**BEFORE THE**
**PENNSYLVANIA PUBLIC UTILITY COMMISSION**

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| **PETITION OF PECO ENERGY** | : | |
| **COMPANY FOR APPROVAL OF ITS** | : | |
| **DEFAULT SERVICE PROGRAM FOR** | : | **DOCKET NO. P-2016-2534980** |
| **THE PERIOD FROM JUNE 1, 2017** | : | |
| **THROUGH MAY 31, 2019** | : | |

# JOINT PETITION FOR PARTIAL SETTLEMENT

**July 28, 2016**

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**BEFORE THE**
**PENNSYLVANIA PUBLIC UTILITY COMMISSION**

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| **PETITION OF PECO ENERGY COMPANY FOR APPROVAL OF ITS DEFAULT SERVICE PROGRAM FOR THE PERIOD FROM JUNE 1, 2017 THROUGH MAY 31, 2019** | : | **DOCKET NO. P-2016-2534980** |

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## JOINT PETITION FOR PARTIAL SETTLEMENT

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**TO THE HONORABLE CYNTHIA W. FORDHAM, ADMINISTRATIVE LAW JUDGE:**

PECO Energy Company ("PECO"), the Pennsylvania Public Utility Commission's ("Commission") Bureau of Investigation and Enforcement ("I&E"), the Office of Consumer Advocate ("OCA"), the Office of Small Business Advocate ("OSBA"), the Philadelphia Area Industrial Energy Users Group ("PAIEUG") and the Retail Energy Supply Association ("RESA") (collectively, the "Joint Petitioners"), by their respective counsel, submit this Joint Petition For Partial Settlement ("Settlement") in the above-captioned proceeding and request that the Administrative Law Judge approve the Settlement without modification.[1] The Joint Petitioners have reserved one item for briefing, which involves PECO's plan to allow low income customers participating in the Company's Customer Assistance Program ("CAP") to shop for electric generation supply. In support of this Settlement, the Joint Petitioners state as follows:

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[1] Direct Energy Services, LLC ("Direct Energy"), the Coalition for Affordable Utility Services and Energy Efficiency in Pennsylvania ("CAUSE-PA"), and the Tenant Union Representative Network and Action Alliance of Senior Citizens of Greater Philadelphia ("TURN et al."), which are parties to this proceeding, have authorized the Joint Petitioners to represent that they do not oppose the Settlement. Noble Americas Energy Solutions LLC ("Noble") is the only other party that has not joined this Joint Petition and it has indicated that it opposes the Settlement.

## I. BACKGROUND

1. On March 17, 2016, PECO filed the above-captioned petition (the "DSP IV Petition") requesting that the Commission approve PECO's proposed default service program (the "Program") for the period June 1, 2017 through May 31, 2019 in accordance with the Electricity Generation Customer Choice and Competition Act, 66 Pa.C.S. § 2801 *et seq.* (the "Competition Act").

2. The Program set forth in PECO's DSP IV Petition was designed to satisfy its obligation to furnish adequate and reliable service to default service customers at the least cost over time by procuring a prudent mix of long-term, short-term and spot market generation supplies. As explained in the DSP IV Petition, PECO proposed to continue most of the existing programs in its third default service proceeding ("DSP III") as approved by the Commission.[2]

3. Accompanying its DSP IV Petition, PECO filed the supporting data required by 52 Pa. Code § 53.52, as well as the prepared direct testimony and accompanying exhibits of Brian D. Crowe (PECO Statement No. 1); John J. McCawley (PECO Statement No. 2); Scott G. Fisher (PECO Statement No. 3); Chantale LaCasse (PECO Statement No. 4); and Alan B. Cohn (PECO Statement No. 5).

[2] *See Petition of PECO Energy Co. for Approval of Its Default Serv. Program for the Period from June 1, 2015 through May 31, 2017*, Docket No. P-2014-2409362 (Order entered December 4, 2014) ("DSP III Order").

4. PECO notified its customers of the filing of the DSP IV Petition by inserts included in the Company's customers' bills over a thirty-day period beginning on April 1, 2016. In addition, PECO published notices in major newspapers in its electric service territory. The notices referred interested persons to PECO's website, where a copy of the entire filing was available for review. In addition, PECO served its DSP IV Petition on the OCA, the OSBA, I&E, PJM, PAIEUG and all electric generation suppliers ("EGSs") registered to provide service in PECO's service territory.

5. On April 9, 2016, the *Pennsylvania Bulletin* published the Commission's Notice setting a deadline for filing protests, complaints or petitions to intervene by April 19, 2016 and scheduling a Prehearing Conference for April 22, 2016 before Administrative Law Judge ("ALJ") Cynthia W. Fordham.

6. Petitions to Intervene were filed by CAUSE-PA, Direct Energy, Noble, PAIEUG, RESA and TURN *et al*. The OCA filed a Notice of Intervention, Public Statement and Answer. The OSBA filed a Notice of Intervention, Answer, Verification, Public Statement and Notice of Appearance. I&E filed a Notice of Appearance. PAIEUG also filed an Answer to the DSP IV Petition.

7. A Prehearing Conference was held on April 22, 2016, at which a schedule was established for the submission of testimony and the conduct of hearings. Specifically, and consistent with Commission practice, a schedule was adopted whereby all case-in-chief, rebuttal and surrebuttal testimony would be submitted in writing in advance of hearings. Evidentiary hearings were scheduled for July 14-15, 2016, at which all testimony and exhibits would be placed in the record and all witnesses presented for oral rejoinder and cross-

examination, if any, thereon. The ALJ thereafter issued a Scheduling Order establishing this schedule.

8. On June 3, 2016, the OCA, OSBA, CAUSE-PA and RESA submitted a total of five written statements and accompanying exhibits. On June 24, 2016, PECO, the OCA, and RESA submitted five statements constituting their rebuttal testimony in this case. On July 8, 2016, CAUSE-PA, the OCA and RESA submitted four surrebuttal statements.

9. After the submission of written testimony, the parties engaged in discussions to try to achieve a settlement of some or all of the issues in this case. As a result of those negotiations, the Joint Petitioners were able to reach the Settlement set forth herein and agree to a revised default service program consistent with PECO's DSP IV Petition, as modified herein ("Revised DSP IV"), subject to resolution of PECO's plan to enable CAP customers to shop for electric generation supply.

10. At the July 14, 2016 evidentiary hearing held in Philadelphia, Pennsylvania, the parties notified the ALJ of the Settlement and all pre-filed written testimony and exhibits were admitted into evidence.[3] Thereafter, the ALJ approved a revised schedule providing for the filing of Initial Briefs and Reply Briefs on August 11, 2016 and August 25, 2016, respectively, after the filing of this Joint Petition.

[3] At the request of the parties, the ALJ canceled the hearing scheduled for July 15, 2016.

## II. TERMS AND CONDITIONS OF SETTLEMENT

11. The Settlement consists of the following terms and conditions:

### A. Procurement Plan

12. The Joint Petitioners agree that the DSP IV Program shall be in effect for a period of four years, from June 1, 2017 through May 31, 2021.

(a) PECO agrees to hold a stakeholder collaborative in January 2018, with a follow-up collaborative in February 2018, if necessary, open to all parties to this proceeding, to discuss any aspect of the products or programs approved in the DSP IV Program, as well as other retail market enhancement issues as they relate to PECO's provision of default service.

(b) In the event any party believes market conditions have significantly changed during the period following the Commission's issuance of its final Order in this proceeding to January 2018, the parties may present such information supporting their position and recommendations for changes to the DSP IV Program during the collaborative.

(c) Within 60 days from the date of the January 2018 collaborative (or the February 2018 collaborative, if held), PECO will submit a report at this Docket summarizing the collaborative.

(d) Nothing herein restricts any party's rights under law to make any filing regarding (a) or (b) above, nor does anything herein restrict any position any party may take in any such proceeding or in any other proceeding. The Parties acknowledge that nothing contained herein is intended to expand or limit the Commission's subject matter jurisdiction nor to foreclose implementation of future Commission-approved retail market programs.

(e) Nothing contained herein is intended to limit the use of information presented during the collaborative for other appropriate purposes, including as set forth in paragraph (d).

13. PECO's default service customers shall be divided into three classes for purposes of default service procurement: the Residential Class, the Small Commercial Class, and the Consolidated Large Commercial and Industrial Class. The Residential and Small Commercial classes are the same as those established in PECO's three prior default service programs. The current Medium Commercial and Large Commercial and Industrial classes, which both receive hourly-priced default service as of June 1, 2016, will be consolidated into a single procurement class – the Consolidated Large Commercial and Industrial Class.

14. The Residential Class includes all residential customers currently receiving service under PECO rate schedules R and RH.

15. The Small Commercial Class includes customers with annual peak demands of up to 100 kW served under rate schedules GS, PD and HT plus lighting customers on schedules AL, POL, SLE, SLS and TLCL.

16. The Consolidated Large Commercial and Industrial Class includes customers with annual peak demands greater than 100 kW on schedules GS, HT, PD and EP.

#### (1) Residential Class

17. For the Residential Class, PECO will continue to procure a mix of one-year and two-year fixed-price full requirements ("FPFR") contracts for approximately 96% of the supply, with six months spacing between the commencement of contract delivery periods. During the Revised DSP IV period, the remaining approximately 4% of Residential Class supply currently obtained through 17-month FPFR products (and residual spot-market purchases), will be replaced with 24-month FPFR products (approximately 3.2% of residential default service load) and spot purchases (approximately 0.8%) directly from the energy markets operated by PJM. These 24-month FPFR products will be procured in the scheduled Spring 2017 procurements, and again in the scheduled Spring 2019 procurements, under the stipulated four-year procurement plan.

18. Suppliers will bid in a competitive, sealed-bid request for proposals ("RFP") process on "tranches" corresponding to a percentage of the actual Residential default service customer load. Winning suppliers will be obligated to supply full requirements load-following service, which includes energy, capacity, ancillary services, and all other services or products necessary to serve a specified percentage of PECO's default service load in all hours during the supply product's delivery period.[4] In addition, the full requirements product requires the supplier to provide PECO all necessary alternative energy credits ("AECs") described in Paragraph 30, *infra*, for compliance with Pennsylvania's Alternative Energy Portfolio Standards ("AEPS") Act. 73 P.S. § 1648.1 *et seq*. Each of the contracts will be procured approximately two months prior to the beginning of the applicable contract delivery period.

[4] PECO remains responsible for all distribution services to its default service customers. The assignment of responsibility for PJM transmission-related costs is discussed in Section II.E, *infra*.

As in DSP III, PECO will continue to nominate PJM Auction Revenue Rights ("ARRs") for the default service load. To facilitate selection and transfer of ARRs to wholesale default service suppliers, PECO will continue to employ a consultant for ARR analysis and selection.

19. The procurement terms and schedule for the Residential Class FPFR contracts are set forth in Exhibit A.

**(2) Small Commercial Class**

20. The Small Commercial Class load will be supplied by equal shares of one-year and two-year FPFR products. Each of the contracts for the Small Commercial Class will be procured through a competitive sealed-bid process in the same manner as FPFR products for the Residential Class approximately two months prior to delivery of energy under the contract.

21. The procurement terms and schedule for the Small Commercial Class portfolio are set forth in Exhibit A.

**(3) Consolidated Large Commercial and Industrial Class**

22. For its Consolidated Large Commercial and Industrial customers, PECO will continue to solicit hourly-priced default service contracts for full requirements products for all default service supply.

23. PECO will procure default service supply for the Consolidated Large Commercial and Industrial Class annually as shown on Exhibit A.

### B. Contingency Plans

24. PECO will continue utilizing the contingency plans approved in prior default service programs. Specifically, in the event PECO fails to obtain sufficient approved bids for all offered tranches for a product in a solicitation, the tranches will be included in PECO's next default supply solicitation for that product. If necessary, PECO will supply any unserved portion of its default service load from the PJM-administered markets for energy, capacity and ancillary services and procure sufficient AECs at market prices to satisfy any near-term obligations under the AEPS Act.

25. In the event of a supplier default and the immediate need to obtain supply for default service, PECO will initially rely on filling that supplier's portion of PECO's default service load through the PJM-administered markets for energy, capacity, and ancillary services. If the default occurs within a reasonable time before a scheduled procurement, the load served by the defaulting supplier will be incorporated into that next procurement. Otherwise, PECO will file a plan with the Commission for an alternative procurement.

### C. Default Service Implementation Plan and Independent Evaluator

26. The Joint Petitioners agree to the form of the Supplier Master Agreement ("SMA") that PECO will execute with wholesale suppliers that are successful bidders in PECO's default service supply procurements set forth in PECO Exhibit JJM-3.

27. The Joint Petitioners agree to the RFP for PECO's competitive sealed-bid solicitations attached to the Joint Petition as Exhibit B. Exhibit B is a revised version of

PECO Exhibit CL-2 to reflect the procurement plan and products set forth in this Settlement. The Joint Petitioners also agree to the RFP protocol set forth in PECO Exhibit CL-3.

28. PECO will again appoint NERA Economic Consulting, Inc. ("NERA") as the independent third-party evaluator for PECO's default service procurements.

29. The Commission has previously approved PECO's SMA as an affiliated interest agreement so that PECO's affiliates may participate in default service supply procurements, and PECO is maintaining the same protocols and other protections in its Revised DSP IV to be administered by the Independent Evaluator. In the event that an affiliate of PECO is a winning bidder in a default supply procurement, it will need to execute the SMA in the same manner and time period as other bidders. PECO therefore requests advance approval of the SMA (PECO Exhibit JJM-3) by the Commission as an affiliated interest agreement.

### D. Alternative Energy Portfolio Standards Act Compliance

30. Under the SMA, as in DSP III, PECO will continue to require each full requirements default service supplier to transfer Tier I and Tier II AECs to PECO corresponding to PECO's AEPS obligations associated with the amount of default service load served by that supplier.

31. In addition, PECO will continue to allocate AECs obtained through its AEC procurements to suppliers in accordance with the percentage of load served by each supplier. PECO will retain any portion of its AEC inventory to meet AEPS obligations not provided for by fixed-price full requirements suppliers, and procure any additional required AECs through

PECO's Tier I and Tier II "balancing" procurements previously authorized by the Commission.

### E. Rate Design And Cost Recovery

#### (1) Generation Supply Adjustment

32. PECO will continue to recover the cost of default service from default service customers through a GSA charge. For each customer class with peak loads up to 100 kW – i.e., the Residential and Small Commercial Classes – default service rates established pursuant to the GSA will continue to change quarterly and over/undercollections of default service costs will continue to be reconciled on a semi-annual basis. Such rates will continue to recover: (1) generation costs, certain transmission costs and ancillary service costs established through PECO's competitive procurements; (2) supply management, administrative costs (including costs incurred by PECO to implement Commission-approved retail market enhancement programs) and working capital, as provided in 52 Pa. Code § 69.1808; and (3) applicable taxes. The projected GSA for each quarter, which forms the basis of the Price-to-Compare ("PTC"), will be filed by PECO 45 days before the start of each quarter.

33. PECO's default service rates for the Consolidated Large Commercial and Industrial Class will also continue to be charged through the GSA. For those customers, default service rates will continue to be based upon the price paid to winning suppliers in PECO's hourly-priced service procurements, which includes the PJM day-ahead hourly locational marginal price ("LMP") for the PJM PECO Zone, plus associated costs, such as capacity, ancillary services, PJM administrative expenses and costs to comply with AEPS requirements that are incurred to provide hourly-priced service. To align the filing schedule

for Consolidated Large Commercial and Industrial Class default service rates with PECO's other procurement classes, the Joint Petitioners agree that PECO will file the Hourly Pricing Adder on a quarterly, instead of monthly, basis.

34. The default service rates for the Large Commercial and Industrial Class also include a reconciliation component to refund or recoup GSA over/under collections from prior periods. The Joint Petitioners agree that over/under collections of default service costs for the Consolidated Large Commercial and Industrial Class will be reconciled on a semi-annual basis instead of a monthly basis.

35. PECO shall be permitted to file the GSA and Reconciliation tariff pages set forth in PECO Exhibits ABC-2 and ABC-3 to become effective as of June 1, 2017, subject to resolution of PECO's plan to enable CAP customers to shop for electric generation supply.

**(2) Other Tariff Changes**

36. Effective June 1, 2017, PECO shall be permitted to implement tariff changes set forth in PECO Exhibits ABC-2 and ABC-3 related to the consolidation of the Medium Commercial and Large Commercial and Industrial procurement classes, subject to resolution of PECO's plan to enable CAP customers to shop for electric generation supply.

**(3) Recovery of Certain PJM Charges**

37. Wholesale suppliers will continue to be responsible for those PJM bill line items specified in the SMA.

38. PECO will continue to be responsible for and recover the following PJM charges from all distribution customers in PECO's service territory through its Non-Bypassable Transmission Charge: Generation Deactivation/RMR charges (PJM bill line 1930) set after December 4, 2014; RTEP charges (PJM bill line 1108); and Expansion Cost Recovery charges (PJM bill line 1730). During DSP IV, PECO will continue to be responsible for and recover Network Integration Transmission Service ("NITS") and Non-Firm Point-to-Point Transmission costs associated with default service customers through its unbundled, bypassable Transmission Service Charge.

39. Transparency of NITS rates and charges will be enhanced in the following ways:

(a) PECO will provide notice to EGSs and default service suppliers of any public, docketed Federal Energy Regulatory Commission ("FERC") filings that modify the NITS rate for any transmission company providing service to PECO. This includes but is not limited to any informational filings implementing annual rate changes under a formula rate. All such notices will be provided through publication on SUCCESS, or its successor portal, and the Supplier Information webpage on PECO's procurement website (www.pecoprocurement.com) not later than ten days after such filing is made at the FERC. All communications will be archived on SUCCESS, or its successor portal, as well as PECO's procurement website.

(b) PECO will add a page to SUCCESS, or its successor portal, and the Supplier Information webpage on PECO's procurement website titled "NITS Rate Information." This page will include the information and notices referenced in the foregoing provision. The website will also include a prominent table displaying the currently-effective NITS rate for PECO, the effective date of the NITS rate, and a document labeled "Future NITS Rate." The "Future NITS Rate" will reflect any proposed rate filed at the FERC as well as the proposed effective date of the rate.

**F. Standard Offer Program**

40. The currently-effective Standard Offer Program ("SOP"), including the cost recovery mechanisms last approved by the Commission in PECO's DSP III proceeding, will continue until May 31, 2021.

41. Within ninety days of Commission approval of this settlement, SOP procedures, scripts and training documents shall be revised in the following manner:

(a) PECO customer service representatives will be required to complete the transaction that was the subject of the customer's call to the PECO Care Center and provide all information relevant to the call (e.g., account numbers) prior to initiating any transfer to Allconnect.

(b) PECO's SOP script initiating the transfer to Allconnect will provide the following language: "Your new account number is [12345-67899]. In Pennsylvania, you can choose the supplier that provides your electricity without impacting the quality of service provided by PECO. PECO is sponsoring a program called the Smart Energy Choice Program which may be able to offer you a potential savings opportunity by enrolling with an electric generation supplier. Would you like to hear more? If response is no: Close the call. If response is yes: Please hold while I transfer you to a specialist that can help you."

(c) The Allconnect script will be revised to include the following language, which replaces the language required in the DSP III Settlement: "Hi, My name is [Allconnect NAME]. I understand you would like to learn more about the PECO Smart Energy Choice Program. Is that correct? PECO is responsible for delivering your electricity. The actual generation of the electricity you receive can be provided by PECO or a participating supplier of your choice. The PECO Program offers a fixed price of [SOP rate] cents/kWh for one year provided by an Electric Generation Supplier. The fixed Program price provides a 7% discount off of today's Price to Compare which is [PTC Rate] cents/kWh. PECO's Price to Compare changes quarterly in March, June, September and December. The PECO Smart Energy Choice Program price will not change during the 12 monthly bills, but the Price to Compare could be higher or lower than the PECO Program price during this period."

(d) The term "constant" will be eliminated from any communications with customers describing the program's initial discount of 7% from the current PTC by both PECO and Allconnect customer service representatives.

(e) PECO reserves the right to propose additional script changes following advance notice to the parties to this settlement and provide an opportunity for interested parties to submit written comments. Proposed changes may be implemented upon agreement of the interested parties, or approval by the Commission if no agreement is reached.

42. At the same time that it implements the foregoing script changes, PECO will incorporate the following topics into Allconnect's ongoing refresher training sessions for its customer service representatives: (1) PECO's PTC; (2) the potential for savings through enrollment in the SOP; (3) the appropriate time to cease marketing the SOP on a transferred call; (4) PECO's obligation to provide default service; and (5) the presentation of home services, which include an appropriate transition to non-electricity related services such as telephone and cable, at the end of a transferred call that are not related to, or endorsed by, PECO.

43. PECO will convene an EGS workshop to discuss potential operational enhancements to improve administration of the SOP. Topics will include sharing accurate customer account information associated with customers who have affirmatively selected to enroll in the SOP.

**G. Request For Waivers**

44. The Commission's regulations (52 Pa. Code § 54.187) and Policy Statement (52 Pa. Code § 69.1805) provide that default service providers should design procurement classes based upon peak loads of 0-25 kW, 25-500 kW, and 500 kW and greater, but default service providers may propose to depart from these specific ranges, including to "preserve

existing customer classes." If necessary, the Joint Petitioners respectfully request that the Commission grant PECO a waiver of 52 Pa. Code § 54.187 to allow PECO's procurement classes to be as delineated in Section II.A, *supra*.

45. To the extent necessary, the Joint Petitioners also respectfully request that the Commission grant PECO a waiver of 52 Pa. Code §§ 54.187(i) and (j) to allow PECO to implement quarterly filing of hourly-priced default service rates and semi-annual reconciliation of the over/under collection component of the GSA for all default service customers as explained in Section II.E, *supra*.

## III. THE SETTLEMENT IS IN THE PUBLIC INTEREST

46. PECO, I&E, the OCA, the OSBA, PAIEUG, and RESA have prepared, and attached to this Joint Petition, Statements in Support identified as Attachments A through F, respectively, setting forth the bases on which they believe the Settlement is in the public interest.

47. The Joint Petitioners submit that the Settlement is in the public interest for the following additional reasons:

- ***Substantial Litigation And Associated Costs Will Be Avoided***. The Settlement amicably and expeditiously resolves a number of important and contentious issues. The administrative burden and costs to litigate these matters to conclusion would be substantial.
- ***The Settlement Is Consistent With Commission Policies Promoting Negotiated Settlements***. The Joint Petitioners arrived at the Settlement terms after conducting

extensive discovery and engaging in in-depth discussions over several weeks. The Settlement terms and conditions constitute a carefully crafted package representing reasonable negotiated compromises on the issues addressed herein. Thus, the Settlement is consistent with the Commission's rules and practices encouraging negotiated settlements (*see* 52 Pa. Code §§ 5.231, 69.391 and 69.401), and is supported by a substantial record.

## IV. ADDITIONAL TERMS AND CONDITIONS

48. The Joint Petitioners agree that this Settlement, subject to the Commission resolution of the issue reserved for briefing, represents the default service procurement plan for all of PECO's customer classes for the Revised DSP IV term. PECO shall be entitled to recover all costs incurred by the Company under its procurement plan as set forth in this Settlement, and the Joint Petitioners agree that they shall neither challenge nor seek disallowance of such costs (including pursuant to 66 Pa.C.S. §§ 2807(e)(3.8) and (3.9)), provided that PECO's procurements are made in accordance with the approved plan and there has been no fraud, collusion, or market manipulation with regard to the contracts entered into under the plan.

49. This Settlement is proposed by the Joint Petitioners to settle the instant case and is made without any admission against, or prejudice to, any position which any Joint Petitioner might adopt during subsequent litigation of this case or any other case. It is understood, however, that Paragraph 48 shall be binding upon the Joint Petitioners should the Settlement be approved.

50. This Settlement is conditioned upon the Commission's approval of the terms and conditions contained herein without modification. If the Commission should disapprove the Settlement or modify the terms and conditions herein, this Settlement may be withdrawn upon written notice to the Commission and all active parties within five business days following entry of the Commission's Order by any of the Joint Petitioners and, in such event, shall be of no force and effect. In the event that the Commission disapproves the Settlement or the Company or any other Joint Petitioner elects to withdraw as provided above, the Joint Petitioners reserve their respective rights to fully litigate this case, including but not limited to presentation of witnesses, cross-examination and legal argument through submission of Briefs, Exceptions and Replies to Exceptions.

51. If the Administrative Law Judge, in her Recommended Decision, recommends that the Commission adopt the Settlement as herein proposed without modification, the Joint Petitioners agree to waive the filing of Exceptions. However, the Joint Petitioners do not waive their rights to file Exceptions with respect to any modifications to the terms and conditions of this Settlement, or any additional matters proposed by the Administrative Law Judge in her Recommended Decision (including the ALJ's determinations regarding the separately briefed issue concerning PECO's plan to enable CAP customers to shop for electric generation supply and any issues that may be raised by Noble in its opposition to the Settlement). The Joint Petitioners also reserve the right to file Replies to any Exceptions that may be filed.

**WHEREFORE**, the Joint Petitioners, by their respective counsel, respectfully request that Administrative Law Judge Fordham enter a Recommended Decision and the Commission enter an Order:

1. Approving the Settlement and PECO's Revised DSP IV, as set forth herein, including all terms and conditions thereof, subject to the resolution of the issue reserved for briefing;

2. Approving the selection of NERA Economic Consulting, Inc. to continue as the independent third-party evaluator for PECO's default service procurements;

3. Finding that PECO's Revised DSP IV includes prudent steps necessary to negotiate favorable generation supply contracts;

4. Finding that the PECO's Revised DSP IV includes prudent steps necessary to obtain least cost generation supply contracts on a long-term, short-term and spot market basis;

5. Finding that neither PECO nor its affiliates have withheld from the market any generation supply in a manner that violates federal law;

6. Granting a waiver of the rate design provisions of 52 Pa. Code § 54.187, to the extent necessary, to permit PECO to procure generation for three procurement classes, quarterly filing of hourly-priced default service rates and semi-annual reconciliation of the over/under collection component of the GSA for all default service customers as set forth in PECO's Revised DSP IV;

7. Approving the form SMA set forth in PECO Exhibit JJM-3 as an affiliated interest agreement pursuant to 66 Pa.C.S. § 2102;

8. Authorizing the electric service tariff riders set forth in PECO Exhibits ABC-2 and ABC-3 to become effective as of June 1, 2017.

9. Terminating the proceeding at Docket No. P-2016-2534980 following a Commission decision on the issue of PECO's plan to enable CAP customers to shop for electric generation supply reserved by the parties.

Respectfully submitted,

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