C ("Appendix C"), was added to the [PJM Open Access Transmission Tariff] to implement the Settlement effective as of January 1, 2016 and continuing through December 31, 2025. Appendix C reflects the parties' agreement to identify the total amounts PJM would collect from, or credit to, LSEs in each responsible transmission zone and does not specify any underlying billing determinants as the basis for the agreed upon total.").

1 Dr. Pavlovic notably does not offer an alternative methodology. Instead, he
2 highlights that PECO's estimate is not supported by the RTEP charges
3 actually billed to and paid by PECO during the 2007-2010 period. The
4 Settlement does not furnish a detailed itemization by transmission owner that
5 ties the related PJM billing adjustments back to the original PJM billing
6 periods and associated line item charges, and it is not reasonable to expect
7 such an itemization given the "black box" nature of the Settlement. However,
8 in the absence of such information, Dr. Pavlovic concludes that the "historical
9 period" amount that relates to billing periods from 2007-2010 must be deemed
10 to be zero.³¹ That is not a reasonable conclusion.

11 **16. Q. Do PJM's invoices to PECO for RTEP charges during the historical**
12 **period support Dr. Pavlovic's conclusion?**

13 A. No. Based on the available PJM invoices for 2008-2016 (which were
14 provided to the OCA in discovery), PECO updated its original calculation of
15 the percentage of RTEP charges paid by PECO during the 2007-2010 period
16 and reallocated under the Settlement. That analysis demonstrates that PECO
17 could have claimed that it was entitled to retain as much as \$8.1 million of the
18 PJM bill credits. As shown on PECO Exhibit No. JAB-4R, approximately
19 18.4% of the total RTEP charges invoiced by PJM from 2008 through 2016
20 were paid by PECO during the July 2008-December 2010 period. Applying
21 the 18.4% factor along with the Company's updated default service load

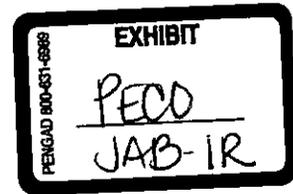
³¹ OCA St. No. 1, p. 3, lines 19-20 ("PECO should retain no PECO zone RTEP credits for the period June 2007 through December 2010.").

1 percentage for the pre-2011 period calculated in PECO Exhibit No. JAB-5R
2 (88.5%) to PECO's total "black box" PJM bill credit for the historical period
3 (\$49,567,831.44) results in an increase to PECO's Settlement credits that
4 relate to pre-2011 bill adjustments from approximately \$5.5 million to \$8.1
5 million. While PECO is not increasing its request regarding the amount of the
6 pre-2011 Settlement amount to be excluded from the Company's NBT rate
7 calculations, the foregoing calculation based on actual PJM invoices further
8 supports the reasonableness of PECO's \$5.5 million estimate. I cannot agree
9 with Dr. Pavlovic's contention that this analysis, or the conclusions that I
10 reach from it, are "highly speculative."

11 **IV. CONCLUSION**

12 **17. Q. Does this complete your rebuttal testimony at this time?**

13 **A.** Yes, it does.



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SECRETARY'S BUREAU

PECO EXHIBIT NO. JAB-1R

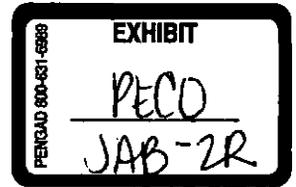
PECO Energy Company (PECO)
Docket Nos. M-2018-3005860, C-2018-3006242

**Response of the Office of Consumer Advocate to
Interrogatories of PECO Energy Company (PECO)**
Set II

PECO-OCA-II-6: Reference Dr. Pavlovic's Direct Testimony at page 6, lines 1-6. With specific reference to Dr. Pavlovic's statement that "PECO's transmission rate included a provision for RTEP charges as transmission operating expenses." please state whether the "transmission rate" to which Dr. Pavlovic is referring is: (a) PECO's "transmission rate" charged to Load Serving Entities; or (2) the "transmission rate" included in PECO's distribution rates charges to retail distribution customers in Pennsylvania. Please set forth the factual basis, and provide all analyses and/or studies that support Dr. Pavlovic's response to this interrogatory.

RESPONSE: Dr. Pavlovic's Direct Testimony at page 6, lines 1-6 refers to PECO's 1998 PJM OATT Attachment H-7 transmission revenue requirement and stated rate charged to Load Serving Entities. See response to PECO-OCA-II-4, (1) – (4).

Response prepared by: Dr. Karl Pavlovic



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PA PUBLIC UTILITY COMMISSION
SECRETARY'S BUREAU

PECO EXHIBIT NO. JAB-2R

1800 M Street, N.W.
Washington, D.C. 20036-5869
202-467-7000
Fax: 202-467-7176

ORIGINAL

PECO Exhibit No. JAB-2R
Urey
**Morgan, Lewis
& Bockius LLP**
C O U N S E L O R S A T L A W

Glen S. Bernstein
202-467-7782

March 16, 1998

VIA HAND DELIVERY

Mr. David Boergers
Acting Secretary
Federal Energy Regulatory Commission
888 First Street, N.E.
Washington, D.C. 20426

FILED
OFFICE OF THE SECRETARY
98 MAR 16 PM 4:03
FEDERAL ENERGY
REGULATORY
COMMISSION

Re: PECO Energy Company, Docket No. ER97-3189-005

Dear Mr. Boergers:

Pursuant to Rule 602 of the Federal Energy Regulatory Commission's ("Commission") Rules of Practice and Procedure, 18 C.F.R. § 385.602 (1997), PECO Energy Company ("PECO Energy") hereby submits for filing an original and fourteen (14) copies of a Settlement Agreement which resolves the outstanding issue in the above docketed proceeding. A separate Explanatory Statement is attached to the Settlement Agreement.

The Settlement Agreement should be referred to the Honorable Michel Levant, the Presiding Administrative Law Judge in this case.

Description

The history of the proceeding is briefly described in the Settlement Agreement. The terms and conditions of the Settlement Agreement are set forth in Articles II-III. As more fully explained in the Explanatory Statement, the Settlement Agreement affects PECO Energy's rate for Reactive Supply and Voltage Control from Generation Sources Service, as well as rates for firm and non-firm transmission service in the PECO Energy service territory under the Pennsylvania-New Jersey-Maryland Open Access Transmission Tariff. The Settlement Agreement also addresses the treatment of costs associated with Account No. 561.

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~~FILED - DOCKETED~~
MAR 16 1998

Morgan, Lewis
& Bockius LLP

Mr. David Boergers
March 16, 1998
Page 2

Comment Period

In accordance with Rule 602(f), comments on this Settlement Agreement shall be filed on or before April 6, 1998, which is the 20th day after the date of submission of the Settlement Agreement to the Commission. The final day for filing reply comments is April 15, 1998, which is the 30th day after submission of the Settlement Agreement to the Commission. Pursuant to the Commission's regulations, failure to file comments will be deemed a waiver of the right to file comments.

Service

As required by Rule 602(d), a copy of this letter of transmittal, together with all attachments and enclosures, is being served on all participants on the restricted service list in accordance with Rule 2010.

Respectfully submitted,



Glen S. Bernstein

Enclosure

cc: The Honorable Michel Levant
Service List

SETTLEMENT AGREEMENT

**UNITED STATES OF AMERICA
BEFORE THE
FEDERAL ENERGY REGULATORY COMMISSION**

PECO Energy Company) Docket No. ER97-3189-005

SETTLEMENT AGREEMENT

This Settlement Agreement is made and entered into by and between PECO Energy Company ("PECO Energy"), PJM Interconnection, LLC ("PJM LLC"), Allegheny Electric Cooperative, Inc. ("Allegheny"), and PJM Industrial Customer Coalition ("PJMICC") (collectively referred to as "the Parties"), pursuant to Rule 602 of the Federal Energy Regulatory Commission's ("Commission") Rules of Practice and Procedure, 18 C.F.R. § 385.602 (1997), to dispose of the matter at issue in this proceeding.

I. INTRODUCTION

1. On November 25, 1997, the Commission issued an order addressing proposals to restructure the Pennsylvania-New Jersey-Maryland Interconnection ("PJM"), including proposed changes to the PJM region-wide transmission tariff. Pennsylvania-New Jersey-Maryland Interconnection, 81 FERC ¶ 61,257 (1997). In that order, the Commission set certain issues for hearing, including PECO Energy's charge for Reactive Supply and Voltage Control from Generation Sources Service.
2. A prehearing conference was held on December 10, 1997, at which Presiding Administrative Law Judge ("ALJ") Michel Levant adopted a procedural schedule for this proceeding. ALJ Levant adopted a restricted service list on December 31, 1997.
3. Thereafter, the active participants in this proceeding engaged in settlement negotiations, and ultimately reached an agreement in principle aimed at disposing of the case. This Settlement Agreement is the result of those negotiations.

4. In light of the parties' agreement in principle, on February 12, 1998 PECO Energy filed an Unopposed Motion to Suspend the procedural schedule. Chief Administrative Law Judge Curtis L. Wagner, in the absence of ALJ Levant, granted that motion on February 13, 1998.

5. Subject in every particular way to the conditions set forth in this Settlement Agreement, PECO Energy, PJM LLC, Allegheny and PJMICC have agreed as follows:

II. THE SETTLEMENT

6. Reactive Supply and Voltage Control from Generation Sources Service.

PECO Energy's charges for Reactive Supply and Voltage Control from Generation Sources Service shall be as follows:

monthly rate: \$0.100/kW-month

weekly rate: \$0.0231/kW-week

daily rate: \$0.00329/kW-day

hourly rate: \$0.137/MWh

A new Schedule 2 to the PJM Open Access Transmission Tariff ("PJM Tariff") is included as Attachment A hereto. This revised schedule makes no change in the rates of the other Regional Transmission Owners ("RTOs") that are incorporated in Schedule 2 of the PJM Tariff. It only adds PECO Energy's new rates to the schedule and recalculates the pool-wide rate accordingly. Furthermore, in some instances the table also shows the PECO Energy rate as the pool-wide rate because there are no stated rates for the other RTOs. However, that is intended as a placeholder; ultimately, the pool-wide rate will be the weighted average of all the RTO rates.

7. Unbundling of Scheduling Services Costs.

a. FERC Trial Staff has requested PECO Energy to remove all FERC Account No. 561 costs from its revenue requirement in accordance with general Commission policy requiring the unbundling of ancillary services costs, including the costs of Scheduling, System Control and Dispatch Service. Accordingly, PECO Energy's

current transmission revenue requirement in Attachment H-7 of the PJM Tariff shall be reduced by \$2,766,000 to reflect costs associated with FERC Account No. 561 that currently are included in PECO Energy's transmission revenue requirement. Due to this reduction, PECO Energy's transmission revenue requirement shall be \$151,703,000. A new Attachment H-7 to the PJM Tariff is included as Attachment B-1 hereto.

b. In reaching this agreement, the parties hereto specifically acknowledge that, were PECO Energy offering service under a company-specific (as opposed to a PJM-wide) open access transmission tariff, these Account No. 561 costs properly would be recoverable as part of Scheduling, System Control and Dispatch Service. However, the Parties hereto also acknowledge that, as of the time of this Settlement Agreement, there has been no final Commission decision on the treatment of ancillary services, including Scheduling, System Control and Dispatch Service, under the PJM Tariff. Accordingly, if the Commission finds in any proceeding involving PJM or the RTOs that the Account No. 561 costs referenced in Paragraph 7(a) hereof are properly recovered in the base transmission rates included in the PJM Tariff, Paragraph 7(a) of the Settlement Agreement shall be modified, and PECO Energy may file with the Commission to recover these costs through base transmission rates. The Parties will not contest the recovery of these Account No. 561 costs in PECO Energy's base transmission rates. The base transmission rates contained in Attachment B-2 to this Settlement Agreement are adjusted to include these Account No. 561 costs.

c. By entering into this Settlement Agreement, PECO Energy neither waives nor otherwise relinquishes the right to seek recovery of the Account No. 561 costs referenced in Paragraph 7(a) under the PJM Tariff by any appropriate means under the Federal Power Act.

8. Firm Point-to-Point Transmission Rates - PECO Zone.

a. PECO Energy's charges for Long-Term Firm and Short-Term Firm Point-to-Point Transmission Service shall be as follows:

monthly rate: \$2.189/kW-month
 weekly rate: \$0.5051/kW-week
 daily rate: \$0.1010/kW-day
 (on-peak)
 daily rate: \$0.0722/kW-day
 (off-peak)

Off-peak daily charges shall apply on weekends, New Years Day, Memorial Day, Independence Day, Labor Day, Thanksgiving and Christmas. Peak hours are from 7 a.m. to 11 p.m., Monday through Friday (except for the holidays listed above). All other hours are off-peak. A new Schedule 7 to the PJM Tariff is included as Attachment C-1 hereto. This revised schedule makes no change in the rates of the other RTOs that are incorporated in Schedule 7 of the PJM Tariff. It only adds PECO Energy's new rates to the schedule and recalculates the pool-wide rate accordingly. A new weighted average PJM-wide rate has also been offered. Finally, the second page of Schedule 7 as presented in Attachment C-1 is the same as the second page of Schedule 7 in the existing PJM Open Access Transmission Tariff on file with the FERC. By including that page, the parties do not intend to suggest any changes thereto, but are merely indicating the parties' understanding that the second page remains as is.

b. In reaching this agreement, the parties agree that if the Commission finds that the Account No. 561 costs referenced in Paragraph 7(a) hereof are properly recovered in base transmission rates, PECO Energy may file for the following charges for Long-Term Firm and Short-Term Firm Point-to-Point Transmission Service:

monthly rate: \$2.229/kW-month
 weekly rate: \$0.5143/kW-week
 daily rate: \$0.1029/kW-day
 (on-peak)
 daily rate: \$0.0735/kW-day
 (off-peak)

An alternate Schedule 7 reflecting the retention of FERC Account No. 561 costs in base transmission rates is included as Attachment C-2 hereto.

9. Non-Firm Point-to-Point Transmission Rates - PECO Zone

a. PECO Energy's charges for Non-Firm Point-to-Point Transmission

Service shall be up to the following:

monthly rate: \$2.189/kW-month

weekly rate: \$0.5051/kW-week

daily rate: \$0.1010/kW-day
(on-peak)

daily rate: \$0.0722kW-day
(off-peak)

hourly rate: \$6.31/MWh
(on-peak)

hourly rate: \$3.01/MWh
(off-peak)

Off-peak daily charges shall apply on weekends, New Years Day, Memorial Day, Independence Day, Labor Day, Thanksgiving and Christmas. Peak hours are from 7 a.m. to 11 p.m., Monday through Friday (except for the holidays already listed above). All other hours are off-peak. A new Schedule 8 to the PJM Tariff is included as Attachment D-1 hereto. This revised schedule makes no change in the rates of the other RTOs that are incorporated in Schedule 8 of the PJM Tariff. It only adds PECO Energy's new rates to the schedule and recalculates the pool-wide rate accordingly. A new weighted average PJM-wide rate has also been offered. Finally, the second page of Schedule 8 as presented in Attachment D-1 is the same as the second page of Schedule 8 in the existing PJM Open Access Transmission Tariff on file with the FERC. By including that page, the parties do not intend to suggest any changes thereto, but are merely indicating the parties' understanding that the second page remains as is.

b. In reaching this agreement, the parties agree that if the Commission finds that the Account No. 561 costs referenced in Paragraph 7(a) hereof are properly recovered in base transmission rates, PECO Energy may file for the following charges for Non-Firm Point-to-Point Transmission Service:

monthly rate: \$2.229/kW-month

weekly rate: \$0.5143/kW-week

daily rate: \$0.1029/kW-day
(on-peak)

daily rate: \$0.0735/kW-day
(off-peak)

hourly rate: \$6.43/MWh
(on-peak)

hourly rate: \$3.05/MWh
(off-peak)

An alternate Schedule 8 reflecting the retention of Account No. 561 costs in base transmission rates is included as Attachment D-2 hereto. Finally, the second page of Schedule 8 as presented in Attachment D-2 is the same as the second page of Schedule 8 in the existing PJM Open Access Transmission Tariff on file with the FERC. By including that page, the parties do not intend to suggest any changes thereto, but are merely indicating the parties' understanding that the second page remains as is.

III. GENERAL PROVISIONS

10. The making and carrying out of this Settlement Agreement shall not be deemed in any respect to constitute an admission by any party that any allegation or contention made in this proceeding is true or valid, nor does the Settlement Agreement establish any principles or constitute an agreement as to any principle, issue, or any method of cost of service determination, or design of rate schedules or terms or conditions of service, or the application of any rule of law.

11. The Parties shall cooperate in securing Commission approval of this Settlement Agreement. If the Commission does not approve this Settlement Agreement without condition, modification, or further proceedings, the Settlement Agreement shall be deemed withdrawn, shall not be binding on the parties, and shall not be part of the record of this proceeding.

12. The discussions that have produced this Settlement Agreement have been conducted with the explicit understanding and agreement, pursuant to Commission Rule 602(e) that all offers of settlement and discussions related thereto are and shall be privileged, shall be without prejudice to the positions of any party presenting such offer or participating in such discussions, and are not to be used in any manner in connection with this proceeding or otherwise, except as necessary for the enforcement of the terms of this Settlement Agreement consistent with the Commission's rules and regulations.

13. This Settlement Agreement supersedes any and all previous understandings, oral or written, pertaining to the subject matter contained in this Settlement Agreement. No party may rely upon any oral or written representation or oral or written information prior to execution of the Settlement Agreement made or given by any representative of any other party (or anyone on its behalf). Parol or extrinsic evidence shall not be used to vary or contradict the express terms of this Settlement Agreement, and any and all prior drafts and/or versions or notes related thereto shall not be used by the parties to explain or interpret the Settlement Agreement. The deletion of or change in language contained in previous drafts and/or versions shall be of no value in interpreting or construing the executed Settlement Agreement.

This Settlement Agreement is entered into this 13th day of March, 1998, by and among PECO Energy, PJM LLC, Allegheny and the PJMICC, and is entered into by their duly authorized representatives.

PECO ENERGY

PJM LLC

By: 

By: Larry Spector / TAC

Title: ATTORNEY

Title: ATTORNEY

ALLEGHENY

PJMICC

By: Robert Weinberg / TAC

By: David Kleppinger / TAC

Title: ATTORNEY

Title: ATTORNEY

ATTACHMENT A

SCHEDULE 2

**Reactive Supply and Voltage Control from
 Generation Sources Service**

In order to maintain transmission voltages on the Transmission Provider's transmission facilities within acceptable limits, generation facilities (in the Control Area where the Transmission Provider's transmission facilities are located) are operated to produce (or absorb) reactive power. Thus, Reactive Supply and Voltage Control from Generation Sources Service must be provided for each transaction on the Transmission Provider's transmission facilities. The amount of Reactive Supply and Voltage Control from Generation Sources Service that must be supplied with respect to the Transmission Customer's transaction will be determined based on the reactive power support necessary to maintain transmission voltages within limits that are generally accepted in the region and consistently adhered to by the Transmission Provider.

Reactive Supply and Voltage Control from Generation Sources Service is to be provided directly by the Transmission Provider. The Transmission Customer must purchase this service from the Transmission Provider.

The charges for such service will be based on the rates set forth below for Network Customers in each Zone and a pool-wide rate for Point-To-Point Transmission Service:

Zone	Capacity MW	Capacity Weighting	Monthly Zone Rate (\$/kW-mo)	Weekly Zone Rate (\$/kW-w)	Daily Zone Rate (\$/MW-d)	Hourly Zone Rate (\$/MWh)
AE	2,326	0.0422	0.290			
BG&E	6,716	0.1219	0.147			
Delmarva	2,923	0.0531	0.226			
JCPL	4,836	0.0878	0.279			
MetEd	2,300	0.0417	0.232			
Penelec	2,878	0.0522	0.286			
PECO	9,001	0.1634	0.100	0.0231	3.29	0.137
PPL	6,867	0.1246	0.120			
Pepco	6,746	0.1224	0.210			
PSE&G	10,502	0.1907	0.080			
Pool-Wide Rate:	55,095	1.0000	0.100	0.0231	3.29	0.137

ATTACHMENT B-1

ATTACHMENT H-7

**Annual Transmission Rates -- PECO Energy Company
for Network Integration Transmission Service**

1. The annual transmission revenue requirement is \$151,703,000 and the rate for Network Integration Transmission Service is \$20,942 per megawatt per year, which reflects the facilities recorded in FERC Form 1 as transmission for PECO Energy Company and its subsidiaries. Service utilizing other facilities will be provided at rates determined on a case-by-case basis.
2. The rate in (1) shall be effective until amended by the Regional Transmission Owner(s) within the zone or modified by the Commission.
3. In addition to the rate set forth in section 1 of this attachment, the Network Customer purchasing Network Integration Transmission Service shall pay for transmission congestion charges, in accordance with the provisions of the Tariff, and any amounts necessary to reimburse the Regional Transmission Owners for any amounts payable by them as sales, excise, "Btu," carbon, value-added or similar taxes (other than taxes based upon or measured by net income) with respect to the amounts payable pursuant to the Tariff.

ATTACHMENT B-2

ATTACHMENT H-7

**Annual Transmission Rates -- PECO Energy Company
for Network Integration Transmission Service**

1. The annual transmission revenue requirement is \$154,469,000 and the rate for Network Integration Transmission Service is \$26,743 per megawatt per year, which reflects the facilities recorded in FERC Form 1 as transmission for PECO Energy Company and its subsidiaries. Service utilizing other facilities will be provided at rates determined on a case-by-case basis.
2. The rate in (1) shall be effective until amended by the Regional Transmission Owner(s) within the zone or modified by the Commission.
3. In addition to the rate set forth in section 1 of this attachment, the Network Customer purchasing Network Integration Transmission Service shall pay for transmission congestion charges, in accordance with the provisions of the Tariff, and any amounts necessary to reimburse the Regional Transmission Owners for any amounts payable by them as sales, excise, "Btu," carbon, value-added or similar taxes (other than taxes based upon or measured by net income) with respect to the amounts payable pursuant to the Tariff.

ATTACHMENT C-1

SCHEDULE 7**Long-Term Firm and Short-Term Firm Point-to-Point
Transmission Service**

- 1) The Transmission Customer shall pay each month for Reserved Capacity at the sum of the applicable charges set forth below for the Point of Delivery:

**Summary of Charges
(in \$/kW)**

Point of Delivery	Yearly Charge	Monthly Charge	Weekly Charge	Daily Charge	Off-Peak Daily Charge
Border of PJM Control Area	22.311	1.859	0.4291	0.0858	0.0722
AE Zone	21.319	1.777	0.4100	0.0820	
BG&E Zone	17.029	1.419	0.3275	0.0655	
Delmarva Zone	22.996	1.916	0.4422	0.0884	
JCPL Zone	29.569	2.464	0.5888	0.1137	
MetEd Zone	13.425	1.119	0.2582	0.0516	
Penelec Zone	11.015	0.918	0.2118	0.0424	
PECO Zone	26.264	2.189	0.5051	0.1010	0.0722
PPL Zone	25.779	2.148	0.4958	0.0992	
Pepco Zone	21.091	1.758	0.4056	0.0811	
PSE&G Zone	23.531	1.961	0.4525	0.0905	

The total demand charge in any week, pursuant to a reservation for Daily delivery, shall not exceed the rate specified in section (1) above for weekly service times the highest amount in kilowatts of Reserved Capacity in any day during such week. Off-peak daily charges shall apply on weekends and NERC holidays.

- 3) **Discounts:** Three principal requirements apply to discounts for transmission service as follows: (1) any offer of a discount made by the Transmission Provider must be announced to all Eligible Customers solely by posting on the OASIS, (2) any customer-initiated requests for discounts (including requests for use by one's wholesale merchant or an affiliate's use) must occur solely by posting on the OASIS, and (3) once a discount is negotiated, details must be immediately posted on the OASIS. For any discount agreed upon for service on a path, from point(s) of receipt to point(s) of delivery, the Transmission Provider must offer the same discounted transmission service rate for the same time period to all Eligible Customers on all unconstrained transmission paths that go to the same point(s) of delivery on the Transmission System.

- 4) **Congestion and Losses:** In addition to any payment under this Schedule, the Transmission Customer shall pay Redispatch Costs as specified in Section 27 of the Tariff. The Transmission Customer shall be responsible for losses as specified in the Tariff.

- 5) **Other Supporting Facilities and Taxes:** In addition to the rates set forth in section (1) of this schedule, the Transmission Customer shall pay charges determined on a case-by-case basis for facilities necessary to provide Transmission Service at voltages lower than those shown in Attachment H for the applicable Zone(s) and any amounts necessary to reimburse the Transmission Provider for any amounts payable as sales, excise, "Btu," carbon, value-added or similar or similar taxes (other than taxes based upon or measured by net income) with respect to the amounts payable pursuant to the Tariff.

ATTACHMENT C-2

SCHEDULE 7**Long-Term Firm and Short-Term Firm Point-to-Point
Transmission Service**

- 1) The Transmission Customer shall pay each month for Reserved Capacity at the sum of the applicable charges set forth below for the Point of Delivery:

Summary of Charges
(in \$/kW)

Point of Delivery	Yearly Charge	Monthly Charge	Weekly Charge	Daily Charge	Off-Peak Daily Charge
Border of PJM Control Area	22.381	1.865	0.4304	0.0861	0.0735
AE Zone	21.319	1.777	0.4100	0.0820	
BG&E Zone	17.029	1.419	0.3275	0.0655	
Delmarva Zone	22.996	1.916	0.4422	0.0884	
JCPL Zone	29.589	2.464	0.5886	0.1137	
MetEd Zone	13.425	1.119	0.2582	0.0516	
Penelec Zone	11.015	0.918	0.2118	0.0424	
PECO Zone	26.743	2.229	0.5143	0.1029	0.0735
PPL Zone	25.779	2.148	0.4958	0.0992	
Pepco Zone	21.091	1.758	0.4056	0.0811	
PSE&G Zone	23.531	1.961	0.4525	0.0905	

The total demand charge in any week, pursuant to a reservation for Daily delivery, shall not exceed the rate specified in section (1) above for weekly service times the highest amount in kilowatts of Reserved Capacity in any day during such week. Off-peak daily charges shall apply on weekends and NERC holidays.

- 3) **Discounts:** Three principal requirements apply to discounts for transmission service as follows: (1) any offer of a discount made by the Transmission Provider must be announced to all Eligible Customers solely by posting on the OASIS, (2) any customer-initiated requests for discounts (including requests for use by one's wholesale merchant or an affiliate's use) must occur solely by posting on the OASIS, and (3) once a discount is negotiated, details must be immediately posted on the OASIS. For any discount agreed upon for service on a path, from point(s) of receipt to point(s) of delivery, the Transmission Provider must offer the same discounted transmission service rate for the same time period to all Eligible Customers on all unconstrained transmission paths that go to the same point(s) of delivery on the Transmission System.

- 4) **Congestion and Losses:** In addition to any payment under this Schedule, the Transmission Customer shall pay Redispatch Costs as specified in Section 27 of the Tariff. The Transmission Customer shall be responsible for losses as specified in the Tariff.

- 5) **Other Supporting Facilities and Taxes:** In addition to the rates set forth in section (1) of this schedule, the Transmission Customer shall pay charges determined on a case-by-case basis for facilities necessary to provide Transmission Service at voltages lower than those shown in Attachment H for the applicable Zone(s) and any amounts necessary to reimburse the Transmission Provider for any amounts payable as sales, excise, "Btu," carbon, value-added or similar or similar taxes (other than taxes based upon or measured by net income) with respect to the amounts payable pursuant to the Tariff.

ATTACHMENT D-1

SCHEDULE 8**Non-Firm Point-To-Point Transmission Service**

- 1) The Transmission Customer shall pay for Non-Firm Point-To-Point Transmission Service up to the sum of the applicable charges set forth below for the Point of Delivery:

Summary of Charges

Point of Delivery	Monthly Charge (\$/kW)	Weekly Charge (\$/kW)	Daily Charge (\$/kW)	Off-Peak Daily Charge (\$/kW)	Hourly On-Peak Charge (\$/MWh)	Hourly Off-Peak Charge (\$/MWh)
Border of PJM Control Area	1.859	0.4291	0.0858	.0722	5.36	3.01
AE Zone	1.777	0.4100	0.0820		5.12	
BG&E Zone	1.419	0.3275	0.0655		4.09	
Delmarva Zone	1.916	0.4422	0.0884		5.53	
JCPL Zone	2.464	0.5886	0.1137		7.11	
MetEd Zone	1.119	0.2582	0.0518		3.23	
Penelec Zone	0.918	0.2118	0.0424		2.65	
PECO Zone	2.189	0.5051	0.1010	0.0722	6.31	3.01
PPL Zone	2.148	0.4958	0.0992		6.20	
Pepco Zone	1.758	0.4058	0.0811		5.07	
PSE&G Zone	1.981	0.4525	0.0905		5.66	

The total demand charge in any week, pursuant to a reservation for Daily delivery, shall not exceed the rate specified in section (1) above for weekly service times the highest amount in kilowatts of Reserved Capacity in any day during such week. Off-peak daily charges shall apply on weekends and NERC holidays. Peak hours are 7 a.m. to 11 p.m. (prevailing time) Monday through Friday, excluding NERC holidays. All other hours are off-peak.

- 3) **Hourly delivery:** The basic charge shall be that agreed upon by the Parties at the time this service is reserved and in no event shall exceed the amounts set forth above for a Point of Delivery.

The total demand charge in any day, pursuant to a reservation for Hourly delivery, shall not exceed the rate specified in section (1) above for daily service times the highest amount in kilowatts of Reserved Capacity in any hour during such day. In addition, the total demand charge in any week, pursuant to a reservation for Hourly or Daily delivery, shall not exceed the rate specified in section (1) above for weekly service times the highest amount in kilowatts of Reserved Capacity in any hour during such week.

- 4) **Discounts:** Three principal requirements apply to discounts for transmission service as follows: (1) any offer of a discount made by the Transmission Provider must be announced to all Eligible Customers solely by posting on the OASIS, (2) any customer-initiated requests for discounts (including requests for use by one's wholesale merchant or an affiliate's use) must occur solely by posting on OASIS, and (3) once a discount is negotiated, details must be immediately posted on the OASIS. For any discount agreed upon for service on a path, from point(s) of receipt to a point(s) of delivery, the Transmission Provider must offer the same discounted transmission service rate for the same time period to all Eligible Customers on all unconstrained transmission paths that go to the same point(s) of delivery on the Transmission System.
- 5) **Congestion and Losses:** A Transmission Customer desiring Non-Firm Point-to-Point Transmission Service may elect to pay transmission congestion charges. If the Transmission Customer so elects, it shall pay the higher of any applicable Redispatch Cost as calculated pursuant to Attachment K or the applicable rate under section (1) above. The Transmission Customer shall be responsible for losses as specified in the Tariff.
- 6) **Other Supporting Facilities and Taxes:** In addition to the charges set forth in section (1) of this schedule, the Transmission Customer shall pay charges determined on a case-by-case basis for facilities necessary to provide Transmission Service at voltages lower than those shown in Attachment H for the applicable Zone(s) and any amounts necessary to reimburse the Transmission Provider for any amounts payable as sales, excise, "Btu," carbon, value-added or similar taxes (other than taxes based upon or measured by net income) with respect to the amounts payable pursuant to the Tariff.

ATTACHMENT D-2

SCHEDULE 8**Non-Firm Point-To-Point Transmission Service**

- 1) The Transmission Customer shall pay for Non-Firm Point-To-Point Transmission Service up to the sum of the applicable charges set forth below for the Point of Delivery:

Summary of Charges

Point of Delivery	Monthly Charge (\$/kW)	Weekly Charge (\$/kW)	Daily Charge (\$/kW)	Off-Peak Daily Charge (\$/kW)	Hourly On-Peak Charge (\$/MWh)	Hourly Off-Peak Charge (\$/MWh)
Border of PJM Control Area	1.865	0.4304	0.0861	.0735	5.38	3.05
AE Zone	1.777	0.4100	0.0820		5.12	
BG&E Zone	1.419	0.3275	0.0655		4.09	
Delmarva Zone	1.916	0.4422	0.0884		5.53	
JCPL Zone	2.484	0.5686	0.1137		7.11	
MetEd Zone	1.118	0.2582	0.0518		3.23	
Penelec Zone	0.918	0.2118	0.0424		2.65	
PECO Zone	2.229	0.5143	0.1029	0.0735	6.43	3.05
PPL Zone	2.148	0.4958	0.0992		6.20	
Pepco Zone	1.758	0.4056	0.0811		5.07	
PSE&G Zone	1.961	0.4525	0.0905		5.66	

The total demand charge in any week, pursuant to a reservation for Daily delivery, shall not exceed the rate specified in section (1) above for weekly service times the highest amount in kilowatts of Reserved Capacity in any day during such week. Off-peak daily charges shall apply on weekends and NERC holidays. Peak hours are 7 a.m. to 11 p.m. (prevailing time) Monday through Friday, excluding NERC holidays. All other hours are off-peak.

- 3) **Hourly delivery:** The basic charge shall be that agreed upon by the Parties at the time this service is reserved and in no event shall exceed the amounts set forth above for a Point of Delivery.

The total demand charge in any day, pursuant to a reservation for Hourly delivery, shall not exceed the rate specified in section (1) above for daily service times the highest amount in kilowatts of Reserved Capacity in any hour during such day. In addition, the total demand charge in any week, pursuant to a reservation for Hourly or Daily delivery, shall not exceed the rate specified in section (1) above for weekly service times the highest amount in kilowatts of Reserved Capacity in any hour during such week.

- 4) **Discounts:** Three principal requirements apply to discounts for transmission service as follows: (1) any offer of a discount made by the Transmission Provider must be announced to all Eligible Customers solely by posting on the OASIS, (2) any customer-initiated requests for discounts (including requests for use by one's wholesale merchant or an affiliate's use) must occur solely by posting on OASIS, and (3) once a discount is negotiated, details must be immediately posted on the OASIS. For any discount agreed upon for service on a path, from point(s) of receipt to a point(s) of delivery, the Transmission Provider must offer the same discounted transmission service rate for the same time period to all Eligible Customers on all unconstrained transmission paths that go to the same point(s) of delivery on the Transmission System.
- 5) **Congestion and Losses:** A Transmission Customer desiring Non-Firm Point-to-Point Transmission Service may elect to pay transmission congestion charges. If the Transmission Customer so elects, it shall pay the higher of any applicable Redispatch Cost as calculated pursuant to Attachment K or the applicable rate under section (1) above. The Transmission Customer shall be responsible for losses as specified in the Tariff.
- 6) **Other Supporting Facilities and Taxes:** In addition to the charges set forth in section (1) of this schedule, the Transmission Customer shall pay charges determined on a case-by-case basis for facilities necessary to provide Transmission Service at voltages lower than those shown in Attachment H for the applicable Zone(s) and any amounts necessary to reimburse the Transmission Provider for any amounts payable as sales, excise, "Btu," carbon, value-added or similar taxes (other than taxes based upon or measured by net income) with respect to the amounts payable pursuant to the Tariff.

EXPLANATORY STATEMENT

**UNITED STATES OF AMERICA
BEFORE THE
FEDERAL ENERGY REGULATORY COMMISSION**

PECO Energy Company

)

Docket No. ER97-3189-005

**EXPLANATORY STATEMENT
IN SUPPORT OF SETTLEMENT**

Pursuant to Rule 602 of the Federal Energy Regulatory Commission's ("Commission") Rules of Practice and Procedure, 18 C.F.R. § 385.602 (1997), PECO Energy Company ("PECO Energy") hereby submits this Explanatory Statement in support of the concurrently filed Settlement Agreement ("Settlement"). The Settlement includes as appendices rate schedules under the Pennsylvania-New Jersey-Maryland ("PJM") Open Access Transmission Tariff ("PJM Tariff"). These rate schedules are necessary to implement the terms of the Settlement.

I. INTRODUCTION

The Settlement represents the result of negotiations among PECO Energy, Commission Trial Staff ("Staff"), and active intervenors. If accepted, the Settlement will provide for resolution of the issue set for hearing in this proceeding. PECO Energy urges the Presiding Administrative Law Judge, after an appropriate comment period, to certify the Settlement to the Commission, and for the Commission to accept the Settlement, without condition or modification.

II. BACKGROUND

This proceeding arises out of the restructuring of the PJM Interconnection consistent with the requirements of Order No. 888.^{1/} On November 25, 1997, the Commission issued an order in

^{1/} Promoting Wholesale Competition Through Open Access Non-discriminatory Transmission Services by Public Utilities; Recovery of Stranded Costs by Public Utilities

(continued...)

Pennsylvania-New Jersey-Maryland Interconnection, 81 FERC ¶ 61,257 (1997), (“PJM Order”), approving, subject to certain modifications, a plan for restructuring the PJM Interconnection proposed in Docket No. ER97-3189-0000 by the “Supporting Companies.”^{2/}

In the PJM Order, the Commission ordered implementation of a revised pool-wide transmission tariff to be effective on January 1, 1998. The Commission also set certain issues for hearing, including PECO Energy's charge for Reactive Supply and Voltage Control from Generation Sources Service, and assigned Docket No. ER97-3189-005 to that proceeding. On December 23, 1997, the Commission issued an order deferring implementation of the revised tariff until April 1, 1998. Pennsylvania-New Jersey-Maryland Interconnection, 81 FERC ¶ 61,379 (1997).

The parties and Staff have participated in numerous settlement discussions in order to reach settlement in this proceeding. The Settlement resolves all issues in this case.

1/(...continued)

and Transmitting Utilities, Order No. 888, 61 Fed. Reg. 21540 (May 10, 1996), FERC Stats. & Regs., Regulation Preambles ¶ 31,036 (1996), order on reh'g, Order No. 888-A, 62 Fed. Reg. 12274 (March 4, 1997), FERC Stats. & Regs., Regulation Preambles ¶ 31,048 (1997), order on reh'g, Order No. 888-B, 62 Fed. Reg. 61,688 (December 9, 1997), 81 FERC ¶ 61,248 (1997), order on reh'g, Order No. 888-C, 82 FERC ¶ 61,046 (1998).

2/ The “Supporting Companies” are composed of: Atlantic City Electric Company, Baltimore Gas and Electric Company, Delmarva Power & Light Company, Jersey Central Power & Light Company, Metropolitan Edison Company, Pennsylvania Electric Company (the three immediate preceding utilities being subsidiaries of General Public Utilities Corp.), Pennsylvania Power & Light Company, Potomac Electric Company, and Public Service Electric and Gas Company.

III. RATES FOR SERVICE

A. Reactive Supply and Voltage Control from Generation Sources Service

The revised rates for Reactive Supply and Voltage Control from Generation Sources Service are included in Attachment A to the Settlement (which is Schedule 2 to the PJM Tariff). The rates will supersede the rate for Reactive Supply and Voltage Control from Generation Sources Service from PECO Energy included in the PJM Tariff. For the pool-wide rate associated with monthly, weekly, daily, and hourly service, for which the other PJM companies do not currently have rates on file, PECO Energy has included the PECO Energy rate.

B. Unbundling Scheduling Services Costs

In accordance with general Commission policy, Staff requested PECO Energy to remove all Account No. 561 costs from PECO Energy's base transmission rates. This change is reflected in new Attachment H-7, Schedule 7, and Schedule 8 to the PJM Tariff, which are included at Attachments B-1, C-1, and D-1 to the Settlement, respectively.

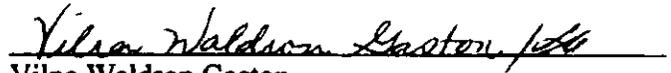
In reaching this agreement, the parties to the Settlement specifically acknowledge that were PECO Energy operating under a company-specific open access transmission tariff, Account No. 561 costs properly would be recoverable under Schedule 1. The parties also acknowledge that, at the time of the Settlement, there has been no final Commission decision on the treatment of ancillary services under the PJM Tariff, including costs included in Account No. 561. Accordingly, in the event the Commission rules that Account No. 561 costs may be recovered in the base transmission rates included in the PJM Tariff, the parties agree that PECO Energy may file with the Commission to recover these costs through base rates, and the parties will not contest PECO Energy's recovery of such costs. Attachments B-2, C-2, and D-2 include for

informational purposes PECO Energy's transmission revenue requirement and rates for firm and non-firm transmission service that are adjusted to include Account No. 561 costs.

IV. CONCLUSION

PECO Energy urges the Presiding Administrative Law Judge to certify the Settlement to the Commission, and the Commission to accept the Settlement, without condition or notification.

Respectfully submitted,



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Attorneys for PECO Energy Company

Dated: March 16, 1998

SCHEDULE 8**Non-Firm Point-To-Point Transmission Service**

- 1) The Transmission Customer shall pay for Non-Firm Point-To-Point Transmission Service up to the sum of the applicable charges set forth below for the Point of Delivery:

Summary of Charges

Point of Delivery	Monthly Charge (\$/kW)	Weekly Charge (\$/kW)	Daily Charge (\$/kW)	Off-Peak Daily Charge (\$/kW)	Hourly On-Peak Charge (\$/MWh)	Hourly Off-Peak Charge (\$/MWh)
Border of PJM Control Area	1.859	0.4291	0.0858	.0722	5.36	3.01
AE Zone	1.777	0.4100	0.0820		5.12	
BG&E Zone	1.419	0.3275	0.0655		4.09	
Delmarva Zone	1.916	0.4422	0.0884		5.53	
JCPL Zone	2.484	0.5686	0.1137		7.11	
MetEd Zone	1.119	0.2582	0.0516		3.23	
Penelec Zone	0.918	0.2118	0.0424		2.65	
PECO Zone	2.189	0.5051	0.1010	0.0722	6.31	3.01
PPL Zone	2.148	0.4958	0.0992		6.20	
Pepco Zone	1.758	0.4056	0.0811		5.07	
PSE&G Zone	1.981	0.4525	0.0905		5.66	

The total demand charge in any week, pursuant to a reservation for Daily delivery, shall not exceed the rate specified in section (1) above for weekly service times the highest amount in kilowatts of Reserved Capacity in any day during such week. Off-peak daily charges shall apply on weekends and NERC holidays. Peak hours are 7 a.m. to 11 p.m. (prevailing time) Monday through Friday, excluding NERC holidays. All other hours are off-peak.

- 3) **Hourly delivery:** The basic charge shall be that agreed upon by the Parties at the time this service is reserved and in no event shall exceed the amounts set forth above for a Point of Delivery.

The total demand charge in any day, pursuant to a reservation for Hourly delivery, shall not exceed the rate specified in section (1) above for daily service times the highest amount in kilowatts of Reserved Capacity in any hour during such day. In addition, the total demand charge in any week, pursuant to a reservation for Hourly or Daily delivery, shall not exceed the rate specified in section (1) above for weekly service times the highest amount in kilowatts of Reserved Capacity in any hour during such week.

- 4) **Discounts:** Three principal requirements apply to discounts for transmission service as follows: (1) any offer of a discount made by the Transmission Provider must be announced to all Eligible Customers solely by posting on the OASIS, (2) any customer-initiated requests for discounts (including requests for use by one's wholesale merchant or an affiliate's use) must occur solely by posting on OASIS, and (3) once a discount is negotiated, details must be immediately posted on the OASIS. For any discount agreed upon for service on a path, from point(s) of receipt to a point(s) of delivery, the Transmission Provider must offer the same discounted transmission service rate for the same time period to all Eligible Customers on all unconstrained transmission paths that go to the same point(s) of delivery on the Transmission System.
- 5) **Congestion and Losses:** A Transmission Customer desiring Non-Firm Point-to-Point Transmission Service may elect to pay transmission congestion charges. If the Transmission Customer so elects, it shall pay the higher of any applicable Redispatch Cost as calculated pursuant to Attachment K or the applicable rate under section (1) above. The Transmission Customer shall be responsible for losses as specified in the Tariff.
- 6) **Other Supporting Facilities and Taxes:** In addition to the charges set forth in section (1) of this schedule, the Transmission Customer shall pay charges determined on a case-by-case basis for facilities necessary to provide Transmission Service at voltages lower than those shown in Attachment H for the applicable Zone(s) and any amounts necessary to reimburse the Transmission Provider for any amounts payable as sales, excise, "Btu," carbon, value-added or similar taxes (other than taxes based upon or measured by net income) with respect to the amounts payable pursuant to the Tariff.

ATTACHMENT D-2

SCHEDULE 8**Non-Firm Point-To-Point Transmission Service**

- 1) The Transmission Customer shall pay for Non-Firm Point-To-Point Transmission Service up to the sum of the applicable charges set forth below for the Point of Delivery:

Summary of Charges

Point of Delivery	Monthly Charge (\$/kW)	Weekly Charge (\$/kW)	Daily Charge (\$/kW)	Off-Peak Daily Charge (\$/kW)	Hourly On-Peak Charge (\$/MWh)	Hourly Off-Peak Charge (\$/MWh)
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PECO Zone	2.229	0.5143	0.1029	0.0735	6.43	3.05
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EXPLANATORY STATEMENT

**UNITED STATES OF AMERICA
BEFORE THE
FEDERAL ENERGY REGULATORY COMMISSION**

PECO Energy Company

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Docket No. ER97-3189-005

**EXPLANATORY STATEMENT
IN SUPPORT OF SETTLEMENT**

Pursuant to Rule 602 of the Federal Energy Regulatory Commission's ("Commission") Rules of Practice and Procedure, 18 C.F.R. § 385.602 (1997), PECO Energy Company ("PECO Energy") hereby submits this Explanatory Statement in support of the concurrently filed Settlement Agreement ("Settlement"). The Settlement includes as appendices rate schedules under the Pennsylvania-New Jersey-Maryland ("PJM") Open Access Transmission Tariff ("PJM Tariff"). These rate schedules are necessary to implement the terms of the Settlement.

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The Settlement represents the result of negotiations among PECO Energy, Commission Trial Staff ("Staff"), and active intervenors. If accepted, the Settlement will provide for resolution of the issue set for hearing in this proceeding. PECO Energy urges the Presiding Administrative Law Judge, after an appropriate comment period, to certify the Settlement to the Commission, and for the Commission to accept the Settlement, without condition or modification.

II. BACKGROUND

This proceeding arises out of the restructuring of the PJM Interconnection consistent with the requirements of Order No. 888.^{1/} On November 25, 1997, the Commission issued an order in

^{1/} Promoting Wholesale Competition Through Open Access Non-discriminatory Transmission Services by Public Utilities; Recovery of Stranded Costs by Public Utilities

(continued...)

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A. Reactive Supply and Voltage Control from Generation Sources Service

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In accordance with general Commission policy, Staff requested PECO Energy to remove all Account No. 561 costs from PECO Energy's base transmission rates. This change is reflected in new Attachment H-7, Schedule 7, and Schedule 8 to the PJM Tariff, which are included at Attachments B-1, C-1, and D-1 to the Settlement, respectively.

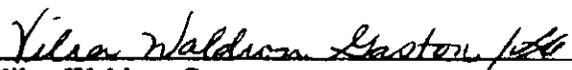
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informational purposes PECO Energy's transmission revenue requirement and rates for firm and non-firm transmission service that are adjusted to include Account No. 561 costs.

IV. CONCLUSION

PECO Energy urges the Presiding Administrative Law Judge to certify the Settlement to the Commission, and the Commission to accept the Settlement, without condition or notification.

Respectfully submitted,

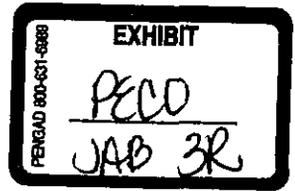


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Attorneys for PECO Energy Company

Dated: March 16, 1998



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DEC 3 - 2019

PA PUBLIC UTILITY COMMISSION
SECRETARY'S BUREAU

PECO EXHIBIT NO. JAB-3R

**PECO Energy Company (PECO)
Docket Nos. M-2018-3005860, C-2018-3006242**

**Response of the Office of Consumer Advocate to
Interrogatories of PECO Energy Company (PECO)
Set II**

PECO-OCA-II-4: Reference Dr. Pavlovic's Direct Testimony at page 6, lines 1-6. Is it Dr. Pavlovic's position that PECO's distribution base rates charged to retail distribution customers during the years 2007 through 2010 were established based on a revenue requirement that included as a recoverable expense the RTEP charges that were billed by PJM during those years? If Dr. Pavlovic's answer is in the affirmative, please provide the factual basis upon which he relies for his answer.

RESPONSE: The factual bases for Dr. Pavlovic's testimony at page 6, lines 1-6 together with the testimony at page 5, lines 13-20 are:

(1) On March 16, 1998, PECO submitted, in FERC Docket ER97-3189-005, a Settlement Agreement which, inter alia, removed Scheduling, System Control and Dispatch Service costs recorded in FERC Account No. 561 from PECO's then current transmission revenue requirement in Attachment H-7 of PJM's OATT tariff, resulting in an annual transmission revenue requirement of \$151,703,000 and a stated transmission rate of \$20,942 per megawatt per year and a stated transmission rate of \$20,942 per megawatt per year. See PECO-OCA-II-4 Attachment A, Section I.7.a.

(2) On December 16, 1998, the FERC by letter order approved the settlement effective April 1, 1998. See PECO-OCA-II-4 Attachment B.

(3) FERC Account No. 561 consists of the following subaccounts.

561.1 Load dispatch – Reliability

561.2 Load dispatch – Monitor and operate transmission system

561.3 Load dispatch – Transmission service and scheduling

561.4 Scheduling, system control and dispatch services

561.5 Reliability planning and standards development

561.6 Transmission service studies

561.7 Generation interconnection studies

561.8 Reliability planning and standards development services

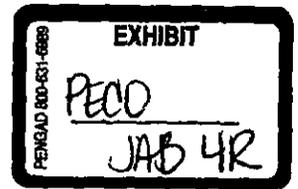
PECO Energy Company (PECO)
Docket Nos. M-2018-3005860, C-2018-3006242

**Response of the Office of Consumer Advocate to
Interrogatories of PECO Energy Company (PECO)**

Set II

- (4) On or about June 2007 PECO began recording RTEP charges to FERC Account No. 561.8. See PECO response to OCA-IV-2.
- (5) Under Section 205 of the Federal Power Act, PECO may at a time of its own election file an application with the FERC to modify its transmission rate.
- (6) PECO did not petition for a change in its 1998 PJM OATT Attachment H-7 transmission revenue requirement and stated rate until May 1, 2017 in FERC Docket No. ER17-1519-000.
- (7) On April 29, 1998, PECO submitted to the PaPUC a Settlement Agreement resolving all issues regarding PECO's Application for Approval of its Restructuring Plan Under Section 2806 of the Public Utility Code. See PECO-OCA-II-4 Attachment C.
- (8) On May 14, 1998, the PaPUC issued a Final Order approving the May 29, 1998 Settlement Agreement effective January 1, 1999. See PECO-OCA-II-4 Attachment D.
- (9) Sections III.A and III.B. of the May 29, 1998 Settlement Agreement, inter alia, (a) provided for unbundled Distribution and Transmission rates, (b) capped the combined Distribution and Transmission rates, and (c) provided for changes in Transmission rates to be offset by corresponding inverse changes to Distribution rates. See PECO-OCA-II-4 Attachment C.
- (10) The May 29, 1998 Settlement Agreement Compliance Tariff, Tariff Electric Pa. P.U.C. No. 3 effective January 1, 1999, provides for transmission charges to be billed to those customers receiving default PLR service who had not obtained transmission service on their own. See PECO-OCA-II-4 Attachment E.

Response prepared by: Dr. Karl Pavlovic



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DEC 3 - 2019

PA PUBLIC UTILITY COMMISSION
SECRETARY'S BUREAU

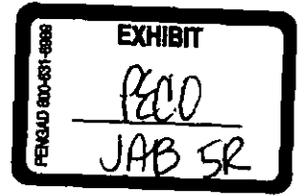
PECO EXHIBIT NO. JAB-4R

PJM Billing Date	Billing Period	Amount Billed		
Jul-08	Jun-08	\$ 357,549.47		
Aug-08	Jul-08	\$ 260,499.10		
Sep-08	Aug-08	\$ 260,636.65		
Oct-08	Sep-08	\$ 391,784.08		
Nov-08	Oct-08	\$ 395,065.78		
Dec-08	Nov-08	\$ 397,334.22		
Jan-09	Dec-08	\$ 397,404.93		
Feb-09	Jan-09	\$ 493,762.98		
Mar-09	Feb-09	\$ 494,009.05		
Apr-09	Mar-09	\$ 495,382.84		
May-09	Apr-09	\$ 499,014.66		
Jun-09	May-09	\$ 499,167.83		
Jul-09	Jun-09	\$ 689,912.48		
Aug-09	Jul-09	\$ 717,428.41		
Sep-09	Aug-09	\$ 717,468.20		
Oct-09	Sep-09	\$ 717,528.57		
Nov-09	Oct-09	\$ 717,615.57		
Dec-09	Nov-09	\$ 717,730.79		
Jan-10	Dec-09	\$ 717,826.73		
Feb-10	Jan-10	\$ 811,120.32		
Mar-10	Feb-10	\$ 811,184.71		
Apr-10	Mar-10	\$ 810,950.72		
May-10	Apr-10	\$ 811,044.88		
Jun-10	May-10	\$ 811,091.86		
Jul-10	Jun-10	\$ 1,253,477.70		
Aug-10	Jul-10	\$ 1,255,019.54		
Sep-10	Aug-10	\$ 1,255,204.95		
Oct-10	Sep-10	\$ 1,255,078.80		
Nov-10	Oct-10	\$ 1,254,408.70		
Dec-10	Nov-10	\$ 1,256,411.20	<u>2008-2010 Total</u>	<u>% of 2008-2015 Total</u>
Jan-11	Dec-10	\$ 1,241,981.85	\$ 22,764,097.57	18.4%
Feb-11	Jan-11	\$ 1,317,110.30		
Mar-11	Feb-11	\$ 1,005,126.75		
Apr-11	Mar-11	\$ 944,107.65		
May-11	Apr-11	\$ 902,742.76		
Jun-11	May-11	\$ 874,786.68		
Jul-11	Jun-11	\$ 877,246.46		
Aug-11	Jul-11	\$ 859,360.09		
Sep-11	Aug-11	\$ 844,334.95		
Oct-11	Sep-11	\$ 815,182.34		
Nov-11	Oct-11	\$ 792,383.84		
Dec-11	Nov-11	\$ 780,468.50		
Jan-12	Dec-11	\$ 770,656.61		
Feb-12	Jan-12	\$ 818,658.16		

Total "Black Box" Settlement Credit	\$ (49,567,831.44)
2008-2010 PJM Transmission Enhancement (11/07 - 5/08 excluded; PJM bills unavailable)	\$ (9,134,846.85)
PECO Default Service Usage % for same period	88.4%
Pre-2011 RTEP Credit Amount	\$ (8,075,035.16)

PJM Billing Date	Billing Period	Amount Billed	
Mar-12	Feb-12	\$ 810,145.63	
Apr-12	Mar-12	\$ 798,901.90	
May-12	Apr-12	\$ 786,065.92	
Jun-12	May-12	\$ 773,632.65	
Jul-12	Jun-12	\$ 965,992.74	
Aug-12	Jul-12	\$ 968,180.83	
Sep-12	Aug-12	\$ 944,205.67	
Oct-12	Sep-12	\$ 936,006.01	
Nov-12	Oct-12	\$ 928,746.14	
Dec-12	Nov-12	\$ 918,669.79	
Jan-13	Dec-12	\$ 913,003.46	
Feb-13	Jan-13	\$ 1,142,052.50	
Mar-13	Feb-13	\$ 1,111,063.05	
Apr-13	Mar-13	\$ 1,101,110.76	
May-13	Apr-13	\$ 1,090,892.21	
Jun-13	May-13	\$ 1,084,836.22	
Jul-13	Jun-13	\$ 936,855.80	
Aug-13	Jul-13	\$ 940,442.51	
Sep-13	Aug-13	\$ 1,067,378.93	
Oct-13	Sep-13	\$ 1,069,428.11	
Nov-13	Oct-13	\$ 1,068,866.55	
Dec-13	Nov-13	\$ 1,064,746.37	
Jan-14	Dec-13	\$ 1,057,567.81	
Feb-14	Jan-14	\$ 1,402,255.13	
Mar-14	Feb-14	\$ 1,395,429.04	
Apr-14	Mar-14	\$ 1,391,523.70	
May-14	Apr-14	\$ 1,392,238.30	
Jun-14	May-14	\$ 1,394,672.50	
Jul-14	Jun-14	\$ 1,387,147.54	
Aug-14	Jul-14	\$ 1,395,582.70	
Sep-14	Aug-14	\$ 1,397,216.74	
Oct-14	Sep-14	\$ 1,409,148.75	
Nov-14	Oct-14	\$ 1,407,745.87	
Dec-14	Nov-14	\$ 1,407,709.90	
Jan-15	Dec-14	\$ 1,523,842.70	
Feb-15	Jan-15	\$ 1,993,864.25	
Mar-15	Feb-15	\$ 1,985,902.15	
Apr-15	Mar-15	\$ 1,981,733.63	
May-15	Apr-15	\$ 1,984,983.70	
Jun-15	May-15	\$ 1,985,854.18	
Jul-15	Jun-15	\$ 5,678,904.90	
Aug-15	Jul-15	\$ 5,693,757.89	
Sep-15	Aug-15	\$ 5,693,757.89	
Oct-15	Sep-15	\$ 5,693,757.89	
Nov-15	Oct-15	\$ 5,693,757.89	
Dec-15	Nov-15	\$ 5,693,757.89	
			<u>2011-2015 Total</u>

PJM Billing Date	Billing Period	Amount Billed
Jan-16	Dec-15	\$ 5,693,757.89 \$ 100,759,259.67



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PECO EXHIBIT NO. JAB-5R

PECO EGS Shopping Statistics (excluding Unaccounted-For Energy and disaggregated by NBT Rate Class)

YEAR	Class	EGS Usage	Default Usage	Total Usage	EGS %	Default %			
1/1/2003	NBT 1 (Residential)	1,076,141,150	12,425,203,977	13,501,345,127	8.0%	92.0%			
1/1/2003	NBT 2 (Small C&I)	1,601,677,456	7,374,261,423	8,975,938,879	17.8%	82.2%			
1/1/2003	NBT 3 (Large C&I)	782,058,673	15,872,203,627	16,654,262,301	4.7%	95.3%			
1/1/2003	NBT 4 (Lighting)	200,695	212,997,894	213,198,589	0.1%	99.9%			
1/1/2004	NBT 1 (Residential)	2,246,967,596	11,509,079,186	13,756,046,782	16.3%	83.7%			
1/1/2004	NBT 2 (Small C&I)	1,836,582,395	7,337,679,427	9,174,261,822	20.0%	80.0%			
1/1/2004	NBT 3 (Large C&I)	790,175,570	16,301,414,671	17,091,590,241	4.6%	95.4%			
1/1/2004	NBT 4 (Lighting)	372,666	206,419,748	206,792,414	0.2%	99.8%			
1/1/2005	NBT 1 (Residential)	363,437,120	14,237,626,971	14,601,064,092	2.5%	97.5%			
1/1/2005	NBT 2 (Small C&I)	1,382,113,440	8,078,519,154	9,460,632,594	14.6%	85.4%			
1/1/2005	NBT 3 (Large C&I)	510,501,945	16,669,902,489	17,180,404,434	3.0%	97.0%			
1/1/2005	NBT 4 (Lighting)	108,282	205,786,668	205,894,950	0.1%	99.9%			
1/1/2006	NBT 1 (Residential)	67,543,475	13,867,436,808	13,934,980,283	0.5%	99.5%			
1/1/2006	NBT 2 (Small C&I)	726,897,156	8,386,653,639	9,113,550,796	8.0%	92.0%			
1/1/2006	NBT 3 (Large C&I)	34,532,339	17,103,907,561	17,138,439,900	0.2%	99.8%			
1/1/2006	NBT 4 (Lighting)	17,093	229,709,096	229,726,190	0.0%	100.0%			
1/1/2007	NBT 1 (Residential)	44,731,286	14,595,015,733	14,639,747,020	0.3%	99.7%			
1/1/2007	NBT 2 (Small C&I)	590,093,332	8,154,514,652	8,744,607,983	6.7%	93.3%			
1/1/2007	NBT 3 (Large C&I)	13,527,292	17,895,760,433	17,909,287,725	0.1%	99.9%			
1/1/2007	NBT 4 (Lighting)	3,863	213,389,841	213,393,703	0.0%	100.0%			
1/1/2008	NBT 1 (Residential)	32,796,506	14,467,816,314	14,500,612,821	0.2%	99.8%	19,131,295	8,439,559,517	8,458,690,812
1/1/2008	NBT 2 (Small C&I)	491,510,019	8,120,085,001	8,611,595,020	5.7%	94.3%	286,714,178	4,736,716,251	5,023,430,428
1/1/2008	NBT 3 (Large C&I)	4,534,062	17,961,241,629	17,965,775,691	0.0%	100.0%	2,644,869	10,477,390,950	10,480,035,820
1/1/2008	NBT 4 (Lighting)	265	207,192,804	207,193,069	0.0%	100.0%	154	120,862,469	120,862,624
1/1/2009	NBT 1 (Residential)	24,223,236	14,060,242,339	14,084,465,576	0.2%	99.8%	29,707,184	14,726,700,727	14,756,407,911
1/1/2009	NBT 2 (Small C&I)	374,520,120	8,018,399,229	8,392,919,349	4.5%	95.5%	385,258,221	8,491,921,804	8,877,180,025
1/1/2009	NBT 3 (Large C&I)	15,550,087	17,280,747,266	17,296,297,354	0.1%	99.9%	44,675,876	17,504,687,415	17,549,363,291
1/1/2009	NBT 4 (Lighting)	1,616	201,211,318	201,212,935	0.0%	100.0%	71,684	200,353,421	200,425,105
1/1/2010	NBT 1 (Residential)	35,191,133	15,393,159,114	15,428,350,247	0.2%	99.8%	1,253,167,277	13,939,618,575	15,192,785,852
1/1/2010	NBT 2 (Small C&I)	395,996,322	8,965,444,379	9,361,440,701	4.2%	95.8%	2,695,091,222	6,527,083,267	9,222,174,489
1/1/2010	NBT 3 (Large C&I)	73,801,664	17,728,627,564	17,802,429,228	0.4%	99.6%	7,703,402,433	9,864,171,380	17,567,573,813
1/1/2010	NBT 4 (Lighting)	141,752	199,495,523	199,637,275	0.1%	99.9%	71,085,748	143,370,811	214,456,558
1/1/2011	NBT 1 (Residential)	2,471,143,422	12,486,078,036	14,957,221,458	16.5%	83.5%	12,490,950,142	95,172,436,587	107,663,386,728
1/1/2011	NBT 2 (Small C&I)	4,994,186,122	4,088,722,155	9,082,908,277	55.0%	45.0%	11.6%	88.4%	
1/1/2011	NBT 3 (Large C&I)	15,333,003,202	1,999,715,196	17,332,718,398	88.5%	11.5%			
1/1/2011	NBT 4 (Lighting)	142,029,744	87,246,098	229,275,842	61.9%	38.1%			
1/1/2012	NBT 1 (Residential)	4,065,186,832	10,521,418,349	14,586,605,181	27.9%	72.1%			
1/1/2012	NBT 2 (Small C&I)	6,083,064,392	2,802,166,881	8,885,231,273	68.5%	31.5%			
1/1/2012	NBT 3 (Large C&I)	15,917,591,260	712,783,752	16,630,375,011	95.7%	4.3%			
1/1/2012	NBT 4 (Lighting)	184,085,020	45,519,283	229,604,302	80.2%	19.8%			

PECO EGS Shopping Statistics (excluding Unaccounted-For Energy and disaggregated by NBT Rate Class)

YEAR	Class	EGS Usage	Default Usage	Total Usage	EGS %	Default %
1/1/2013	NBT 1 (Residential)	5,006,503,323	9,718,300,204	14,724,803,527	34.0%	66.0%
1/1/2013	NBT 2 (Small C&I)	6,340,473,261	2,586,056,919	8,926,530,180	71.0%	29.0%
1/1/2013	NBT 3 (Large C&I)	16,068,123,065	763,254,830	16,831,377,895	95.5%	4.5%
1/1/2013	NBT 4 (Lighting)	191,496,266	37,971,095	229,467,361	83.5%	16.5%
1/1/2014	NBT 1 (Residential)	5,180,929,859	9,394,413,392	14,575,343,251	35.5%	64.5%
1/1/2014	NBT 2 (Small C&I)	6,438,927,939	2,448,474,775	8,887,402,713	72.5%	27.5%
1/1/2014	NBT 3 (Large C&I)	16,168,748,905	550,140,600	16,718,889,505	96.7%	3.3%
1/1/2014	NBT 4 (Lighting)	193,617,221	34,999,845	228,617,065	84.7%	15.3%
1/1/2015	NBT 1 (Residential)	5,342,998,051	9,701,231,256	15,044,229,307	35.5%	64.5%
1/1/2015	NBT 2 (Small C&I)	6,499,905,190	2,458,938,417	8,958,843,607	72.6%	27.4%
1/1/2015	NBT 3 (Large C&I)	16,158,954,370	521,112,471	16,680,066,841	96.9%	3.1%
1/1/2015	NBT 4 (Lighting)	196,153,649	30,087,108	226,240,757	86.7%	13.3%
1/1/2016	NBT 1 (Residential)	5,463,005,612	9,602,842,108	15,065,847,720	36.3%	63.7%
1/1/2016	NBT 2 (Small C&I)	6,626,545,820	2,304,612,989	8,931,158,809	74.2%	25.8%
1/1/2016	NBT 3 (Large C&I)	16,197,648,458	464,919,395	16,662,567,853	97.2%	2.8%
1/1/2016	NBT 4 (Lighting)	202,799,792	24,939,421	227,739,213	89.0%	11.0%
1/1/2017	NBT 1 (Residential)	5,219,517,275	9,144,470,169	14,363,987,444	36.3%	63.7%
1/1/2017	NBT 2 (Small C&I)	6,449,562,626	2,303,199,383	8,752,762,008	73.7%	26.3%
1/1/2017	NBT 3 (Large C&I)	16,215,126,876	456,258,701	16,671,385,577	97.3%	2.7%
1/1/2017	NBT 4 (Lighting)	198,651,615	23,347,994	221,999,610	89.5%	10.5%
1/1/2018	NBT 1 (Residential)	5,216,595,248	10,130,897,539	15,347,492,787	34.0%	66.0%
1/1/2018	NBT 2 (Small C&I)	6,455,006,329	2,482,954,803	8,937,961,131	72.2%	27.8%
1/1/2018	NBT 3 (Large C&I)	16,361,358,841	421,502,121	16,782,860,962	97.5%	2.5%
1/1/2018	NBT 4 (Lighting)	183,841,316	22,132,925	205,974,241	89.3%	10.7%

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

OFFICE OF CONSUMER ADVOCATE	:	
	:	
v.	:	DOCKET NOS. M-2018-3005860
	:	C-2018-3006242
PECO ENERGY COMPANY	:	

VERIFICATION

I, Joseph A. Bisti, hereby state that I am a Principal Regulatory and Rates Specialist at PECO Energy Company; that I am authorized to and do make this Verification; and that the facts set forth in the pre-marked statements and exhibits listed in PECO Hearing Exhibit No. 1, which is attached hereto as Appendix A, are true and correct to the best of my knowledge, information and belief and that I expect to be able to prove the same at a hearing held in this matter. I understand that the statements herein are made subject to the penalties of 18 Pa. C.S. § 4904, relating to unsworn falsification to authorities.

Dated: November 13, 2019



Joseph A. Bisti

APPENDIX A

BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION

OFFICE OF CONSUMER ADVOCATE :
:
v. : Docket Nos. M-2018-3005860
:
PECO ENERGY COMPANY : C-2018-3006342
:

LIST OF PECO ENERGY COMPANY'S TESTIMONY & EXHIBITS

- **PECO Energy Co. Statement No. 1:** Direct Testimony of Joseph A. Bisti
 - **Exhibit No. JAB-1:** Supplement No. 8 to Tariff Electric-Pa PUC No. 4, Effective January 1, 2011
 - **Exhibit No. JAB-2:** PECO Energy Company Default Service Program Request for Proposals For Full Requirements Products (2009)
 - **Exhibit No. JAB-3:** Schedule 12-C Appendix C to the Settlement (FERC Docket No. EL05-121-009)
 - **Exhibit No. JAB-4:** Calculation of PJM Bill Credits PECO will Receive Under the Settlement (FERC Docket No. EL05-121-009)
 - **Exhibit No. JAB-5:** PECO EGS Shopping Statistics (Excluding Unaccounted-For Energy 2003-2018)
 - **Exhibit No. JAB-6:** Calculation of Pre-2011 PJM Bill Credits Under the Settlement (FERC Docket No. EL05-121-009)
 - **Exhibit No. JAB-7:** Non-Bypassable Transmission Service Charge Semiannual Adjustment, PECO Energy Electric Tariff No. 5, Supplement No. 76, Effective December 1, 2018
 - **Exhibit No. JAB-8:** Post-2010 PJM Bill Adjustments, E-Factor Component, Supplement No. 76

- Exhibit No. JAB-9:** **Non-Bypassable Transmission Service Charge Semiannual Adjustment, PECO Energy Electric Tariff No. 6, Supplement No. 13, Effective June 1, 2019**
- Exhibit No. JAB-10:** **Post-2010 PJM Bill Adjustments, E-Factor Component, Supplement No. 13**
- **PECO Energy Co. Statement No. 1-R: Rebuttal Testimony of Joseph A. Bisti**
 - Exhibit No. JAB-1R:** **Response of the OCA to Interrogatories of PECO Energy Company Set II, No. 6**
 - Exhibit No. JAB-2R:** **Settlement Agreement, FERC Docket No. ER97-3189-005**
 - Exhibit No. JAB-3R:** **Response of the OCA to Interrogatories of PECO Energy Company Set II, No. 4**
 - Exhibit No. JAB-4R:** **Pre-2011 RTEP Credit Amount**
 - Exhibit No. JAB-5R:** **PECO EGS Shopping Statistics (Excluding Unaccounted-For Energy and Disaggregated by NBT Rate Class)**
- **PECO Energy Co. Statement No. 1-RJ: Rejoinder Testimony of Joseph A. Bisti**
 - Exhibit No. JAB-1RJ:** **PECO Compliance Filing (FERC Docket No. ER97-3189-005)**
 - Exhibit No. JAB-2RJ:** **PECO FERC Form No. 1 December 31, 1994 (Excerpt)**
 - Exhibit No. JAB-3RJ:** **PECO FERC Form No. 1 December 31, 1992 (Excerpt)**
 - Exhibit No. JAB-4RJ:** **PECO FERC Form No. 1 December 31, 1993 (Excerpt)**