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August 13, 2020

VIA ELECTRONIC FILING

Rosemary Chiavetta, Secretary
Pennsylvania Public Utility Commission
Commonwealth Keystone Building
400 North Street, 2nd Floor
Harrisburg, PA 17120

**Re: Petition of PECO Energy Company for Approval of Its Default Service
Program for the Period from June 1, 2021 through May 31, 2025
Docket No. P-2020-3019290**

Dear Secretary Chiavetta:

Enclosed for filing is the **Joint Petition for Partial Settlement** (“Joint Petition”) in the above-captioned matter.

As evidenced by the enclosed Certificate of Service, copies of the Joint Petition are being served on Administrative Law Judge Eranda Vero and all parties of record.

If you have any questions, please contact me directly at 215.841.5974.

Very truly yours,



W. Craig Williams

c: Per Certificate of Service (w/encls.)

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

PETITION OF PECO ENERGY :
COMPANY FOR APPROVAL OF ITS :
DEFAULT SERVICE PROGRAM FOR : **Docket No. P-2020-3019290**
THE PERIOD FROM JUNE 1, 2021 :
THROUGH MAY 31, 2025 :

CERTIFICATE OF SERVICE

I hereby certify and affirm that I have this day served a copy of the **Joint Petition for Partial Settlement** on the persons below in the matter specified in accordance with the requirements of 52 Pa. Code § 1.54:

VIA ELECTRONIC MAIL

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Dated: August 13, 2020

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

PETITION OF PECO ENERGY	:	
COMPANY FOR APPROVAL OF ITS	:	
DEFAULT SERVICE PROGRAM FOR	:	DOCKET NO. P-2020-3019290
THE PERIOD FROM JUNE 1, 2021	:	
THROUGH MAY 31, 2025	:	

JOINT PETITION FOR PARTIAL SETTLEMENT

August 13, 2020

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EXHIBITS AND STATEMENTS IN SUPPORT

Exhibit A	Revised Electric Service Tariff (Relevant Pages)
Exhibit B	Revised Electric Service Tariff (Redline)

- Statement A Statement in Support of Joint Petition for Partial Settlement of PECO Energy Company
- Statement B Statement in Support of Joint Petition for Partial Settlement of the Office of Consumer Advocate
- Statement C Statement in Support of Joint Petition for Partial Settlement of the Office of Small Business Advocate
- Statement D Statement in Support of Joint Petition for Partial Settlement of Calpine Retail Holdings, LLC
- Statement E Statement in Support of Joint Petition for Partial Settlement of the Coalition for Affordable Utility Services and Energy Efficiency in Pennsylvania
- Statement F Statement in Support of Joint Petition for Partial Settlement of the Electric Supplier Coalition
- Statement G Statement in Support of Joint Petition for Partial Settlement of the Philadelphia Area Industrial Energy Users Group
- Statement H Statement in Support of Joint Petition for Partial Settlement of Tenant Union Representative Network and Action Alliance of Senior Citizens of Greater Philadelphia

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

PETITION OF PECO ENERGY	:	
COMPANY FOR APPROVAL OF ITS	:	
DEFAULT SERVICE PROGRAM FOR	:	DOCKET NO. P-2020-3019290
THE PERIOD FROM JUNE 1, 2021	:	
THROUGH MAY 31, 2025	:	

JOINT PETITION FOR PARTIAL SETTLEMENT

TO THE HONORABLE ERANDA VERO, ADMINISTRATIVE LAW JUDGE:

PECO Energy Company (“PECO”), the Office of Consumer Advocate (“OCA”), the Office of Small Business Advocate (“OSBA”), the Coalition for Affordable Utility Services and Energy Efficiency in Pennsylvania (“CAUSE-PA”), Calpine Retail Holdings, LLC (“Calpine”), the Electric Supplier Coalition,¹ the Philadelphia Area Industrial Energy Users Group (“PAIEUG”), and Tenant Union Representative Network and Action Alliance of Senior Citizens of Greater Philadelphia (together, “TURN et al.”) (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.² The Joint Petitioners have reserved two issues for briefing, which involve (1) the allocation of the costs PECO incurs to implement new time-of-use (“TOU”) default service rate options and (2) changes to the current assignment of responsibility for PJM

¹ The Electric Supplier Coalition’s members are NRG Energy, Inc., Direct Energy Services LLC, Interstate Gas Supply Inc., d/b/a IGS Energy, Vistra Energy Corp., Shipley Choice LLC, ENGIE Resources LLC and WGL Energy Services, Inc.

² StateWise Energy Pennsylvania LLC and SFE Energy Pennsylvania, Inc. (collectively, (“StateWise”), which are parties to this proceeding, have authorized the Joint Petitioners to represent that they do not oppose the Settlement. Clean Air Council, Sierra Club/PA Chapter and Philadelphia Solar Energy Association (collectively, the “Environmental Stakeholders”) is the only party that has not joined this Joint Petition and it has indicated that it opposes the Settlement.

Interconnection, L.L.C. (“PJM”) charges for Network Integration Transmission Service (“NITS”) from all load-serving entities to PECO (as proposed by the Electric Supplier Coalition). In support of this Settlement, the Joint Petitioners state as follows:

I. BACKGROUND

1. On March 13, 2020, PECO filed the above-captioned petition (the “DSP V Petition”) requesting that the Pennsylvania Public Utility Commission (“Commission”) approve PECO’s proposed fifth default service program (“DSP V” or the “Program”) for the period June 1, 2021 through May 31, 2025 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 V 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 V Petition, PECO proposed to continue most of the existing programs in its fourth default service proceeding (“DSP IV”) as approved by the Commission.³

3. Accompanying its DSP V Petition, PECO filed the supporting data required by 52 Pa. Code § 53.52, as well as the prepared direct testimony and accompanying exhibits of John J. McCawley (PECO Statement No. 1); Joseph A. Bisti (PECO Statement No. 2); Carol Reilly (PECO Statement No. 3); and Scott G. Fisher (PECO Statement No. 4).

³ See *Petition of PECO Energy Co. for Approval of Its Default Serv. Program for the Period from June 1, 2017 through May 31, 2021*, Docket No. P-2016-2534980 (Order entered Dec. 8, 2016) (“DSP IV Order”).

4. PECO notified its customers of the filing of the DSP V Petition by inserts included in the Company's customers' bills over a thirty-day period beginning on April 1, 2020. In addition, PECO published notices in major newspapers in its electric service area. 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 V Petition on the OCA, the OSBA, the Commission's Bureau of Investigation and Enforcement, PJM, PAIEUG and the Retail Energy Supply Association, as well as all electric generation suppliers ("EGSs") registered to provide service in PECO's service area.

5. On April 18, 2020, the *Pennsylvania Bulletin* published the Commission's Notice setting a deadline for filing protests, complaints or petitions to intervene by May 1, 2020 and scheduling a Prehearing Conference for May 5, 2020 before Administrative Law Judge ("ALJ") Eranda Vero.

6. Petitions to Intervene were filed by CAUSE-PA, Calpine, the Electric Supplier Coalition, the Environmental Stakeholders, PAIEUG, StateWise 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. By letter dated April 29, 2020, an interfaith group POWER requested that the Commission hold a public input hearing in PECO's DSP V proceeding and expressed its interest in seeing PECO include more solar energy in its default service supply portfolio as part of this proceeding.⁴

7. A telephonic Prehearing Conference was held on May 5, 2020, at which a schedule was established for the submission of testimony and the conduct of hearings.

⁴ In their respective Prehearing Conference Memoranda filed on May 4, 2020, the OCA supported the use of "smart" public input hearings and the Environmental Stakeholders, in turn, requested at least two public input hearings to provide a forum for customer input in this proceeding on the types of energy procured by PECO during DSP V, including the amount of renewable energy and distributed solar generation.

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 29-30, 2020, 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. A virtual public input hearing was scheduled and held on June 9, 2020.

9. On June 16, 2020, the OCA, OSBA, CAUSE-PA, the Electric Supplier Coalition, the Environmental Stakeholders, and TURN et al. submitted a total of seven written statements and accompanying exhibits. On July 9, 2020, PECO, the OCA, OSBA, Calpine, CAUSE-PA, PAIEUG, and TURN et al. submitted eleven statements constituting their rebuttal testimony in this case. On July 23, 2020, PECO, the OCA, OSBA, the Electric Supplier Coalition, the Environmental Stakeholders and TURN et al. submitted seven surrebuttal statements.

10. 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 V Petition, as modified herein ("Revised DSP V").

11. A telephonic evidentiary hearing was held on July 30, 2020. At the hearing, the parties notified the ALJ of the Settlement, PECO witnesses John J. McCawley, Joseph A.

Bisti and Scott G. Fisher were cross-examined and the written testimony and exhibits of all parties were admitted into evidence.⁵

12. The Joint Petitioners will address the two issues reserved for litigation in Initial Briefs and Reply Briefs due on August 20, 2020 and September 8, 2020, respectively, after the filing of this Joint Petition.

II. TERMS AND CONDITIONS OF SETTLEMENT

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

A. Procurement Plan

14. The Joint Petitioners agree that the DSP V Program shall be in effect for a period of four years, from June 1, 2021 through May 31, 2025.

15. PECO's default service customers shall be divided into the same three classes for purposes of default service procurement as those established in DSP IV: the Residential Class, the Small Commercial Class, and the Consolidated Large Commercial and Industrial Class.

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

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

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

⁵ At the request of the parties, the ALJ canceled the hearing scheduled for July 29, 2020.

(1) Residential Class

19. For the Residential Class, PECO will continue to procure a mix of one-year (approximately 38%) and two-year (approximately 61%) fixed-price full requirements (“FPFR”) contracts, with six months spacing between the commencement of contract delivery periods. During the Revised DSP V period, the remaining approximately 1% of Residential Class load will be supplied directly by PJM’s spot energy, capacity and ancillary services markets.

20. 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.⁶ The full requirements product requires the supplier to provide PECO all necessary 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. As in DSP IV, PECO will continue to nominate PJM Auction Revenue Rights (“ARRs”) for the default service load. To facilitate selection and transfer of ARR to wholesale default service suppliers, PECO will continue to employ a consultant for ARR analysis and selection.

⁶ 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*.

21. The Joint Petitioners agree to the procurement terms and schedule for the Residential Class FPFR contracts set forth in PECO Exhibit No. JJM-3.

(2) Small Commercial Class

22. The Small Commercial Class load will continue to 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.

23. The Joint Petitioners agree to the procurement terms and schedule for the Small Commercial Class FPFR contracts set forth in PECO Exhibit No. JJM-3.

(3) Consolidated Large Commercial and Industrial Class

24. For its Consolidated Large Commercial and Industrial customers, PECO will continue to solicit twelve-month hourly-priced full requirements products, without overlap, for all default service supply.

25. PECO will procure default service supply for the Consolidated Large Commercial and Industrial Class annually as shown on PECO Exhibit No. JJM-3.

B. 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 No. JJM-4.

27. The Joint Petitioners agree to the Requests for Proposals (“RFP”) for PECO’s competitive sealed-bid solicitations and the RFP protocol set forth in PECO Exhibit Nos. JJM-6 and JJM-7, respectively.

28. PECO will again appoint NERA Economic Consulting, Inc. (“NERA”) as the third-party independent 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 V 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. The Joint Petitioners support PECO’s request for advance approval of the SMA (PECO Exhibit JJM-4) by the Commission as an affiliated interest agreement.

C. Alternative Energy Portfolio Standards (“AEPS”) Act Compliance

30. Under the SMA, as in DSP IV, PECO will continue to require each full requirements default service supplier to transfer Tier I (including solar photovoltaic) and Tier II alternative energy credits (“AECs”) to PECO corresponding to PECO’s AEPS obligations associated with the amount of default service load served by that supplier. In addition, PECO will continue to allocate AECs obtained through its separate 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.

31. PECO will also conduct two solicitations in both 2021 and 2022 for ten-year Solar AEC contracts to deliver a total of 16,000 Solar AECs annually (i.e., 4,000 Solar AECs

in each of four solicitations). PECO will procure up to half of each year's Solar AEC amount from solar generating facilities located within its service area.

32. The first stage of each annual RFP will consist of a competitive procurement where the winning bidders will be determined by lowest Solar AEC prices offered. The second stage will be a Standard Offer to Purchase Solar AECs at the quantity-weighted average of the winning competitive prices determined by the first stage RFP, with the requirement that the Solar AECs from stage two bidders come from solar generation resources located in the PECO service area.

33. The Joint Petitioners agree to the use of the RFP rules for Solar AEC procurements and both forms of the Solar Alternative Energy Credit Purchase and Sale Agreement (a Project Version and an Aggregator Version), which each winning bidder will be required to execute, set forth in PECO Exhibit No. JJM-10.

D. Contingency Plans

(1) Full Requirements

34. 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 unfilled tranches will be included in PECO's next default supply solicitation for that product. PECO will supply any unserved portion of its default service load from the PJM-administered markets for energy, capacity and ancillary services.

35. If a supplier 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 proposing alternative procurement options and a request for approval on an expedited basis.

(2) AEPS Requirements

36. In the event that PECO's 2021 RFP for Solar AECs is unsuccessful or there is insufficient participant interest, the amount of solar AECs not under contract will be added to the amount procured in the 2022 procurement process. If PECO is unable to obtain its full 16,000 Solar AECs after completing the 2021 and the 2022 procurements, any shortfall will be met by wholesale suppliers who are obligated to transfer enough Solar AECs to meet AEPS requirements for the percentage of default service load that they supply under the SMA.

E. Rate Design And Cost Recovery

(1) Generation Supply Adjustment

37. PECO will continue to recover the cost of default service from default service customers through the Generation Supply Adjustment ("GSA") and Transmission Service Charge ("TSC") consistent with DSP IV. For each customer class, 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 to implement Commission-approved retail enhancement programs) and working capital, as provided in 52 Pa. Code § 69.1808; and (3) applicable taxes. The projected GSA for each quarter will continue to be filed by PECO 45 days before the start of each quarter. The GSA and TSC form the basis of the Price-to-

Compare (“PTC”) that customers may use to evaluate competitive generation service offerings.

38. 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 continue to file the Hourly Pricing Adder on a quarterly, instead of monthly, basis.

39. 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 continue to be reconciled on a semi-annual basis instead of a monthly basis.

40. PECO shall be permitted to file the GSA and Reconciliation tariff pages set forth in Exhibits A and B to the Joint Petition to become effective as of June 1, 2021, subject to resolution of the issues related to TOU cost allocation and recovery of NITS charges. Exhibits A and B are revised versions of PECO Exhibit Nos. JAB-7 and JAB-8, respectively, to reflect the tariff changes set forth in this Settlement.

(2) Recovery of Certain PJM Charges

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

42. PECO will continue to be responsible for and recover the following PJM charges from all distribution customers in PECO's service area through its Non-Bypassable Transmission Charge ("NBT"): 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). The issue of whether PJM charges for NITS should be recovered by PECO from all distribution customers through the NBT on a class basis is reserved for litigation.⁷

(3) Time-of Use Rates

43. During DSP V, PECO will introduce new, TOU default service rate options for eligible customers in PECO's Residential and Small Commercial procurement classes (the "TOU Rates") to comply with PECO's obligation under Act 129 of 2008 ("Act 129") to offer TOU and real-time rates to all default service customers with smart meters.⁸

(i) TOU Product Structure and Rate Design

44. PECO's TOU Rates will differentiate prices across three usage periods that are constant throughout the year as shown in Table 1 below.

⁷ The electric service tariff pages referenced in this Joint Petition do not change the Company's current assignment of cost responsibility for PJM NITS charges to load-serving entities (e.g., PECO as the default service provider and EGSs). PECO currently acquires NITS for its default service customer load and recovers the associated PJM charges through the Company's bypassable TSC. PECO will address any Commission determinations regarding NITS in a subsequent compliance filing.

⁸ 66 Pa.C.S. §§ 2807(f)(5). The hourly-priced default service rate for the Consolidated Large Commercial and Industrial Class already meets Act 129 requirements.

Table 1

<u>TOU Pricing Period</u>	<u>Year-Round Days/Hours Included</u>
Peak	2 p.m. – 6 p.m. Monday Through Friday, excluding PJM holidays
Super Off-Peak	Midnight (12 a.m.) – 6 a.m. Every day
Off-Peak	All other hours

These TOU pricing periods will be identical for the Residential and Small Commercial Classes.

45. The Joint Petitioners agree to the TOU price multipliers for each procurement class shown in Table 2 below. These multipliers reflect the ratios calculated from average PJM PECO zone spot market prices as well as allocation of the cost of capacity to peak and off-peak hours only.

Table 2

<u>TOU Pricing Period</u>	<u>GSA-1 TOU Pricing Multipliers*</u>	<u>GSA-2 TOU Pricing Multipliers*</u>
Peak	6.5	5.1
Super Off-Peak	1	1
Off-Peak	1.5	1.7

*Ratio to Super Off-Peak TOU price

46. Commencing with the GSA and TOU rates effective June 1, 2022, PECO agrees to review the TOU pricing multipliers set forth in Table 2, on an annual basis, using a rolling five years of historical PJM Day-Ahead Spot Market Pricing energy data and

Reliability Pricing Model capacity pricing data for the PECO Zone. PECO will only update the applicable TOU pricing multipliers if the use of such data would result in no more than a 10% change from the prior-year's TOU pricing multipliers. If the price multiplier change would exceed 10%, the applicable pricing multipliers will be changed by exactly 10%.

47. PECO will source both the standard and TOU default service for residential and small commercial customers from the same supply portfolio for each procurement class. PECO will use the standard default service GSA as the reference price for PECO's TOU rate calculations.

48. PECO will calculate the TOU Rates on a quarterly basis, synchronized with the GSA adjustment periods for the Residential and Small Commercial Classes, using the pricing methodology set forth in PECO Exhibit Nos. JAB-3 and JAB-4. TOU customer kWh sales and costs will be included in the semi-annual reconciliation of the over/undercollection component of the GSA for the entire procurement class (i.e., Residential or Small Commercial).

(ii) Customer Eligibility

49. PECO's TOU Rates will be available to residential and small commercial default service customers with smart meters configured to measure energy consumption in watt-hours. However, customers enrolled in the Company's Customer Assistance Program ("CAP") will not be eligible for the residential TOU Rate during the Revised DSP V term to avoid potential adverse impacts on CAP benefits.

50. Eligible default service customers may enroll in PECO's TOU Rates online or through the Company's care center. Participating customers will remain on the TOU Rate

until they affirmatively elect to return to PECO's standard default service rate, switch to an EGS or otherwise become ineligible.

51. Customers who select the TOU Rate may leave at any time without incurring related penalties or fees. However, if those customers subsequently leave the TOU Rate for any reason, they may not re-enroll for twelve billing months after switching off the TOU Rate.

(iii) Net Metering Customers

52. Customer-generators, with the exception of virtual net metering customers, will be eligible for the Company's TOU Rates.

53. PECO will separately track net excess generation created by TOU net metering customers within the TOU peak, off-peak and super off-peak periods. Such excess generation will be "banked" for use by the customer in subsequent billing periods. As illustrated on PECO Exhibit No. JAB-5, during any month when a TOU net metering customer consumes more power than it generates, the banked excess generation in the applicable TOU rate period will be used to reduce or offset the customer's bill at the full retail rate, including the current TOU prices for generation. At the end of the PJM planning period on May 31 of each year, PECO will compensate TOU net metering customers for accumulated excess generation based on the applicable TOU rate and TSC in effect at the time the excess electricity was generated.

(iv) Implementation Plan and Cost Recovery

54. The Joint Petitioners agree to adopt PECO's communications plan proposed in the DSP V Petition to inform customers about the new TOU Rates and update enrolled TOU customers about the opportunity for bill savings. This plan includes a webpage dedicated to the TOU Rates, a variety of other customer education materials, and monthly e-mail communications to enrolled TOU customers.

55. All TOU outreach and education materials will include, at a minimum, the following statements, with the title: Important Information About Time of Use Rates:

- (a) “Time of Use rates may not be appropriate for customers that cannot change the time of day that they rely on electricity, such as those with medical devices that require electricity or customers who are home during peak hours.”
- (b) “If you are a low income customer, other programs and rate assistance may be available to help you to afford your bill. Contact PECO at ____ for more information and to apply.”

56. PECO agrees to conduct a collaborative meeting at least 120 days before launching its TOU rate to provide an overview of PECO’s TOU outreach and education plans and materials. PECO will provide stakeholders with an opportunity to review and comment on outreach and education materials before such materials are finalized.

57. PECO agrees to evaluate the impacts of the Company’s TOU rates on confirmed low-income customers as part of the annual report required by Act 129.

58. To assist in the preparation of the annual report, PECO will track TOU customers’ income and demographic information (e.g., age, race, ethnicity and disability status). However, eligible customers who refuse to disclose this information will not be precluded from enrolling in PECO’s TOU rates.

59. PECO estimates that it will require at least twelve months to implement the final TOU rate design approved by the Commission in this proceeding.

60. PECO will recover the costs to implement the new TOU rates from customers in the eligible procurement classes (i.e., the Residential and Small Commercial Classes)

through the administrative cost factor of the GSA. The issue of how the costs PECO incurs to implement its new TOU Rates should be allocated to the Residential and Small Commercial procurement classes is reserved for litigation.

61. Effective June 1, 2021, PECO shall be permitted to implement the tariff changes set forth in Exhibit Nos. A and B related to the Company's TOU Rates, subject to resolution of the issues related to TOU cost allocation and recovery of NITS charges.

F. Standard Offer Program

62. The currently-effective Standard Offer Program ("SOP"), including the cost recovery mechanisms last approved by the Commission in PECO's DSP IV proceeding, will continue until May 31, 2025.

63. Within sixty days of the entry of a final, non-appealable Opinion and Order in this proceeding, PECO will change the brand name for the SOP from "PECO Smart Energy Choice" to "Customer Referral Program".

64. The Joint Petitioners agree that prior to obtaining customer approval to participate in the SOP, the customer service representative for PECO's third-party SOP administrator, currently Kandela, will ask the customer's authorization to enroll with a named supplier.

65. PECO will conduct a monthly evaluation of customer service representatives of Kandela or its successor about presentation of the customer disclosures consistent with the current-SOP related scripts and training materials and take such steps as necessary to train those customer service representatives to provide the correct and approved information about the SOP.

66. Prior to filing its next default service program, PECO agrees to conduct a customer satisfaction survey of customers who withdrew from the SOP before the conclusion of the twelve month program, those who selected a new EGS at the conclusion of the SOP, those who returned to default service at the conclusion of the SOP, and those remained with their SOP supplier at the conclusion of the program.

67. In the portion of PECO's website where shopping information is provided, PECO will provide information about SOP and how customers may enroll.

68. PECO agrees to allow customers to enroll in the SOP through its website and will waive the SOP referral fee for web-enrollments. The website presentment will contain the same information and disclaimers about the program as currently provided in PECO's SOP-related scripts. All implementation costs to enable SOP web-enrollment will be recovered over the Revised DSP V period through a Purchase of Receivables discount. PECO will present a good-faith estimate of implementation costs to the Joint Petitioners by the end of March 2021. If the Joint Petitioners approve those costs, PECO will proceed with implementation by March 2022. SOP suppliers must accept referrals from both PECO's website and call center.

G. Residential Customer Bill Improvements

69. Within sixty days of the entry of a final, non-appealable Opinion and Order in this proceeding, PECO will convene a stakeholder process to discuss mechanisms to collect EGS pricing information compatible with PECO's "bill-ready" billing system and to develop bill improvements to ensure that shopping information is clear and transparent to residential customers. This process will also address EGS recommendations to improve the presentation of shopping information on residential customer bills.

H. CAP Shopping Plan

70. PECO has proposed, in Docket No. M-2018-3005795 (PECO Energy Company's 2019-2024 Universal Service and Energy Conservation Plan), to redesign its CAP from its existing Fixed Credit Option ("FCO") design to a Percent of Income Payment Plan ("PIPP"). To accommodate coordination of PECO's proposed plan to facilitate shopping by low-income customers enrolled in the Company's CAP ("CAP Shopping Plan") with its proposal to move from a FCO design to a PIPP:

(a) PECO will not implement its CAP Shopping Plan as described in the DSP V Petition and the Company's witness statements in the instant docket;

(b) Within ninety days of obtaining a final, non-appealable Opinion and Order in Docket No. M-2018-3005795 that approves, modifies, or rejects PECO's proposal to move to a PIPP, PECO will make a filing with the Commission in which it will make a proposal regarding CAP shopping that is consistent with the CAP design approved in such final, non-appealable Opinion and Order, and which is informed by all available information and data;

(c) In its transmittal letter for the PECO filing referred to above, PECO shall request that its proposal regarding CAP shopping be assigned a new docket number;

(d) The Settlement does not limit any parties' right to take litigation positions in that new docket with respect to whether, when, or in what form PECO should proceed with CAP shopping under the future Commission-approved CAP design;

(e) Upon receipt of a final, non-appealable Opinion and Order in the new docket, PECO will proceed to implement CAP shopping in the manner and time frame if and as approved by the Commission therein.

I. Request For Waivers

71. 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*.

72. 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 continue 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

73. PECO, the OCA, the OSBA, Calpine, CAUSE-PA, the Electric Supplier Coalition, PAIEUG, and TURN et al. have prepared, and attached to this Joint Petition, Statements in Support identified as Statements A through H, respectively, setting forth the bases on which they believe the Settlement is in the public interest.

74. 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

75. 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 V 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.

76. 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 75 shall be binding upon the Joint Petitioners should the Settlement be approved.

77. 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.

78. 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 issues concerning recovery of PJM charges for NITS and TOU cost allocation, as well as any issues that may be raised by the Environmental Stakeholders 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 Vero issue a Recommended Decision and the Commission enter an Order:

1. Approving the Settlement and PECO's Revised DSP V, as set forth herein, including all terms and conditions thereof, subject to the resolution of the issues reserved for briefing;
2. Approving the selection of NERA Economic Consulting, Inc. to continue as the third-party Independent Evaluator for PECO's default service procurements;
3. Finding that PECO's Revised DSP V includes prudent steps necessary to negotiate favorable generation supply contracts;
4. Finding that the PECO's Revised DSP V 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. Finding that PECO's TOU rate options agreed to under this Settlement satisfy PECO's obligations under 66 Pa.C.S. § 2807(f)(5);
7. Granting a waiver of the rate design provisions of 52 Pa. Code § 54.187, to the extent necessary, to permit PECO to continue 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 V;

8. Approving the form SMA set forth in PECO Exhibit No. JJM-4 and both forms of the Solar AEC Purchase and Sale Agreement set forth in PECO Exhibit No. JJM-10 as affiliated interest agreements pursuant to 66 Pa.C.S. § 2102;

9. Authorizing the electric service tariff riders set forth in Exhibits A and B to this Settlement to become effective as of June 1, 2021.

10. Terminating the proceeding at Docket No. P-2020-3019290 following a Commission decision on the issues of allocation of TOU implementation costs and the cost recovery mechanism for NITS charges reserved by the parties.

Respectfully submitted,



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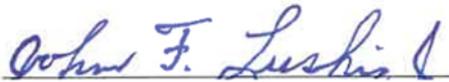
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PECO Energy Company

Electric Service Tariff

COMPANY OFFICE LOCATION

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Philadelphia, Pennsylvania 19103

For List of Communities Served, See Page 4.

Issued August 13, 2020

Effective June 1, 2021

**ISSUED BY: M. A. Innocenzo – President & CEO
PECO Energy Distribution Company
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NOTICE

LIST OF CHANGES MADE BY THIS SUPPLEMENT**GENERATION SUPPLY ADJUSTMENT FOR PROCUREMENT CLASSES 1 AND 2 LOADS UP TO 100KW – X REVISED PAGE NO. 34, X REVISED PAGE NO. 35, ORIGINAL PAGE NO. 35A,**

Updated to reflect effective date of June 1, 2021 (DSP V). Expanded to describe new optional Time-Of-Use (TOU) Pricing Option, including customer eligibility requirements, pricing provisions, and switching rules. Labeled pre-existing non-TOU pricing as “Standard” GSA.

GENERATION SUPPLY ADJUSTMENT FOR PROCUREMENT CLASS 3/4 LOADS GREATER THAN 100KW REVISED PAGE NO. 36 -

Updated to reflect effective date of June 1, 2021 (DSP V).

RECONCILIATION - X REVISED PAGE NO. 37 AND X REVISED PAGE NO. 38

Updated to reflect effective date of June 1, 2021 (DSP V). Modified “Applicability” section to clarify that Standard and TOU default service rate over/undercollections will be calculated in total for both Procurement Classes 1 and 2 (each “reconciled in one group”). Removed obsolete language on Procurement Class 3/4 transition.

RATE RS-2 NET METERING - X REVISED PAGE NO. 51, X REVISED PAGE NO. 52, X REVISED PAGE NO. 53

Updated “Metering Provisions” to exclude virtual net metering customers from default service TOU. Supplemented “Billing Provisions” with description of excess generation accounting and cashout processes for customer-generators enrolled in default service TOU. Pages 52 and 53 are repaginated.

CUSTOMER ASSISTANCE PROGRAM (CAP) RIDER – X REVISED PAGE NO. 77

Added restriction of “Availability” excluding CAP customers from selecting default service TOU.

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**GENERATION SUPPLY ADJUSTMENT FOR PROCUREMENT CLASSES 1 AND 2
LOADS UP TO 100KW**

Applicability: June 1, 2021 this adjustment shall apply to all customers taking default service from the Company with demands up to 100 kW. The rate contained herein shall be calculated to the nearest one thousandth of a cent. The GSA shall contain the cost of generation supply for each tariff rate. The Company will apply Standard Pricing unless customers voluntarily request and are eligible to participate in the Time-Of-Use Pricing Option as detailed below. (C)

Standard Pricing: Standard Pricing provides default service to customers who have not selected or are not eligible for PECO's Time-Of-Use Pricing Option. The rates below shall include the cost of procuring power to serve the default service customers including the cost of complying with the Alternative Energy Portfolio Standards Act ("AEPS" or the "Act") plus associated administrative expenses incurred in acquiring power and gaining regulatory approval of any procurement strategy and plan. The standard pricing for default service will represent the estimate of the cost to serve the specific tariff rate for the next quarterly period beginning with the three months ended August 31, 2021. The rates in this tariff shall be updated quarterly on June 1, September 1, December 1 and March 1 commencing June 1, 2021 and are not prorated. If the balance of over/(under) recovery gets too large, the Company can file a reconciliation that will mitigate the subsequent impact. The standard generation service charge shall be calculated using the following formula: (C)

Standard GSA(n) = (C-E+A)/S*1/(1-T)* (1-ALL)/(1-LL) +AEPS/S*1/(1 - T) + WC where; (C)

C= The sum of the amounts paid to the full requirements suppliers providing the power for the quarterly period, the spot market purchases for the quarterly period, plus the cost of any other energy acquired for the quarterly period. Cost shall include energy, capacity and ancillary services, distribution line losses, cost of complying with the Alternative Energy Portfolio Standards, and any other load serving entity charges other than network transmission service and costs assigned under the Regional Transmission Expansion Plan. Ancillary services shall include any allocation by PJM to PECO default service associated with the failure of a PJM member to pay its bill from PJM as well as the load serving entity charges listed in the Supply Master Agreement Exhibit D as the responsibility of the supplier. This component shall include the proceeds and costs from the exercise of Auction Revenue Rights granted to PECO by PJM.

AEPS = The projected total cost of complying with the Alternative Energy Portfolio Standards Act ("AEPS" or the "Act") not included in the C component above for the quarterly period for each procurement class. Costs include the amount paid for Alternative Energy and/or Alternative Energy Credits ("AEC's") purchased for compliance with the Act, the cost of administering and conducting any procurement of Alternative Energy and/or AEC's, payments to the AEC program administrator for its costs of administering an alternative energy credits program, payments to a third party for its costs in operating an AEC registry, any charge levied by PECO's regional transmission operator to ensure that alternative energy sources are reliable, a credit for the sale of any AEC's sold during the calculation period, and the cost of Alternative Compliance Payments that are deemed recoverable by the Commission, plus any other direct or indirect cost of acquiring Alternative Energy and/or AEC's and complying with the AEPS statute.

E = Experienced over or under-collection calculated under the reconciliation provision of the tariff to be effective semiannually with recovery during the periods March 1 through August 31 of the current year and September 1 of the current year through February 28 (29) of the following year.

A = Administrative Cost - This includes the cost of the Independent Evaluator, consultants providing guidance on the development of the procurement plan, legal fees incurred gaining approval of the plan and any other costs associated with designing and implementing a procurement plan including the cost of the pricing forecast necessary for estimating cost recoverable under this tariff. Also included in this component shall be the cost to implement real time pricing or other time sensitive pricing such as dynamic pricing that is required of the Company or is approved in its Act 129 filing. Administrative Costs also includes any other costs incurred to implement retail market enhancements directed by the Commission in its Retail Market Investigation at Docket No. I-2011-2237952 or any other applicable docket that are not recovered from EGSs or through another rate.

S = Estimated sales for the period the rate is in effect for the classes to which the rate is applicable. Six month sales are used for the E factor with effective periods March 1 through August 31 of the current year and September 1 of the current year through February 28 (29) of the following year.

T = The currently effective gross receipts tax rate.

n = The procurement class for which the GSA is being calculated.

ALL = Average line losses for the procurement class.

LL = Line losses for the specific rate class provided in the Company's Electric Generation Supplier Coordination Tariff rule 6.6.

WC = \$0.00019/kWh to represent the cash working capital for power purchases.

Auction Revenue Rights (ARR) = Allocated annually by PJM to Firm transmission customers, the ARR's allow a Company to select rights to specific transmission paths in order to avoid congestion charges. In general, the line loss adjustment is applicable to Procurement Class 2 only as those classes contain rate classes with three different line loss factors: Current Charges:

Standard Rate		Standard GSA Price
R	GSA (1)	\$0.XXXXX
RH	GSA (1)	\$0.XXXXX
GS	GSA (2)	\$0.XXXXX

(C)

(C) Denotes Change

**GENERATION SUPPLY ADJUSTMENT FOR PROCUREMENT CLASSES 1 AND 2
 LOADS UP TO 100KW (CONTINUED)**

PD	GSA (2)	\$0.XXXXX
HT	GSA (2)	\$0.XXXXX
POL*	GSA (2)	\$0.XXXXX
SL-S*	GSA (2)	\$0.XXXXX
TLCL	GSA (2)	\$0.XXXXX
SL-E*	GSA (2)	\$0.XXXXX
AL*	GSA (2)	\$0.XXXXX
SL-C* **	GSA (2)	\$0.XXXXX

(C)

* Prices shall exclude capacity from the Procurement Class 2 RFP results.

** Rate SL-C was effective July 1, 2019 pursuant to the Order at Docket No. R-2018-3000164

Procedure: For Procurement Classes 1 and 2 the GSA shall be filed 45 days before the effective dates of June 1, September 1, December 1 and March 1 in conjunction with the Reconciliation Schedule.

Time-Of-Use (TOU) Pricing Option: The TOU Pricing Option provides eligible customers with an opportunity to shift energy usage away from peak periods, when wholesale electricity demand and prices are high, to off-peak periods, when demands and prices are lower. Customers may voluntarily request this option in lieu of Standard Pricing described above and must meet the TOU Eligibility Requirements below. TOU Pricing Option rates will be updated quarterly in concurrence with the Standard GSA on June 1, September 1, December 1 and March 1 commencing XXX and are not prorated.

(C)

The year-round TOU Pricing Periods, TOU Period Allocators ["PA-GSA(n)"], and TOU Pricing Multipliers ["PM-GSA(n)"] through June 1, 2022 as approved in the Company's most recent DSP proceeding at Docket No. P-2020-3019290 are as follows:

TOU Pricing Period	Days/Hours Included	TOU Period Allocator PA-GSA(1)	TOU Period Allocator PA-GSA(2)	TOU Pricing Multiplier PM-GSA(1) (Ratio to Super Off-Peak)	TOU Pricing Multiplier PM-GSA(2) (Ratio to Super Off-Peak)
Peak ("PP")	2:00 – 6:00 p.m. Monday through Friday, excluding PJM holidays	12%	14%	6.5-to-1	5.1-to-1
Super Off-Peak ("SOPP")	Midnight (12 a.m.) – 6 a.m. Every day	20%	20%	1-to-1	1-to-1
Off-Peak ("OPP")	All other hours	68%	66%	1.5-to-1	1.7-to-1

Commencing with the GSA and TOU rates effective June 1, 2022, PECO may update the TOU Pricing Multipliers in the above table annually, using a rolling five years of historical PJM Day-Ahead Spot Market Pricing energy data and Reliability Pricing Model capacity pricing data for the PECO zone. PECO will **only** update the applicable TOU Pricing Multipliers if the use of such data would result in no more than a 10% change from the prior-year's TOU Pricing Multipliers. If these updates would exceed 10%, the applicable TOU Pricing Multipliers will be changed by exactly 10%.

To calculate the quarterly TOU Pricing Option rates, the Company will first calculate the quarterly TOU Super Off-Peak Price ("SOPP") in accordance with the formula set forth below:

TOU SOPP GSA(n) = Standard GSA(n) * [1 / SOPP-F(n)] where;

Standard GSA(n) = Defined as above for Standard Pricing.

SOPP-F(n) = Super Off-Peak Price Factor representing the ratio of the Standard GSA(n) to the Super Off-Peak Price, calculated as follows:

TOU SOPP PA-GSA(n) + [(TOU OPP PM-GSA(n) * TOU OPP PA-GSA(n)] + [(TOU PP PM-GSA(n) * TOU PP PA-GSA(n)]

The Company will then calculate the quarterly TOU Peak ("PP") and Off-Peak ("OPP") prices as follows:

TOU PP GSA(n) = TOU SOPP GSA(n) * TOU PP PM-GSA and;

TOU OPP GSA(n) = TOU SOPP (GSA(n) * TOU OPP PM-GSA.

Current TOU Pricing Option Charges:

TOU Rate	Peak ("PP") (2-6 PM Monday-Friday, excluding holidays)	Super Off-Peak ("SOPP") (12-6 AM all days)	Off-Peak ("OP") (All other times)
R (GSA 1)	\$0.XXXXX	\$0.XXXXX	\$0.XXXXX
RH (GSA 1)	\$0.XXXXX	\$0.XXXXX	\$0.XXXXX
GS (GSA 2)	\$0.XXXXX	\$0.XXXXX	\$0.XXXXX
PD (GSA 2)	\$0.XXXXX	\$0.XXXXX	\$0.XXXXX
HT (GSA 2)	\$0.XXXXX	\$0.XXXXX	\$0.XXXXX

(C)

(C) Denotes Change

**GENERATION SUPPLY ADJUSTMENT FOR PROCUREMENT CLASSES 1 AND 2
LOADS UP TO 100KW (CONTINUED)****TOU Eligibility Requirements and Switching Rules:****(C)**

The TOU Pricing Option is available to new and existing Customers in Procurement Classes 1 or 2 with a smart meter configured to measure energy consumption in watt-hours. This includes Customers in the above referenced Procurement Classes taking default service from the Company and who also participate in the Company's RS-2 (Net Metering) tariff, except for virtual net metered Customers. Residential Customers enrolled in the Company's Customer Assistance Program (CAP) are not eligible for the TOU Pricing Option.

As a prerequisite for enrollment, the Customer must have a valid e-mail address to ensure the Company is able to provide the enrolled TOU Pricing Option Customer with timely and meaningful communications regarding their bill savings performance.

Participating Customers will remain on the TOU Pricing Option rate until they affirmatively elect to return to PECO's Standard GSA rate, switch to an EGS, or otherwise become ineligible.

Customers who select the TOU Pricing Option may leave at any time without incurring related penalties or fees. However, Customers who select and subsequently leave the TOU Pricing Option for any reason may not re-enroll on the TOU Pricing Option rate for twelve billing months after switching off the TOU Pricing Option rate.

(C) Denotes Change

**GENERATION SUPPLY ADJUSTMENT FOR PROCUREMENT CLASS 3/4
 LOADS GREATER THAN 100KW**

Applicability: June 1, 2021 this adjustment shall apply to all customers taking default service from the Company with demands greater than 100 kw. (C)

Hourly Pricing Service

Pricing: The rates below shall include the cost of procuring power to serve the default service customers plus associated administrative expenses incurred in acquiring power and gaining regulatory approval of any procurement strategy and plan. The rates for the GSA 3/4 Hourly Pricing Adder* shall be updated quarterly on June 1, September 1, December 1 and March 1 commencing June 1, 2021 and are not prorated. If the balance of over/(under) recovery gets too large due to billing lag, the Company can file a reconciliation that will mitigate the subsequent impact. The cost for this hourly service rate shall be as follows: (C)

Generation Supply Cost (GSC) = (C+R+AS+AC-E)/(1-T)+WCA where;

C = The PJM day ahead hourly price multiplied by the customers usage in the hour summed up for all hours in the month

$$\sum \text{PJM}_{DA} \times \text{usage} / (1-LL)$$

PJM_{DA} – PJM on day ahead hourly price.

Usage - Electricity used by an end use customer.

R = The PJM reliability pricing model (RPM) charge for month for the customer. The RPM charge shall be the customers peak load contribution as established for PJM purposes multiplied by the current RPM monthly charge and the PJM established reserve margin adjustment.

PLC x (1+ RM) x P_{RPM} x Bill Days

PLC = Peak load contribution

RM = Reserve margin adjustment per PJM

P_{RPM} = Capacity price per MW-day

AC = Administrative Cost - This includes an allocation of the cost of the Independent Evaluator, consultants providing guidance on the development of the procurement strategy, legal fees incurred gaining approval of the plan, and any other costs associated with designing and implementing a procurement plan divided by the total default service sales and then multiplied by the customers usage for the month. Administrative Costs also includes any other costs incurred to implement retail market enhancements directed by the Commission in its Retail Market Investigation at Docket No. I-2011-2237952 or any other applicable docket that are not recovered from EGSs or through another rate.

A / S x Usage

A = Administrative cost

S = Default service sales

AS = The cost, on a \$/MWH basis, of acquiring ancillary services from PJM and of complying with the Alternative Energy Portfolio Standard, multiplied by the customers usage for the month and divided by (1-LL). Congestion charges including the proceeds and costs from the exercise of

Auction Revenue Rights shall be included in this component. Ancillary services shall be those included in the Supply Master Agreement as being the responsibility of the supplier.

$$((\text{PJM}_{AS} \times \text{Usage} * 1 / (1-LL) + \text{AEPS} / \text{S}_{AEPS} \times \text{Usage})$$

PJM_{AS} = \$/MWH charged by PJM for ancillary services

AEPS = Cost of complying with the alternative energy portfolio standard

S_{AEPS} = Sales for which AEPS cost is incurred

If the supplier provides the ancillary services and AEPS cost then the customer shall be charged the supplier's rate for these services times usage and divided by (1-LL).

Auction Revenue Rights (ARR) = Allocated annually by PJM to Firm transmission customers, the ARR's allow a Company to select rights to specific transmission paths in order to avoid congestion charges

LL = Line loss factor as provided in the Company's Electric Generation Supplier Coordination Tariff Rule 6.6 based upon the customers distribution rate class adjusted to remove losses included in the PJM LMP

T = The currently effective gross receipts tax rate

E = $\sum O/(U)/S_{3/4} \times \text{usage}$ where

E (Purchased Generation Adj.) = Over/under recovery as calculated in the reconciliation

S_{3/4} = Procurement class 3/4 sales

WC = \$0.00019 kWh for working capital associated with power purchases

WCA = Individual customer sales x WC

Procedure: The "E" factor shall be updated semiannually in conjunction with the Reconciliation. The applicable above items are converted to the rates listed below.

<u>Tariff Rate</u>	<u>GS</u>	<u>PD</u>	<u>HT</u>	<u>EP</u>
Hourly Pricing Adder* (dollars/kWh)	\$0.XXXXX	\$0.XXXXX	\$0.XXXXX	\$0.XXXXX

(C)

* Includes administrative cost (AC), ancillary service charge (AS), E factor (E) and working capital (WC).

(C) Denotes Change

RECONCILIATION

Applicability: June 1, 2021 this adjustment shall apply to all customers who received default service during the period the cost of which is being reconciled. Customers taking default service during the reconciliation period that leave default service prior to the assessment of the collection of the over/(under) adjustment shall still pay or receive credit for the over/(under) adjustment through the migration provision. The Company shall notify the Commission and parties to the Default Service Settlement 15 days in advance of the quarterly or monthly filing if the Migration Provision will be implemented in the filing. (C)

This adjustment shall be calculated on a semiannual basis for Procurement Classes 1, 2 and 3/4 Hourly. The reconciliation period will include the six month period beginning January 1 and July 1 commencing with the July 1, 2020 through December 31, 2020 reconciliation period. The reconciliation shall be separate for each procurement class. Any resulting over or under recovery shall be assessed on an equal cents per kilowatt hour basis to all customers in the relevant procurement group. Any over/(under) recovery shall be collected after the Occurrence of two months from the end of the reconciliation period. Recovery shall be over a six month period commencing September 1 and March 1. The initial six month period is March 1, 2021 through August 31, 2021. For purposes of this rider the reconciliation shall be calculated 45 days before the effective date of recovery. The over or under recovery shall be calculated using the formula below. The calculation of the over/(under) recovery shall be done separately for the following procurement classes – Class 1 – Residential Class 2 – Small C&I up to and including 100 kW, and Class 3/4 – Large C&I greater than 100 kW. For Procurement Classes 1 and 2, Standard Pricing and TOU Pricing Option revenue and cost of supply will be included for the entire Procurement Class. (C)

Reconciliation Formula

$$E_N = \Sigma O/(U) + I$$

$$\text{Migration Provision } E_M = [\Sigma O/(U) + I]/S/(1-GRT)*(1-ALL)/(1-LL)$$

Where:

E = Experienced over or under collection plus associated interest

N = Procurement class

M = Migration Rider

O/(U) = The monthly difference between revenue billed to the procurement class and the cost of supply as described below in Cost, AEPS Cost and Administrative Cost.

Revenue = Amount billed to the tariff rates applicable to the procurement class including approved Real Time Price or other time sensitive rates for the period being reconciled through the GSA.

Cost = The sum of the amounts paid to all of the full requirements suppliers providing the power for the period being reconciled, the spot market purchases for the period being reconciled, plus the cost of any other energy acquired for the period being reconciled. Cost shall include energy, capacity and ancillary services as well as the proceeds and costs of auction revenue rights for Procurement Classes 1 and 2. Ancillary services shall include any allocation by PJM to PECO default service associated with the failure of a PJM member to pay its bill from PJM as well as those costs listed in the Supply Master Agreement as the responsibility of the seller.

AEPS = The total cost of complying with the Alternative Energy Portfolio Standards Act ("AEPS" or the "Act") not included in the Cost component above for the reconciliation period for Procurement Classes 1 and 2 and not included in the ancillary services component for Procurement Class 3/4 Hourly Service. Costs include the amount paid for Alternative Energy and/or Alternative Energy Credits ("AEC's") purchased for compliance with the Act, the cost of administering and conducting any procurement of Alternative Energy and/or AEC's, payments to the AEC program administrator for its costs of administering an alternative energy credits program, payments to a third party for its costs in operating an AEC registry, any charge levied by PECO's regional transmission operator to ensure that alternative energy sources are reliable, a credit for the sale of any AEC's sold during the calculation period, and the cost of Alternative Compliance Payments that are deemed recoverable by the Commission, plus any other direct or indirect cost of acquiring Alternative Energy and/or AEC's and complying with the AEPS statute.

Administrative Cost = This includes the cost of the Independent Evaluator, consultants providing guidance on the development of the procurement strategy, legal fees incurred gaining approval of the strategy, and any other costs associated with designing and implementing a procurement plan including the cost of the pricing forecast necessary for estimating cost recoverable under this tariff. Also included in this component shall be the cost to implement real time pricing or other time sensitive pricing such as dynamic pricing that is required of the Company or approved in its Act 129 filing. Administrative Costs also includes other costs incurred to implement retail market enhancements directed by the Commission in its Retail Market Investigation at Docket No. I-2011-2237952 or any other applicable docket that are not recovered from EGS's or through another rate.

Full Requirements Supply = A product purchased by the Company that includes a fixed price for all energy consumed. The only cost added by the Company to the full requirements price is for gross receipts tax, distribution line losses, and administrative cost.

Ancillary Services = The following services in the PJM OATT- reactive support, frequency control, operating reserves, supplemental reserves, imbalance charges, PJM annual charges, any PJM assessment associated with non-payment by members, and any other load serving entity charges not listed here but contained in Exhibit D of the Supply Master Agreement. Also included shall be the proceeds and costs from the exercise of auction revenue rights for Procurement Class 3/4 Hourly Service.

(C) Denotes Change

RECONCILIATION
(CONTINUED)

Auction Revenue Rights (ARR) = Allocated annually by PJM to Firm transmission customers, the ARR's allow a Company to select rights to specific transmission paths in order to avoid congestion charges.

Capacity = The amount charged to PECO by PJM for capacity for its default service load under the reliability pricing model (RPM).

I = interest on the over or under collection at the prime rate of interest for commercial banking, not to exceed the legal rate of interest, in effect on the last day of the month the over collection or under collection occurs, as reported in the Wall Street Journal in accordance with the Order at Docket No. L-2014-2421001.

S = Estimated default service retail sales in kWh for the period the cost of which is being reconciled.

ALL = The average line losses in a procurement class as a percent of generation.

LL = The average line losses for a particular rate (e.g. HT, PD, GS) as provided in the Electric Generation Supplier Coordination Tariff rule 6.6.

GRT = The current gross receipts tax rate.

Procurement Class - Set of customers for which the company has a common procurement plan.

Procedural Schedule

The Company shall file the calculation of the over/under collection for the period being reconciled and the proposed adjustment to the GSA 45 days before the effective date as described below. The over/under collection adjustment, shall be effective no earlier than the first day of the month such that the commencement of recovery shall lag by two months. The GSA will be effective June 1, September 1, December 1 and March 1 commencing June 1, 2021 with over/under collection recovery occurring over the six month period beginning September 1 and March 1. (C)
The data provided in the reconciliation shall be audited on an annual basis by the PaPUC Bureau of Audits.

RATE RS-2 NET METERING

PURPOSE.

This Rate sets forth the eligibility, terms and conditions applicable to Customers with installed qualifying renewable customer-owned generation using a net metering system.

APPLICABILITY.

This Rate applies to renewable customer-generators served under Rates R, RH, CAP, GS, HT, PD and EP who install a device or devices which are, in the Company's judgment, subject to Commission review, a bona fide technology for use in generating electricity from qualifying Tier I or Tier II alternative energy sources pursuant to Alternative Energy Portfolio Standards Act No. 2004-213 (Act 213) or Commission regulations and which will be operated in parallel with the Company's system. This Rate is limited to installations where the renewable energy generating system is intended primarily to offset part or all of the customer-generator's requirements for electricity. A renewable customer-generator is a non-utility owner or operator of a net metered generation system with a nameplate capacity of not greater than 50 kilowatts if installed at a residential service (Rate R, RH, or CAP) or not larger than 3,000 kilowatts at other customer service locations (Rate GS, HT, PD and EP), except for Customers whose systems are above 3 megawatts and up to 5 megawatts who make their systems available to operate in parallel with the Company during grid emergencies as defined by the regional transmission organization or where a microgrid is in place for the purpose of maintaining critical infrastructure such as homeland security assignments, emergency services facilities, hospitals, traffic signals, wastewater treatment plants or telecommunications facilities provided that technical rules for operating generators interconnected with facilities of the Company have been promulgated by the Institute of Electrical and Electronic Engineers "IEEE" and the Commission.

Qualifying renewable energy installations are limited to Tier I and Tier II alternative energy sources as defined by Act 213 and Commission Regulations. The Customer's equipment must conform to the Commission's Interconnection Standards and Regulations pursuant to Act 213. This Rate is not applicable when the source of supply is service purchased from a neighboring electric utility under Borderline Service.

Service under this Rate is available upon request to renewable customer-generators on a first come, first served basis so long as the total rated generating capacity installed by renewable customer-generator facilities does not adversely impact service to other Customers and does not compromise the protection scheme(s) employed on the Company's electric distribution system.

METERING PROVISIONS.

A Customer may select one of the following metering options in conjunction with service under applicable Rate Schedule R, RH, CAP, GS, HT, PD or EP.

1. A customer-generator facility used for net metering shall be equipped with a single bi-directional meter that can measure and record the flow of electricity in both directions at the same rate. A dual meter arrangement may be substituted for a single bi-directional meter at the Company's expense.
2. If the customer-generator's existing electric metering equipment does not meet the requirements under option (1) above, the Company shall install new metering equipment for the customer-generator at the Company's expense. Any subsequent metering equipment change necessitated by the customer-generator shall be paid for by the customer-generator. The customer-generator has the option of utilizing a qualified meter service provider to install metering equipment for the measurement of generation at the customer-generator's expense.

Additional metering equipment for the purpose of qualifying alternative energy credits owned by the customer-generator shall be paid for by the customer-generator. The Company shall take title to the alternative energy credits produced by a customer-generator where the customer-generator has expressly rejected title to the credits. In the event that the Company takes title to the alternative energy credits, the Company will pay for and install the necessary metering equipment to qualify the alternative energy credits. The Company shall, prior to taking title to any alternative energy credits, fully inform the customer-generator of the potential value of those credits and options available to the customer-generator for their disposition.

3. Meter aggregation on properties owned or leased and operated by a customer-generator shall be allowed for purposes of net metering. Meter aggregation shall be limited to meters located on properties within two (2) miles of the boundaries of the customer-generator's property. Meter aggregation shall only be available for properties located within the Company's service territory. Physical meter aggregation shall be at the customer-generator's expense. The Company shall provide the necessary equipment to complete physical aggregation. If the customer-generator requests virtual meter aggregation, it shall be provided by the Company at the customer-generator's expense. The customer-generator shall be responsible only for any incremental expense entailed in processing his account on a virtual meter aggregation basis. Customer generators involved in virtual metering programs are not eligible for the company's default service TOU Pricing Option. (C)

(C) Denotes Change

RATE RS-2 NET METERING (continued)**BILLING PROVISIONS.**

The following billing provisions apply to default service customer-generators in conjunction with service under applicable Rates R, RH, CAP, GS, HT, PD, EP. (C)

1. The customer-generator will receive a credit for each kilowatt-hour received by the Company up to the total amount of electricity delivered to the Customer during the billing period at the full retail rate consistent with Commission regulations. If a customer-generator supplies more electricity to the Company than the Company delivers to the customer-generator in a given billing period, the excess kilowatt hours shall be carried forward and credited against the customer-generator's usage in subsequent billing periods at the full retail rate. Any excess kilowatt hours will continue to accumulate until the end of the PJM planning period ending May 31 of each year. On an annual basis, the Company will compensate the customer-generator for kilowatt-hours received from the customer-generator in excess of the kilowatt hours delivered by Company to the customer-generator during the preceding year at the "full retail value for all energy produced" consistent with Commission regulations. The customer-generator is responsible for the customer charge, demand charge and other applicable charges under the applicable Rate Schedule.

For default service Time-Of-Use ("TOU") customer-generators only: The Company will record excess generation supplied by TOU Pricing Period, maintaining an active record of kilowatt hours produced and consumed at the customer-generator's premise. If, in a subsequent default service TOU billing period, a customer consumes more electricity than produced within a given TOU Pricing Period, the Company will pull kilowatt hours for the excess generation from the customer's banked kilowatt-hours for that TOU Pricing Period. Any excess kilowatt hours remaining in that TOU Pricing Period will continue to accumulate until the end of the PJM planning period ending May 31 of each year. On an annual basis, the Company will compensate the TOU customer generator for accumulated excess generation at the full retail value based on the applicable TOU Pricing Option rate and TSC rate in effect at the time the excess electricity was generated. (C)

2. If the Company supplies more kilowatt-hours of electricity than the customer-generator facility feeds back to the Company's system during the billing period, all charges of the appropriate rate schedule shall be applied to the net kilowatt-hours of electricity that the Company supplied. The customer-generator is responsible for the customer charge, demand charge and other applicable charges under the applicable Rate Schedule.
3. For customer-generators involved in virtual meter aggregation programs, any excess credit shall be applied first to the account containing the meter through which the generating facility supplies electricity to the distribution system, also known as the "host account". If the host account's usage has been fully offset by this credit and additional excess credit still remains, PECO will divide that remaining credit into equal parts based on the number of additional virtually metered accounts under the customer-generator's name, also known as "satellite accounts", and apply one part to each satellite account in a "waterfall"-like fashion at each account's designated rate. This process continues as PECO bills each subsequent satellite account, with any additional excess credits from each divided equally among the remaining satellite accounts. Virtual meter aggregation is the combination of readings and billing for all meters regardless of rate class on properties owned or leased and operated by a customer-generator by means of the Company's billing process, rather than through physical rewiring of the customer-generator's property for a physical, single point of contact. The customer-generators are responsible for the customer charge, demand charge and other applicable charges under the applicable Rate Schedule.
4. Procurement Class 3/4 customer-generators will receive a generation credit, at the PJM Day Ahead hourly energy rate, for each kilowatt hour received by the Company during each hour of the billing period up to the total amount of electricity delivered to the customer during each hour of the billing period.

If a Procurement Class 3/4 customer-generator supplies more electricity to the Company than the Company delivers to the customer-generator during any hour in the billing period, the excess kilowatt hours shall not be carried forward to a subsequent billing period but will be credited in the current month toward generation charges based on the PJM Day Ahead hourly rate. Any excess kilowatt hours at the end of the PJM planning period will not carry over to the next year.

5. Procurement Class 3/4 customer-generators will also receive a variable distribution credit for each kilowatt hour received by the Company during the monthly billing period up to the total amount of electricity delivered to the Customer during the monthly billing period at the applicable distribution rate.

If a Procurement Class 3/4 customer-generator supplies more electricity to the Company than the Company delivers to the customer-generator, the variable distribution charges will be reduced by the excess kilowatt hours, which will be carried forward and credited against the customer-generator's distribution kilowatt hours in subsequent billing periods until the end of the PJM planning period, ending May 31 of each year.

Procurement Class 3/4 customer-generators are responsible for the customer charge, demand charge and other applicable charges under the applicable Rate Schedule.

Any excess kilowatt hours at the end of the PJM planning period will not carry over to the next year and reduce distribution charges.

(C) Denotes Change

RATE RS-2 NET METERING (continued)**NET METERING FOR SHOPPING CUSTOMERS**

1. Customer-generators may take net metering services from EGSs that offer such services.
2. If a net-metering customer takes service from an EGS, the Company will credit the customer for distribution charges for each kilowatt hour produced by a Tier I or Tier II resource installed on the customer-generator's side of the electric revenue meter, up to the total amount of kilowatt hours delivered to the customer by the Company during the billing period. If a customer-generator supplies more electricity to the electric distribution system than the EDC delivers to the customer-generator in a given billing period, the excess kilowatt hours shall be carried forward and credited against the customer-generator's usage in subsequent billing periods at the Company's distribution rates. Any excess kilowatt hours at the end of the PJM planning period will not carry over to the next year and reduce distribution charges. The customer-generator is responsible for the customer charge, demand charge and other applicable charges under the applicable Rates Schedule.
3. If the Company delivers more kilowatt hours of electricity than the customer-generator facility feeds back to the Company's system during the billing period, all charges of the applicable rate schedule shall be applied to the net kilowatt hours of electricity that the Company delivered. The customer-generator is responsible for the customer charge, demand charge and other applicable charges under the applicable Rate Schedule.
4. Pursuant to Commission regulations, the credit or compensation terms for excess electricity produced by customer-generators who are customers of EGSs shall be stated in the service agreement between the customer-generator and the EGS.
5. If a customer-generator switches electricity suppliers, the Company shall treat the end of the service as if it were the end of the PJM planning period.

APPLICATION.

Customer-generators seeking to receive service under the provisions of this Rate must submit a written application to the Company demonstrating compliance with the Net Metering Rate provisions and quantifying the total rated generating capacity of the customer-generator facility. The installation cannot be directly connected to the Company's distribution system ("stand alone"). Instead, the installation must be connected to a facility (residence or business) that is connected to the Company's distribution system.

INTERCONNECTION EXPIRATION.

Interconnection applications will be reviewed and processed in accordance with the timeframes designated by PECO in Act 213 and Title 52 of the Pa Code Chapter 75. A customer-generator (or authorized designee) must submit a completed certificate of completion ("COC") for residential level 1 and 2 interconnection applications to PECO within 180 calendar days from the date that PECO approves the interconnection application. If a COC is not received within 180 calendar days from the date that PECO approves the interconnection application then the residential level 1 and level 2 interconnection applications shall expire. A customer-generator may request an extension of a residential level 1 or level 2 application expiration date for good cause shown (i.e., that significant progress in construction of the interconnection has been or will be made). Upon a showing of good cause, the application expiration date will be extended. The length of the extension may be extended up to but no more than 180 calendar days. A customer-generator must make such extension requests in writing or via e-mail no less than 30 calendar days prior to an application's original expiration date. PECO will provide notice to developers of distributed generation at least 45 calendar days ahead of the original expiration date.

MINIMUM CHARGE.

The Minimum Charges under Rate Schedule R, RH, CAP, GS, PD, HT and EP apply for installations under this Rate.

RIDERS.

Bills rendered by the Company under this Rate shall be subject to charges stated in any other applicable Rate.

CUSTOMER ASSISTANCE PROGRAM (CAP) RIDER**AVAILABILITY.**

To payment-troubled customers who are currently served under or otherwise qualify for Rate R, or RH (excluding multiple dwelling unit buildings consisting of two to five dwelling units). Customers must apply for the rates contained in this rider and must demonstrate annual household gross income at or below 150% of the Federal Poverty guidelines. In addition, these customers will not be able to obtain competitive energy supply and will not be eligible to select the Time-Of-Use default service pricing option. (C)

Based on the applicable level of income, number of household members, and their historical usage CAP customers will receive a Fixed Credit Option ("FCO") based upon that individual household's need. The details of the FCO calculation can be found in the PECO Universal Service and Energy Conservation Plan at Docket No. M-2015-2507139.

DISCOUNT LEVELS: The Company will modify the level of discounts every quarter to adjust for changes in Customer usage as well as any Rate changes which may have occurred.

CERTIFICATION/VERIFICATION Prior to enrollment in the CAP Rider, and then again every two years, customers must verify, to PECO's satisfaction, that their household income level meets the "Availability" standards set forth in this Rider. Customers being considered for the CAP Rider will be required to:

- Provide information sufficient to demonstrate to PECO their household income level.
- Waive certain privacy rights to enable PECO to effectively conduct the above certification process.
- Apply for and assign to PECO at least one energy assistance grant from the Commonwealth.
- Participate in various energy education and conservation programs facilitated by PECO.

PECO may, at its sole discretion, supplement this verification process by using data from Commonwealth or federal government programs which demonstrate the income eligibility of its customers. Such data may come from a customer's participation in, or receipt of benefits from, the Low Income Home Energy Assistance Program, Temporary Assistance for Needy Families, Food Stamps, Supplemental Security Income, and Medicaid. Information available from the Pennsylvania Department of Revenue may also be used where appropriate to expedite the process.

MINIMUM CHARGE. The minimum charge per month will be the \$12 for Residential customers or \$30 for Residential Heating customers.

ARREARAGE.

Customers who qualify and are enrolled in CAP will have their pre-program arrearage ("PPA") forgiven if the Customer pays his / her new, discounted CAP bill on time and in full each month. With every full and on-time monthly payment, one-twelfth of the PPA will be forgiven. If the customer develops any in-program arrearage while on the CAP Rate-- that is, if the customer does not pay the entire outstanding balance -- then preprogram arrearage forgiveness will not resume until the first month in which the full outstanding balance is paid.

(C) Denotes Change

Supplement No. ~~X~~ to
ELECTRIC PA P.U.C NO. 6

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PECO Energy Company

Electric Service Tariff

COMPANY OFFICE LOCATION

2301 Market Street
Philadelphia, Pennsylvania 19103

For List of Communities Served, See Page 4.

Issued ~~August 13, 2020~~

Effective ~~June 1, 2021~~

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ISSUED BY: M. A. Innocenzo – President & CEO
PECO Energy Distribution Company
2301 MARKET STREET
PHILADELPHIA, PA. 19103

NOTICE

PECO Energy Company

Supplement No. ~~X~~ to
 Tariff Electric Pa. P.U.C. No. 6
~~XX~~ Revised Page No. 1
 Supersedes ~~XX~~ Revised Page No. 1

LIST OF CHANGES MADE BY THIS SUPPLEMENT

GENERATION SUPPLY ADJUSTMENT FOR PROCUREMENT CLASSES 1 AND 2 LOADS UP TO 100KW – X REVISED PAGE NO. 34, X REVISED PAGE NO. 35, ORIGINAL PAGE NO. 35A.

Updated to reflect effective date of June 1, 2021 (DSP V). Expanded to describe new optional Time-Of-Use (TOU) Pricing Option, including customer eligibility requirements, pricing provisions, and switching rules. Labeled pre-existing non-TOU pricing as “Standard” GSA.

GENERATION SUPPLY ADJUSTMENT FOR PROCUREMENT CLASS 3/4 LOADS GREATER THAN 100KW REVISED PAGE NO. 36.

Updated to reflect effective date of June 1, 2021 (DSP V).

RECONCILIATION - X REVISED PAGE NO. 37 AND X REVISED PAGE NO. 38.

Updated to reflect effective date of June 1, 2021 (DSP V). Modified “Applicability” section to clarify that Standard and TOU default service rate over/undercollections will be calculated in total for both Procurement Classes 1 and 2 (each “reconciled in one group”). Removed obsolete language on Procurement Class 3/4 transition.

RATE RS-2 NET METERING - X REVISED PAGE NO. 51, X REVISED PAGE NO. 52, X REVISED PAGE NO. 53

Updated “Metering Provisions” to exclude virtual net metering customers from default service TOU. Supplemented “Billing Provisions” with description of excess generation accounting and cashout processes for customer-generators enrolled in default service TOU. Pages 52 and 53 are repaginated.

CUSTOMER ASSISTANCE PROGRAM (CAP) RIDER – X REVISED PAGE NO. 77

Added restriction of “Availability” excluding CAP customers from selecting default service TOU.

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¶ Provision for the Recovery of Consumer Education Plan Costs – 2nd Revised Page No. 41¶

Reflects annual update to Consumer Education.¶

¶ Rate R Residence Service – 9th Revised Page No. 49¶

Increased the Fixed Distribution Service Charge to reflect the Consumer Education Plan Costs.¶

¶ Rate R-H Residential Heating Service – 9th Revised Page No. 50¶

Increased the Fixed Distribution Service Charge to reflect the Consumer Education Plan Costs.¶

¶ Rate PD Primary Distribution Power – 5th Revised Page No. 56¶

Increased the Fixed Distribution Service Charge to reflect the Consumer Education Plan Costs.¶

¶ Rate HT High Tension Power – 5th Revised Page No. 57¶

Increased the Fixed Distribution Service Charge to reflect the Consumer Education Plan Costs.¶

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Issued ~~August 13, 2020~~

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PECO Energy Company

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PECO Energy Company

**GENERATION SUPPLY ADJUSTMENT FOR PROCUREMENT CLASSES 1 AND 2
 LOADS UP TO 100KW**

Applicability: June 1, 2021 this adjustment shall apply to all customers taking default service from the Company with demands up to 100 kW. The rate contained herein shall be calculated to the nearest one thousandth of a cent. The GSA shall contain the cost of generation supply for each tariff rate. The Company will apply Standard Pricing unless customers voluntarily request and are eligible to participate in the Time-Of-Use Pricing Option as detailed below.

Standard Pricing: Standard Pricing provides default service to customers who have not selected or are not eligible for PECO's Time-Of-Use Pricing Option. The rates below shall include the cost of procuring power to serve the default service customers including the cost of complying with the Alternative Energy Portfolio Standards Act ("AEPS" or the "Act") plus associated administrative expenses incurred in acquiring power and gaining regulatory approval of any procurement strategy and plan. The standard pricing for default service will represent the estimate of the cost to serve the specific tariff rate for the next quarterly period beginning with the three months ended August 31, 2021. The rates in this tariff shall be updated quarterly on June 1, September 1, December 1 and March 1 commencing June 1, 2021 and are not prorated. If the balance of over/(under) recovery gets too large, the Company can file a reconciliation that will mitigate the subsequent impact. The standard generation service charge shall be calculated using the following formula:

Standard GSA(n) = (C-E+A)/S*(1-T)* (1-ALL)/(1-LL) +AEPS/S*(1 - T) + WC where;

C= The sum of the amounts paid to the full requirements suppliers providing the power for the quarterly period, the spot market purchases for the quarterly period, plus the cost of any other energy acquired for the quarterly period. Cost shall include energy, capacity and ancillary services, distribution line losses, cost of complying with the Alternative Energy Portfolio Standards, and any other load serving entity charges other than network transmission service and costs assigned under the Regional Transmission Expansion Plan. Ancillary services shall include any allocation by PJM to PECO default service associated with the failure of a PJM member to pay its bill from PJM as well as the load serving entity charges listed in the Supply Master Agreement Exhibit D as the responsibility of the supplier. This component shall include the proceeds and costs from the exercise of Auction Revenue Rights granted to PECO by PJM.

AEPS = The projected total cost of complying with the Alternative Energy Portfolio Standards Act ("AEPS" or the "Act") not included in the C component above for the quarterly period for each procurement class. Costs include the amount paid for Alternative Energy and/or Alternative Energy Credits ("AEC's") purchased for compliance with the Act, the cost of administering and conducting any procurement of Alternative Energy and/or AEC's, payments to the AEC program administrator for its costs of administering an alternative energy credits program, payments to a third party for its costs in operating an AEC registry, any charge levied by PECO's regional transmission operator to ensure that alternative energy sources are reliable, a credit for the sale of any AEC's sold during the calculation period, and the cost of Alternative Compliance Payments that are deemed recoverable by the Commission, plus any other direct or indirect cost of acquiring Alternative Energy and/or AEC's and complying with the AEPS statute.

E = Experienced over or under-collection calculated under the reconciliation provision of the tariff to be effective semiannually with recovery during the periods March 1 through August 31 of the current year and September 1 of the current year through February 28 (29) of the following year.

A = Administrative Cost - This includes the cost of the Independent Evaluator, consultants providing guidance on the development of the procurement plan, legal fees incurred gaining approval of the plan and any other costs associated with designing and implementing a procurement plan including the cost of the pricing forecast necessary for estimating cost recoverable under this tariff. Also included in this component shall be the cost to implement real time pricing or other time sensitive pricing such as dynamic pricing that is required of the Company or is approved in its Act 129 filing. Administrative Costs also includes any other costs incurred to implement retail market enhancements directed by the Commission in its Retail Market Investigation at Docket No. I-2011-2237952 or any other applicable docket that are not recovered from EGSs or through another rate.

S = Estimated sales for the period the rate is in effect for the classes to which the rate is applicable. Six month sales are used for the E factor with effective periods March 1 through August 31 of the current year and September 1 of the current year through February 28 (29) of the following year.

T = The currently effective gross receipts tax rate.

n = The procurement class for which the GSA is being calculated.

ALL = Average line losses for the procurement class.

LL = Line losses for the specific rate class provided in the Company's Electric Generation Supplier Coordination Tariff rule 6.6.

WC = \$0.00019/kWh to represent the cash working capital for power purchases.

Auction Revenue Rights (ARR) = Allocated annually by PJM to Firm transmission customers, the ARR's allow a Company to select rights to specific transmission paths in order to avoid congestion charges. In general, the line loss adjustment is applicable to Procurement Class 2 only as those classes contain rate classes with three different line loss factors: Current Charges:

Standard Rate		Standard GSA Price
R	GSA (1)	\$0.XXXXX
RH	GSA (1)	\$0.XXXXX
GS	GSA (2)	\$0.XXXXX

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PECO Energy Company

**GENERATION SUPPLY ADJUSTMENT FOR PROCUREMENT CLASSES 1 AND 2
 LOADS UP TO 100KW (CONTINUED)**

PD	GSA (2)	\$0.XXXXX	
HT	GSA (2)	\$0.XXXXX	
POL*	GSA (2)	\$0.XXXXX	
SL-S*	GSA (2)	\$0.XXXXX	
TLCL	GSA (2)	\$0.XXXXX	
SL-E*	GSA (2)	\$0.XXXXX	
AL*	GSA (2)	\$0.XXXXX	
SL-C**	GSA (2)	\$0.XXXXX	

* Prices shall exclude capacity from the Procurement Class 2 RFP results.
 ** Rate SL-C was effective July 1, 2019 pursuant to the Order at Docket No. R-2018-3000164

Procedure: For Procurement Classes 1 and 2 the GSA shall be filed 45 days before the effective dates of June 1, September 1, December 1 and March 1 in conjunction with the Reconciliation Schedule.

Time-Of-Use (TOU) Pricing Option: The TOU Pricing Option provides eligible customers with an opportunity to shift energy usage away from peak periods, when wholesale electricity demand and prices are high, to off-peak periods, when demands and prices are lower. Customers may voluntarily request this option in lieu of Standard Pricing described above and must meet the TOU Eligibility Requirements below. TOU Pricing Option rates will be updated quarterly in concurrence with the Standard GSA on June 1, September 1, December 1 and March 1 commencing ~~XXX~~ and are not prorated.

The year-round TOU Pricing Periods, TOU Period Allocators ["PA-GSA(n)"], and TOU Pricing Multipliers ["PM-GSA(n)"] through June 1, 2022 as approved in the Company's most recent DSP proceeding at Docket No. ~~P-2020-3019290~~ are as follows:

TOU Pricing Period	Days/Hours Included	TOU Period Allocator PA-GSA(1)	TOU Period Allocator PA-GSA(2)	TOU Pricing Multiplier PM-GSA(1) (Ratio to Super Off-Peak)	TOU Pricing Multiplier PM-GSA(2) (Ratio to Super Off-Peak)
Peak ("PP")	2:00 – 6:00 p.m. Monday through Friday, excluding PJM holidays	12%	14%	6.5-to-1	5.1-to-1
Super Off-Peak ("SOPP")	Midnight (12 a.m.) – 6 a.m. Every day	20%	20%	1-to-1	1-to-1
Off-Peak ("OPP")	All other hours	68%	66%	1.5-to-1	1.7-to-1

Commencing with the GSA and TOU rates effective June 1, 2022, PECO may update the TOU Pricing Multipliers in the above table annually, using a rolling five years of historical PJM Day-Ahead Spot Market Pricing energy data and Reliability Pricing Model capacity pricing data for the PECO zone. PECO will only update the applicable TOU Pricing Multipliers if the use of such data would result in no more than a 10% change from the prior-year's TOU Pricing Multipliers. If these updates would exceed 10%, the applicable TOU Pricing Multipliers will be changed by exactly 10%.

To calculate the quarterly TOU Pricing Option rates, the Company will first calculate the quarterly TOU Super Off-Peak Price ("SOPP") in accordance with the formula set forth below:

$TOU\ SOPP\ GSA(n) = Standard\ GSA(n) * [1 / SOPP-F(n)]$ where;

Standard GSA(n) = Defined as above for Standard Pricing.

SOPP-F(n) = Super Off-Peak Price Factor representing the ratio of the Standard GSA(n) to the Super Off-Peak Price, calculated as follows:

$TOU\ SOPP\ PA-GSA(n) + [(TOU\ OPP\ PM-GSA(n) * TOU\ OPP\ PA-GSA(n)] + [(TOU\ PP\ PM-GSA(n) * TOU\ PP\ PA-GSA(n)]$

The Company will then calculate the quarterly TOU Peak ("PP") and Off-Peak ("OPP") prices as follows:

$TOU\ PP\ GSA(n) = TOU\ SOPP\ GSA(n) * TOU\ PP\ PM-GSA$ and;

$TOU\ OPP\ GSA(n) = TOU\ SOPP\ GSA(n) * TOU\ OPP\ PM-GSA$.

Current TOU Pricing Option Charges:

TOU Rate	Peak ("PP") (2-6 PM Monday-Friday, excluding holidays)	Super Off-Peak ("SOPP") (12-6 AM all days)	Off-Peak ("OP") (All other times)
R (GSA 1)	\$0.XXXXX	\$0.XXXXX	\$0.XXXXX
RH (GSA 1)	\$0.XXXXX	\$0.XXXXX	\$0.XXXXX
GS (GSA 2)	\$0.XXXXX	\$0.XXXXX	\$0.XXXXX
PD (GSA 2)	\$0.XXXXX	\$0.XXXXX	\$0.XXXXX
HT (GSA 2)	\$0.XXXXX	\$0.XXXXX	\$0.XXXXX

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PECO Energy Company

GENERATION SUPPLY ADJUSTMENT FOR PROCUREMENT CLASSES 1 AND 2
LOADS UP TO 100KW (CONTINUED)

TOU Eligibility Requirements and Switching Rules:

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The TOU Pricing Option is available to new and existing Customers in Procurement Classes 1 or 2 with a smart meter configured to measure energy consumption in watt-hours. This includes Customers in the above referenced Procurement Classes taking default service from the Company and who also participate in the Company's RS-2 (Net Metering) tariff, except for virtual net metered Customers. Residential Customers enrolled in the Company's Customer Assistance Program (CAP) are not eligible for the TOU Pricing Option.

As a prerequisite for enrollment, the Customer must have a valid e-mail address to ensure the Company is able to provide the enrolled TOU Pricing Option Customer with timely and meaningful communications regarding their bill savings performance.

Participating Customers will remain on the TOU Pricing Option rate until they affirmatively elect to return to PECO's Standard GSA rate, switch to an EGS, or otherwise become ineligible.

Customers who select the TOU Pricing Option may leave at any time without incurring related penalties or fees. However, Customers who select and subsequently leave the TOU Pricing Option for any reason may not re-enroll on the TOU Pricing Option rate for twelve billing months after switching off the TOU Pricing Option rate.

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PECO Energy Company

**GENERATION SUPPLY ADJUSTMENT FOR PROCUREMENT CLASS 3/4
 LOADS GREATER THAN 100KW**

Applicability: June 1, 2021 this adjustment shall apply to all customers taking default service from the Company with demands greater than 100 kw.

Hourly Pricing Service

Pricing: The rates below shall include the cost of procuring power to serve the default service customers plus associated administrative expenses incurred in acquiring power and gaining regulatory approval of any procurement strategy and plan. The rates for the GSA 3/4 Hourly Pricing Adder* shall be updated quarterly on June 1, September 1, December 1 and March 1 commencing June 1, 2021 and are not prorated. If the balance of over/(under) recovery gets too large due to billing lag, the Company can file a reconciliation that will mitigate the subsequent impact. The cost for this hourly service rate shall be as follows:

Generation Supply Cost (GSC) = (C+R+AS+AC-E)/(1-T)+WCA where;

C = The PJM day ahead hourly price multiplied by the customers usage in the hour summed up for all hours in the month

$$\Sigma \text{PJM}_{DA} \times \text{usage} / (1-LL)$$

PJM_{DA} – PJM on day ahead hourly price.

Usage - Electricity used by an end use customer.

R = The PJM reliability pricing model (RPM) charge for month for the customer. The RPM charge shall be the customers peak load contribution as established for PJM purposes multiplied by the current RPM monthly charge and the PJM established reserve margin adjustment.

PLC x (1+ RM) x P_{RPM} x Bill Days

PLC = Peak load contribution

RM = Reserve margin adjustment per PJM

P_{RPM} = Capacity price per MW-day

AC = Administrative Cost - This includes an allocation of the cost of the Independent Evaluator, consultants providing guidance on the development of the procurement strategy, legal fees incurred gaining approval of the plan, and any other costs associated with designing and implementing a procurement plan divided by the total default service sales and then multiplied by the customers usage for the month. Administrative Costs also includes any other costs incurred to implement retail market enhancements directed by the Commission in its Retail Market Investigation at Docket No. 1-2011-2237952 or any other applicable docket that are not recovered from EGSs or through another rate.

A / S x Usage

A = Administrative cost

S = Default service sales

AS = The cost, on a \$/MWH basis, of acquiring ancillary services from PJM and of complying with the Alternative Energy Portfolio Standard, multiplied by the customers usage for the month and divided by (1-LL). Congestion charges including the proceeds and costs from the exercise of

Auction Revenue Rights shall be included in this component. Ancillary services shall be those included in the Supply Master Agreement as being the responsibility of the supplier.

$$((\text{PJM}_{AS} \times \text{Usage} * 1 / (1-LL) + \text{AEPS} / \text{S}_{\text{AEPS}} \times \text{Usage})$$

PJM_{AS} = \$/MWH charged by PJM for ancillary services

AEPS = Cost of complying with the alternative energy portfolio standard

S_{AEPS} = Sales for which AEPS cost is incurred

If the supplier provides the ancillary services and AEPS cost then the customer shall be charged the supplier's rate for these services times usage and divided by (1-LL).

Auction Revenue Rights (ARR) = Allocated annually by PJM to Firm transmission customers, the ARR's allow a Company to select rights to specific transmission paths in order to avoid congestion charges

LL = Line loss factor as provided in the Company's Electric Generation Supplier Coordination Tariff Rule 6.6 based upon the customers distribution rate class adjusted to remove losses included in the PJM LMP

T = The currently effective gross receipts tax rate

E = $\Sigma O(U) / S_{3/4} \times \text{usage}$ where

E (Purchased Generation Adj.) = Over/under recovery as calculated in the reconciliation

S_{3/4} = Procurement class 3/4 sales

WC = \$0.00019 kWh for working capital associated with power purchases

WCA = Individual customer sales x WC

Procedure: The "E" factor shall be updated semiannually in conjunction with the Reconciliation. The applicable above items are converted to the rates listed below.

Tariff Rate	GS	PD	HT	EP
Hourly Pricing Adder* (dollars/kWh)	\$0.XXXXX	\$0.XXXXX	\$0.XXXXX	\$0.XXXXX

* Includes administrative cost (AC), ancillary service charge (AS), E factor (E) and working capital (WC).

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PECO Energy Company

RECONCILIATION

Applicability: June 1, 2021 this adjustment shall apply to all customers who received default service during the period the cost of which is being reconciled. Customers taking default service during the reconciliation period that leave default service prior to the assessment of the over/(under) adjustment shall still pay or receive credit for the over/(under) adjustment through the migration provision. The Company shall notify the Commission and parties to the Default Service Settlement 15 days in advance of the quarterly or monthly filing if the Migration Provision will be implemented in the filing.

This adjustment shall be calculated on a semiannual basis for Procurement Classes 1, 2 and 3/4 Hourly. The reconciliation period will include the six month period beginning January 1 and July 1 commencing with the July 1, 2020 through December 31, 2020 reconciliation period. The reconciliation shall be separate for each procurement class. Any resulting over or under recovery shall be assessed on an equal cents per kilowatt hour basis to all customers in the relevant procurement group. Any over/(under) recovery shall be collected after the Occurrence of two months from the end of the reconciliation period. Recovery shall be over a six month period commencing September 1 and March 1. The initial six month period is March 1, 2021 through August 31, 2021. For purposes of this rider the reconciliation shall be calculated 45 days before the effective date of recovery. The over or under recovery shall be calculated using the formula below. The calculation of the over/(under) recovery shall be done separately for the following procurement classes – Class 1 – Residential, Class 2 – Small C&I up to and including 100 kW, and Class 3/4 – Large C&I greater than 100 kW. For Procurement Classes 1 and 2, Standard Pricing and TOU Pricing Option revenue and cost of supply will be included for the entire Procurement Class.

Reconciliation Formula

$E_N = \Sigma O(U) + I$
Migration Provision $E_M = [\Sigma O(U) + I]/S/(1-GRT)^*(1-ALL)/(1-LL)$

Where:

- E = Experienced over or under collection plus associated interest
- N = Procurement class
- M = Migration Rider
- O(U) = The monthly difference between revenue billed to the procurement class and the cost of supply as described below in Cost, AEPS Cost and Administrative Cost.

Revenue = Amount billed to the tariff rates applicable to the procurement class including approved Real Time Price or other time sensitive rates for the period being reconciled through the GSA.

Cost = The sum of the amounts paid to all of the full requirements suppliers providing the power for the period being reconciled, the spot market purchases for the period being reconciled, plus the cost of any other energy acquired for the period being reconciled. Cost shall include energy, capacity and ancillary services as well as the proceeds and costs of auction revenue rights for Procurement Classes 1 and 2. Ancillary services shall include any allocation by PJM to PECO default service associated with the failure of a PJM member to pay its bill from PJM as well as those costs listed in the Supply Master Agreement as the responsibility of the seller.

AEPS = The total cost of complying with the Alternative Energy Portfolio Standards Act ("AEPS" or the "Act") not included in the Cost component above for the reconciliation period for Procurement Classes 1 and 2 and not included in the ancillary services component for Procurement Class 3/4 Hourly Service. Costs include the amount paid for Alternative Energy and/or Alternative Energy Credits ("AEC's") purchased for compliance with the Act, the cost of administering and conducting any procurement of Alternative Energy and/or AEC's, payments to the AEC program administrator for its costs of administering an alternative energy credits program, payments to a third party for its costs in operating an AEC registry, any charge levied by PECO's regional transmission operator to ensure that alternative energy sources are reliable, a credit for the sale of any AEC's sold during the calculation period, and the cost of Alternative Compliance Payments that are deemed recoverable by the Commission, plus any other direct or indirect cost of acquiring Alternative Energy and/or AEC's and complying with the AEPS statute.

Administrative Cost = This includes the cost of the Independent Evaluator, consultants providing guidance on the development of the procurement strategy, legal fees incurred gaining approval of the strategy, and any other costs associated with designing and implementing a procurement plan including the cost of the pricing forecast necessary for estimating cost recoverable under this tariff. Also included in this component shall be the cost to implement real time pricing or other time sensitive pricing such as dynamic pricing that is required of the Company or approved in its Act 129 filing. Administrative Costs also includes other costs incurred to implement retail market enhancements directed by the Commission in its Retail Market Investigation at Docket No. I-2011-2237952 or any other applicable docket that are not recovered from EGS's or through another rate.

Full Requirements Supply = A product purchased by the Company that includes a fixed price for all energy consumed. The only cost added by the Company to the full requirements price is for gross receipts tax, distribution line losses, and administrative cost.

Ancillary Services = The following services in the PJM OATT- reactive support, frequency control, operating reserves, supplemental reserves, imbalance charges, PJM annual charges, any PJM assessment associated with non-payment by members, and any other load serving entity charges not listed here but contained in Exhibit D of the Supply Master Agreement. Also included shall be the proceeds and costs from the exercise of auction revenue rights for Procurement Class 3/4 Hourly Service.

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PECO Energy Company

RECONCILIATION
(CONTINUED)

Auction Revenue Rights (ARR) = Allocated annually by PJM to Firm transmission customers, the ARR's allow a Company to select rights to specific transmission paths in order to avoid congestion charges.

Capacity = The amount charged to PECO by PJM for capacity for its default service load under the reliability pricing model (RPM).

I = interest on the over or under collection at the prime rate of interest for commercial banking, not to exceed the legal rate of interest, in effect on the last day of the month the over collection or under collection occurs, as reported in the Wall Street Journal in accordance with the Order at Docket No. L-2014-2421001.

S = Estimated default service retail sales in kWh for the period the cost of which is being reconciled.

ALL = The average line losses in a procurement class as a percent of generation.

LL = The average line losses for a particular rate (e.g. HT, PD, GS) as provided in the Electric Generation Supplier Coordination Tariff rule 6.6.

GRT = The current gross receipts tax rate.

Procurement Class - Set of customers for which the company has a common procurement plan.

Procedural Schedule

The Company shall file the calculation of the over/under collection for the period being reconciled and the proposed adjustment to the GSA 45 days before the effective date as described below. The over/under collection adjustment shall be effective no earlier than the first day of the month such that the commencement of recovery shall lag by two months. The GSA will be effective June 1, September 1, December 1 and March 1 commencing June 1, 2021 with over/under collection recovery occurring over the six month period beginning September 1 and March 1. The data provided in the reconciliation shall be audited on an annual basis by the PaPUC Bureau of Audits.

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Supplement No. X to
Tariff Electric Pa. P.U.C. No. 6
X Revised Page No. 51
Supersedes X Revised Page No. 51

PECO Energy Company

RATE RS-2 NET METERING

PURPOSE.

This Rate sets forth the eligibility, terms and conditions applicable to Customers with installed qualifying renewable customer-owned generation using a net metering system.

APPLICABILITY.

This Rate applies to renewable customer-generators served under Rates R, RH, CAP, GS, HT, PD and EP who install a device or devices which are, in the Company's judgment, subject to Commission review, a bona fide technology for use in generating electricity from qualifying Tier I or Tier II alternative energy sources pursuant to Alternative Energy Portfolio Standards Act No. 2004-213 (Act 213) or Commission regulations and which will be operated in parallel with the Company's system. This Rate is limited to a nameplate capacity of not greater than 50 kilowatts if installed at a residential service (Rate R, RH, or CAP) or not larger than 3,000 kilowatts at other customer service locations (Rate GS, HT, PD and EP), except for Customers whose systems are above 3 megawatts and up to 5 megawatts who make their systems available to operate in parallel with the Company during grid emergencies as defined by the regional transmission organization or where a microgrid is in place for the purpose of maintaining critical infrastructure such as homeland security assignments, emergency services facilities, hospitals, traffic signals, wastewater treatment plants or telecommunications facilities provided that technical rules for operating generators interconnected with facilities of the Company have been promulgated by the Institute of Electrical and Electronic Engineers "IEEE" and the Commission.

Qualifying renewable energy installations are limited to Tier I and Tier II alternative energy sources as defined by Act 213 and Commission Regulations. The Customer's equipment must conform to the Commission's Interconnection Standards and Regulations pursuant to Act 213. This Rate is not applicable when the source of supply is service purchased from a neighboring electric utility under Borderline Service.

Service under this Rate is available upon request to renewable customer-generators on a first come, first served basis so long as the total rated generating capacity installed by renewable customer-generator facilities does not adversely impact service to other Customers and does not compromise the protection scheme(s) employed on the Company's electric distribution system.

METERING PROVISIONS.

A Customer may select one of the following metering options in conjunction with service under applicable Rate Schedule R, RH, CAP, GS, HT, PD or EP.

1. A customer-generator facility used for net metering shall be equipped with a single bi-directional meter that can measure and record the flow of electricity in both directions at the same rate. A dual meter arrangement may be substituted for a single bi-directional meter at the Company's expense.
2. If the customer-generator's existing electric metering equipment does not meet the requirements under option (1) above, the Company shall install new metering equipment for the customer-generator at the Company's expense. Any subsequent metering equipment change necessitated by the customer-generator shall be paid for by the customer-generator. The customer-generator has the option of utilizing a qualified meter service provider to install metering equipment for the measurement of generation at the customer-generator's expense.

Additional metering equipment for the purpose of qualifying alternative energy credits owned by the customer-generator shall be paid for by the customer-generator. The Company shall take title to the alternative energy credits produced by a customer-generator where the customer-generator has expressly rejected title to the credits. In the event that the Company takes title to the alternative energy credits, the Company will pay for and install the necessary metering equipment to qualify the alternative energy credits. The Company shall, prior to taking title to any alternative energy credits, fully inform the customer-generator of the potential value of those credits and options available to the customer-generator for their disposition.

3. Meter aggregation on properties owned or leased and operated by a customer-generator shall be allowed for purposes of net metering. Meter aggregation shall be limited to meters located on properties within two (2) miles of the boundaries of the customer-generator's property. Meter aggregation shall only be available for properties located within the Company's service territory. Physical meter aggregation shall be at the customer-generator's expense. The Company shall provide the necessary equipment to complete physical aggregation. If the customer-generator requests virtual meter aggregation, it shall be provided by the Company at the customer-generator's expense. The customer-generator shall be responsible only for any incremental expense entailed in processing his account on a virtual meter aggregation basis. **(C)** Customer generators involved in virtual metering programs are not eligible for the company's default service TOU Pricing Option.

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PECO Energy Company

RATE RS-2 NET METERING (continued)

BILLING PROVISIONS.

The following billing provisions apply to default service customer-generators in conjunction with service under applicable Rates, R, RH, CAP, GS, HT, PD, EP.

- 1. The customer-generator will receive a credit for each kilowatt-hour received by the Company up to the total amount of electricity delivered to the Customer during the billing period at the full retail rate consistent with Commission regulations. If a customer-generator supplies more electricity to the Company than the Company delivers to the customer-generator in a given billing period, the excess kilowatt hours shall be carried forward and credited against the customer-generator's usage in subsequent billing periods at the full retail rate. Any excess kilowatt hours will continue to accumulate until the end of the PJM planning period ending May 31 of each year. On an annual basis, the Company will compensate the customer-generator for kilowatt-hours received from the customer-generator in excess of the kilowatt hours delivered by Company to the customer-generator during the preceding year at the "full retail value for all energy produced" consistent with Commission regulations. The customer-generator is responsible for the customer charge, demand charge and other applicable charges under the applicable Rate Schedule.

For default service Time-Of-Use ("TOU") customer-generators only: The Company will record excess generation supplied by TOU Pricing Period, maintaining an active record of kilowatt hours produced and consumed at the customer-generator's premise. If, in a subsequent default service TOU billing period, a customer consumes more electricity than produced within a given TOU Pricing Period, the Company will pull kilowatt hours for the excess generation from the customer's banked kilowatt-hours for that TOU Pricing Period. Any excess kilowatt hours remaining in that TOU Pricing Period will continue to accumulate until the end of the PJM planning period ending May 31 of each year. On an annual basis, the Company will compensate the TOU customer generator for accumulated excess generation at the full retail value based on the applicable TOU Pricing Option rate and TSC rate in effect at the time the excess electricity was generated.

- 2. If the Company supplies more kilowatt-hours of electricity than the customer-generator facility feeds back to the Company's system during the billing period, all charges of the appropriate rate schedule shall be applied to the net kilowatt-hours of electricity that the Company supplied. The customer-generator is responsible for the customer charge, demand charge and other applicable charges under the applicable Rate Schedule.
- 3. For customer-generators involved in virtual meter aggregation programs, any excess credit shall be applied first to the account containing the meter through which the generating facility supplies electricity to the distribution system, also known as the "host account". If the host account's usage has been fully offset by this credit and additional excess credit still remains, PECO will divide that remaining credit into equal parts based on the number of additional virtually metered accounts under the customer-generator's name, also known as "satellite accounts", and apply one part to each satellite account in a "waterfall"-like fashion at each account's designated rate. This process continues as PECO bills each subsequent satellite account, with any additional excess credits from each divided equally among the remaining satellite accounts. Virtual meter aggregation is the combination of readings and billing for all meters regardless of rate class on properties owned or leased and operated by a customer-generator by means of the Company's billing process, rather than through physical rewiring of the customer-generator's property for a physical, single point of contact. The customer-generators are responsible for the customer charge, demand charge and other applicable charges under the applicable Rate Schedule.
- 4. Procurement Class 3/4 customer-generators will receive a generation credit, at the PJM Day Ahead hourly energy rate, for each kilowatt hour received by the Company during each hour of the billing period up to the total amount of electricity delivered to the customer during each hour of the billing period.

If a Procurement Class 3/4 customer-generator supplies more electricity to the Company than the Company delivers to the customer-generator during any hour in the billing period, the excess kilowatt hours shall not be carried forward to a subsequent billing period but will be credited in the current month toward generation charges based on the PJM Day Ahead hourly rate. Any excess kilowatt hours at the end of the PJM planning period will not carry over to the next year.

- 5. Procurement Class 3/4 customer-generators will also receive a variable distribution credit for each kilowatt hour received by the Company during the monthly billing period up to the total amount of electricity delivered to the Customer during the monthly billing period at the applicable distribution rate.

If a Procurement Class 3/4 customer-generator supplies more electricity to the Company than the Company delivers to the customer-generator, the variable distribution charges will be reduced by the excess kilowatt hours, which will be carried forward and credited against the customer-generator's distribution kilowatt hours in subsequent billing periods until the end of the PJM planning period, ending May 31 of each year.

Procurement Class 3/4 customer-generators are responsible for the customer charge, demand charge and other applicable charges under the applicable Rate Schedule.

Any excess kilowatt hours at the end of the PJM planning period will not carry over to the next year and reduce distribution charges.

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PECO Energy Company

RATE RS-2 NET METERING (continued)

NET METERING FOR SHOPPING CUSTOMERS

- Customer-generators may take net metering services from EGSs that offer such services.
- If a net-metering customer takes service from an EGS, the Company will credit the customer for distribution charges for each kilowatt hour produced by a Tier I or Tier II resource installed on the customer-generator's side of the electric revenue meter, up to the total amount of kilowatt hours delivered to the customer by the Company during the billing period. If a customer-generator supplies more electricity to the electric distribution system than the EDC delivers to the customer-generator in a given billing period, the excess kilowatt hours shall be carried forward and credited against the customer-generator's usage in subsequent billing periods at the Company's distribution rates. Any excess kilowatt hours at the end of the PJM planning period will not carry over to the next year and reduce distribution charges. The customer-generator is responsible for the customer charge, demand charge and other applicable charges under the applicable Rates Schedule.
- If the Company delivers more kilowatt hours of electricity than the customer-generator facility feeds back to the Company's system during the billing period, all charges of the applicable rate schedule shall be applied to the net kilowatt hours of electricity that the Company delivered. The customer-generator is responsible for the customer charge, demand charge and other applicable charges under the applicable Rate Schedule.
- Pursuant to Commission regulations, the credit or compensation terms for excess electricity produced by customer-generators who are customers of EGSs shall be stated in the service agreement between the customer-generator and the EGS.
- If a customer-generator switches electricity suppliers, the Company shall treat the end of the service as if it were the end of the PJM planning period.

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APPLICATION.

Customer-generators seeking to receive service under the provisions of this Rate must submit a written application to the Company demonstrating compliance with the Net Metering Rate provisions and quantifying the total rated generating capacity of the customer-generator facility. The installation cannot be directly connected to the Company's distribution system ("stand alone"). Instead, the installation must be connected to a facility (residence or business) that is connected to the Company's distribution system.

INTERCONNECTION EXPIRATION.

Interconnection applications will be reviewed and processed in accordance with the timeframes designated by PECO in Act 213 and Title 52 of the Pa Code Chapter 75. A customer-generator (or authorized designee) must submit a completed certificate of completion ("COC") for residential level 1 and 2 interconnection applications to PECO within 180 calendar days from the date that PECO approves the interconnection application. If a COC is not received within 180 calendar days from the date that PECO approves the interconnection application then the residential level 1 and level 2 interconnection applications shall expire. A customer-generator may request an extension of a residential level 1 or level 2 application expiration date for good cause shown (i.e., that significant progress in construction of the interconnection has been or will be made). Upon a showing of good cause, the application expiration date will be extended. The length of the extension may be extended up to but no more than 180 calendar days. A customer-generator must make such extension requests in writing or via e-mail no less than 30 calendar days prior to an application's original expiration date. PECO will provide notice to developers of distributed generation at least 45 calendar days ahead of the original expiration date.

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MINIMUM CHARGE.

The Minimum Charges under Rate Schedule R, RH, CAP, GS, PD, HT and EP apply for installations under this Rate.

RIDERS.

Bills rendered by the Company under this Rate shall be subject to charges stated in any other applicable Rate.

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PECO Energy Company

CUSTOMER ASSISTANCE PROGRAM (CAP) RIDER

AVAILABILITY.

To payment-troubled customers who are currently served under or otherwise qualify for Rate R, or RH (excluding multiple dwelling unit buildings consisting of two to five dwelling units). Customers must apply for the rates contained in this rider and must demonstrate annual household gross income at or below 150% of the Federal Poverty guidelines. In addition, these customers ~~will not be able to obtain competitive energy supply and will not be eligible to select the Time-Of-Use default service pricing option.~~ (C)

Based on the applicable level of income, number of household members, and their historical usage CAP customers will receive a Fixed Credit Option ("FCO") based upon that individual household's need. The details of the FCO calculation can be found in the PECO Universal Service and Energy Conservation Plan at Docket No. M-2015-2507139.

DISCOUNT LEVELS: The Company will modify the level of discounts every quarter to adjust for changes in Customer usage as well as any Rate changes which may have occurred.

CERTIFICATION/VERIFICATION Prior to enrollment in the CAP Rider, and then again every two years, customers must verify, to PECO's satisfaction, that their household income level meets the "Availability" standards set forth in this Rider. Customers being considered for the CAP Rider will be required to:

- Provide information sufficient to demonstrate to PECO their household income level.
- Waive certain privacy rights to enable PECO to effectively conduct the above certification process.
- Apply for and assign to PECO at least one energy assistance grant from the Commonwealth.
- Participate in various energy education and conservation programs facilitated by PECO.

PECO may, at its sole discretion, supplement this verification process by using data from Commonwealth or federal government programs which demonstrate the income eligibility of its customers. Such data may come from a customer's participation in, or receipt of benefits from, the Low Income Home Energy Assistance Program, Temporary Assistance for Needy Families, Food Stamps, Supplemental Security Income, and Medicaid. Information available from the Pennsylvania Department of Revenue may also be used where appropriate to expedite the process.

MINIMUM CHARGE. The minimum charge per month will be the \$12 for Residential customers or \$30 for Residential Heating customers.

ARREARAGE.

Customers who qualify and are enrolled in CAP will have their pre-program arrearage ("PPA") forgiven if the Customer pays his / her new, discounted CAP bill on time and in full each month. With every full and on-time monthly payment, one-twelfth of the PPA will be forgiven. If the customer develops any in-program arrearage while on the CAP Rate- that is, if the customer does not pay the entire outstanding balance - then preprogram arrearage forgiveness will not resume until the first month in which the full outstanding balance is paid.

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Issued ~~August 13, 2020~~

Effective ~~June 1 2021~~

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

PETITION OF PECO ENERGY	:	
COMPANY FOR APPROVAL OF ITS	:	
DEFAULT SERVICE PROGRAM FOR	:	DOCKET NO. P-2020-3019290
THE PERIOD FROM JUNE 1, 2021	:	
THROUGH MAY 31, 2025	:	

**STATEMENT OF PECO ENERGY COMPANY
IN SUPPORT OF THE JOINT PETITION FOR PARTIAL SETTLEMENT**

August 13, 2020

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**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

PETITION OF PECO ENERGY :
COMPANY FOR APPROVAL OF ITS :
DEFAULT SERVICE PROGRAM FOR : **DOCKET NO. P-2020-3019290**
THE PERIOD FROM JUNE 1, 2021 :
THROUGH MAY 31, 2025 :

**STATEMENT OF PECO ENERGY COMPANY
IN SUPPORT OF THE JOINT PETITION FOR PARTIAL SETTLEMENT**

I. INTRODUCTION

On August 13, 2020, PECO Energy Company (“PECO” or the “Company”), the Office of Consumer Advocate (“OCA”), the Office of Small Business Advocate (“OSBA”), the Coalition for Affordable Utility Services and Energy Efficiency in Pennsylvania (“CAUSE-PA”), Calpine Retail Holdings, LLC (“Calpine”), the Electric Supplier Coalition,¹ the Philadelphia Area Industrial Energy Users Group (“PAIEUG”), and Tenant Union Representative Network and Action Alliance of Senior Citizens of Greater Philadelphia (together, “TURN et al.”) (collectively, the “Joint Petitioners”) filed with the Pennsylvania Public Utility Commission (“Commission”) a Joint Petition for Partial Settlement (“Joint Petition”) in the above-captioned proceeding. The Joint Petitioners reserved two issues for briefing, which involve (1) the allocation of the costs PECO incurs to implement new time-of-use (“TOU”) default service rate options and (2) changes to the current assignment of responsibility for PJM Interconnection, L.L.C. (“PJM”) charges for Network Integration Transmission Service (“NITS”) from all load-

¹ The Electric Supplier Coalition’s members are NRG Energy, Inc., Direct Energy Services LLC, Interstate Gas Supply Inc., d/b/a IGS Energy, Vistra Energy Corp., Shipley Choice LLC, ENGIE Resources LLC and WGL Energy Services, Inc.

serving entities to PECO (as proposed by the Electric Supplier Coalition).² This Statement in Support (this “Statement”) is filed pursuant to Paragraph 73 of the Joint Petition.

The settlement set forth in the Joint Petition (the “Settlement”) was reached after an extensive investigation by the parties of PECO’s proposed Default Service Program for the period June 1, 2021 to May 31, 2025 (“Original DSP V Proposal”), which included substantial discovery, the submission of direct, rebuttal and surrebuttal written testimony, a public input hearing, and an evidentiary hearing. In addition, the parties engaged in discussions and negotiations about the terms of the Settlement over an extended period.

PECO is in full agreement with each of the reasons the Joint Petitioners stated that the Settlement is in the public interest. In this Statement, following a summary of the Settlement, PECO offers additional reasons why the Settlement is in the public interest and should be approved.

II. SUMMARY OF THE SETTLEMENT

In the Original DSP V Proposal, PECO proposed to continue most of the existing plans and programs approved by the Commission in PECO’s fourth default service proceeding (“DSP IV”)³ with three principal changes. First, PECO proposed to procure new solar alternative energy credit (“Solar AEC”) contracts to replace PECO’s existing ten-year Solar AEC contracts previously approved by the Commission that will have expired by the end of DSP IV. Second, PECO proposed to introduce new TOU default service rate options for eligible customers in PECO’s Residential and Small Commercial procurement classes (the “TOU Rates”) to comply

² StateWise Energy Pennsylvania LLC and SFE Energy Pennsylvania, Inc., which are parties to this proceeding, have authorized the Joint Petitioners to represent that they do not oppose the Settlement. Clean Air Council, Sierra Club/PA Chapter and Philadelphia Solar Energy Association (collectively, the “Environmental Stakeholders”) are the only parties to this proceeding that have indicated they oppose the Settlement. PECO will address any issues that may be raised by the Environmental Stakeholders in opposition to the Settlement in briefing.

³ See *Petition of PECO Energy Co. for Approval of Its Default Serv. Program for the Period from June 1, 2017 through May 31, 2021*, Docket No. P-2016-2534980 (Order entered Dec. 8, 2016) (“DSP IV Order”).

with PECO's obligation under Act 129 of 2008 ("Act 129") to offer TOU and real-time rates to all default service customers with smart meters.⁴ Finally, PECO proposed to permit low-income customers enrolled in the Company's Customer Assistance Program ("CAP") to shop for generation service in accordance with the Commission's proposed Policy Statement on Electric Customer Assistance Program Participant Shopping.⁵

Under the Settlement, PECO's Default Service Program ("Revised DSP V") is generally consistent with many features of the Original DSP V Proposal. As originally proposed, PECO's Revised DSP V will have a four-year term, beginning June 1, 2021 and ending May 31, 2025. PECO's default service customers will remain divided into three procurement classes: the Residential Class, the Small Commercial Class, and the Consolidated Large Commercial and Industrial Class. PECO will also maintain the same procurement class definitions that were approved by the Commission in the DSP IV Order.

For the Residential Class, PECO will continue to procure a mix of one-year and two-year fixed-price full requirements ("FPFR") products of which approximately 99% of the supply will be in the form of one-year and two-year FPFR products, with six-month spacing between the commencement of contract delivery periods. During the Revised DSP V period, the remaining approximately 1% of Residential Class load will be supplied directly by PJM's spot energy, capacity and ancillary service markets. The Small Commercial Class load will continue to be

⁴ 66 Pa.C.S. § 2807(f)(5). The hourly priced default service rate for the Consolidated Large Commercial and Industrial ("C&I") Class already meets Act 129 requirements.

⁵ *Elec. Distribution Company Default Serv. Plans – Customer Assistance Program Shopping*, Docket No. M-2018-300658 (Proposed Policy Statement Order entered Feb. 28, 2019) ("*Proposed Policy Statement Order*"). By Secretarial Letter issued January 23, 2020, the Commission acknowledged that its proposed CAP shopping policy statement was "unlikely to be final and effective in time for some upcoming DSP proceedings." *Investigation into Default Serv. and PJM Interconnection, LLC Settlement Reforms*, Docket No. M-2019-3007101 (Secretarial Letter issued Jan. 23, 2020) ("January 2020 Secretarial Letter"), p. 9. The Commission therefore directed all electric distribution companies ("EDCs") to consider the Commission's prior guidance in the *Proposed Policy Statement Order* and recent decisions in previous default service proceedings in developing CAP proposals for upcoming DSP filings. *Id.*, pp. 9-10.

supplied by equal shares of one-year and two-year FPFR products. Finally, with respect to the Consolidated Large Commercial and Industrial Class, PECO will continue to solicit hourly-priced contracts for full requirements products for all default service supply.

Each of the contracts for the Residential and Small Commercial Classes will be procured through a competitive sealed-bid Request for Proposals (“RFP”) process approximately two months prior to delivery of energy under the contract, with hourly-priced contracts for the Consolidated Large Commercial and Industrial Class procured annually. In order to facilitate selection and transfer of PJM Auction Revenue Rights (“ARRs”) to wholesale default service suppliers under the procurement schedule, PECO will continue to employ a consultant for ARR analysis and selection.

Under the Settlement, PECO will continue to satisfy its obligations under Pennsylvania’s Alternative Energy Portfolio Standards (“AEPS”) Act⁶ with respect to sales to default service customers by requiring 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. As originally proposed, PECO will also conduct two solicitations in both 2021 and 2022 for ten-year Solar AEC contracts to deliver a total of 16,000 Solar AECs annually (i.e., 4,000 Solar AECs in each of four solicitations), with up to half of each year’s Solar AEC amount from solar generating facilities located within the Company’s service territory. The Joint Petitioners have agreed on RFP procedures, including two versions of a form Solar AEC Purchase and Sale Agreement, and contingency plans for PECO’s Solar AEC procurements.

⁶ 73 P.S. §§ 1643.1 et seq.

The Joint Petitioners further reached agreement on other undisputed procurement-related issues, including continuation of the contingency plans approved in prior default service programs for unsuccessful procurements and wholesale supplier defaults, continuation of the DSP IV form of supplier master agreement (“SMA”), with one change to require each wholesale supplier to submit the information required in PECO’s annual report to the PUC on default service⁷ to the Company for the energy supplied under the SMA, and the appointment of NERA Economic Consulting, Inc. (“NERA”) as an independent third-party evaluator of PECO’s default service procurements.

In addition, the Joint Petitioners agreed upon tariff and rate design changes to implement the Revised DSP V. As originally proposed, PECO will continue quarterly filing of default service rates with semi-annual reconciliation of the over/undercollection component of the Generation Supply Adjustment (“GSA”) for all default service customers. PECO will continue to be responsible for and recover the PJM charges specified in the Company’s Non-Bypassable Transmission Charge (“NBT”) and will continue to recover Non-Firm Point-to-Point Transmission costs associated with default service customers through its bypassable Transmission Service Charge (“TSC”).⁸ Finally, the Joint Petitioners agreed to PECO’s originally proposed new, optional TOU Rates for the Residential and Small Commercial Classes with limited modifications related to annual updates to PECO’s TOU pricing multipliers and the communications plan for the TOU Rates.⁹

⁷ 52 Pa. Code § 54.39; *see also id.* at § 54.6 (requiring default service providers to file the annual licensing report required by Section 54.39 of the Commission’s EGS licensing regulations that provides information on default supply generation sources).

⁸ The issue of whether PECO should acquire NITS for all customer load and recover the associated PJM charges from all distribution customers through the NBT is reserved for litigation. Joint Petition, ¶ 42.

⁹ The issue of how the costs PECO incurs to implement its new TOU rates should be allocated to the eligible procurement classes is reserved for litigation. Joint Petition, ¶ 60.

PECO will continue its existing, Commission-approved Electric Generation Supplier (“EGS”) Standard Offer Program (“Standard Offer Program” or “SOP”) for the Revised DSP V term, with conditions agreed to by the Joint Petitioners. Under the Settlement, PECO will change the brand name for the SOP, provide additional information about the SOP on its website, and allow customers to enroll in the program through its website. In addition, PECO will perform additional training and evaluation of its third-party SOP administrator, Kandela, recommended by the OCA. Finally, PECO will conduct a customer satisfaction survey of SOP customers prior to the filing of the Company’s next default service program.

The Joint Petitioners also resolved issues related to CAP customer shopping in PECO’s service territory and residential bill improvements. On July 8, 2020, PECO proposed to make changes to its CAP design from a Fixed Credit Option (“FCO”) plan to a Percentage of Income Payment Plan. This request is pending before the Commission at Docket Nos. M-2018-3005795 and P-2020-3020727 (“CAP Design Proceeding”). In light of the fact that PECO requested to change the design of its CAP design after it made the instant DSP V filing, PECO will not implement its proposal for CAP customer shopping (the “CAP Shopping Plan”) described in the Original DSP V Proposal. PECO will submit a proposal to implement CAP shopping in a separate docket consistent with the CAP design approved in a final, non-appealable Opinion and Order in the CAP Design Proceeding and that is informed by all available information and data. With respect to residential bill improvements, PECO will convene a stakeholder process to discuss mechanisms to collect EGS pricing information and recommendations to improve the presentation of shopping information on residential customer bills.

III. THE SETTLEMENT IS IN THE PUBLIC INTEREST AND FULLY SATISFIES THE REQUIREMENTS OF THE COMPETITION ACT AND THE COMMISSION'S DEFAULT SERVICE REGULATIONS

Under the Electricity Generation Customer Choice and Competition Act, 66 Pa.C.S. §§ 2801 *et seq.* (the “Competition Act”), PECO, as a Pennsylvania EDC and default service supplier, has a fundamental obligation to provide competitively procured, reliable electric generation service to default service customers at least cost over time.¹⁰ PECO’s Revised DSP V – its fifth default service program – contains all of the elements required by the Commission’s default service regulations (52 Pa. Code §§ 54.181-54.190) and its Policy Statement on Default Service (52 Pa. Code §§ 69.1801-69.1817), including implementation plans, procurement plans, contingency plans, rate design plans, and associated tariff pages.

As described in the Settlement and in this Statement, PECO’s Revised DSP V is designed to obtain a competitively procured “prudent mix” of contracts as required by the Public Utility Code. The type of FPCR contracts that PECO will procure for default service customer supply has already been approved by the Commission and is well-tested in the marketplace. *See* PECO St. No. 4, pp. 9-11, 25-26. PECO’s Revised DSP V default service portfolios, which build on the success of PECO’s prior default service programs, will continue to support the competitive retail market while providing customers with significant protection against changing market conditions and an appropriate degree of rate stability consistent with the objectives of the Competition Act. *See* PECO St. Nos. 4, pp. 22-31; & 4-R, pp. 10-13, 21-37, 44-45. Accordingly, and as described in detail below, PECO’s Revised DSP V fully satisfies each of the requirements of the Competition Act and the applicable Commission regulations on default service and should be approved.

¹⁰ 66 Pa. C.S. § 2807(e)(3.4).

A. PECO's Procurement Classes Are Appropriate And In The Public Interest

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." *See* 52 Pa. Code § 69.1805. In the Settlement, the Joint Petitioners agree to PECO's originally proposed DSP V procurement classes: the Residential Class, the Small Commercial Class, and the Consolidated Large Commercial and Industrial Class. Joint Petition, ¶¶ 15-18. Each procurement class is comprised of established rate schedules under PECO's tariff and reflects differences between the classes with respect to customer usage and shopping patterns. The separation of the Residential and Small Commercial procurement classes reflects the different characteristics of those classes and reduces the potential that changes in shopping trends in one customer group will result in a higher default service price for the other customer group. PECO St. No. 1, pp. 11-12. In addition, the consolidation of all customers receiving hourly-priced default service into a single procurement group – the Consolidated Large Commercial and Industrial Class – reflects similarities in shopping trends, streamlines the Company's competitive solicitation process, and simplifies the reconciliation of over/undercollection of default service costs. *Id.*, p. 12. In order to implement the procurement classes under the Settlement, the Joint Petitioners have requested that, if necessary, the Commission grant PECO a waiver of the specific peak load class criteria in 52 Pa. Code § 54.187. Joint Petition, ¶ 71.

B. The Length Of The Revised DSP V Procurement Plan Is Proper

The Commission's regulations provide that the term of a default service program subsequent to the initial program will be determined by the Commission. *See* 52 Pa. Code § 54.182(d). In the Settlement, the Joint Petitioners agreed to PECO's original proposal for a four-

year DSP V term. *See* Joint Petition, ¶ 14. The Revised DSP V term is reasonable because, as the Commission noted in the DSP IV Order (p. 35) a longer program would minimize future litigation expenses and reduce administrative costs. PECO St. No. 1, p. 9.

C. The Procurement Plan For The Residential Customer Class Is In The Public Interest

In its Original DSP V Proposal, PECO proposed to continue the procurement design established in DSP IV with 99% of the total portfolio comprised of a mix of one-year (38%) and two-year (61%) FPFR products with delivery periods that overlap on a semi-annual basis. Under the Original DSP V Proposal, PECO proposed to continue to procure the remaining approximately 1% of Residential Class supply directly from the wholesale energy markets operated by PJM. PECO St. No. 1, pp. 15-17. Continuation of the spot energy component of the Residential Class portfolio, which is procured automatically as part of PJM’s energy settlement process without additional administrative expense, allows the Company to maintain the “tranche” size (i.e., 1.6% of default service load for each customer class) established under PECO’s first default service program. PECO St. No. 1-R, pp. 20-21.

The OCA supported PECO’s proposal to procure one- and two-year FPFR products for Residential customers. OCA St. No. 1, p. 8. However, the OCA recommended elimination of the spot energy component of the procurement plan for the Residential Class, asserting that one percent of spot market supply “serves no practical purpose” and may impose additional administrative costs. OCA St. No. 1, pp. 11-12.

The Joint Petitioners agree to PECO’s original proposed Residential Class portfolio, including PECO’s original proposal to procure all FPFR contracts approximately two months prior to delivery of the energy in March or September of each year of the Revised DSP V procurement plan. *See* Joint Petition, ¶¶ 19, 21; PECO Exhibit No. JJM-3. In order to facilitate selection and transfer of PJM ARRs to wholesale default service suppliers, the Joint Petitioners

also agree that PECO will continue to employ a consultant for ARR analysis and selection. *See id.*, ¶ 19.

In sum, the Settlement continues PECO's basic DSP IV procurement strategy that has attracted robust, competitive participation in PECO's procurements, resulted in reasonable prices, provided price stability benefits for residential customers, and supported the competitive retail electricity market in PECO's service area. *See* PECO St. No. 4, pp. 22-31. The use of one- and two-year FPFR products will continue to provide an appropriate level of price stability, which the Commission is required to consider under the Competition Act.¹¹ The Residential Class procurement plan thus fully complies with the Competition Act's requirement to competitively procure a "prudent mix" of supply resources designed to ensure "adequate and reliable service" at the "least cost to customers over time." *See* 66 Pa.C.S. §§ 2807(e)(3.1), (3.2), (3.4). In addition, the Settlement resolves differences between PECO and the OCA regarding the spot market component of the residential procurement plan.

D. The Procurement Plan For The Small Commercial Customer Class Is In The Public Interest

Consistent with the Original DSP V Proposal, PECO will continue the DSP IV mix consisting of equal shares of one-year and two-year FPFR products, with six-month spacing between the commencement of contract delivery periods. Joint Petition, ¶¶ 22-23. PECO will procure the FPFR products for Small Commercial customers in the same manner as the Residential Class. *See* PECO Exhibit No. JJM-3.

Like the Residential Class, the portfolio of FPFR products for Small Commercial customers constitutes a "prudent mix" of supply resources as required by the Competition Act. The use of one- and two-year FPFR products for the Small Commercial Class under the

¹¹ *See Implementation of Act 129 of October 15, 2008; Default Serv. and Retail Elec. Mkts.*, Docket No. L-2009-2095604 (Final Order entered Oct. 4, 2011), p. 40.

Settlement provides price stability benefits for all small non-residential customers who may not have the knowledge or resources to elect a competitive EGS offering that provides the price stability they seek. PECO St. No. 4, pp. 7-8.

E. The Procurement Plan For The Consolidated Large Commercial and Industrial Customer Class Is In The Public Interest

The Settlement adopts PECO's original proposal to continue to procure hourly-priced full requirements products annually, in March, for all default service supply for the Consolidated Large C&I Class. *See* Joint Petition, ¶¶ 24-25; PECO Exhibit No. JJM-3. Similar to the Residential and Small Commercial Class procurement plans, the Settlement's procurement plan for these customers complies with the Competition Act's requirements.

F. The Settlement Establishes A Competitive Procurement Process

The Commission's regulations require that a default service plan include copies of agreements to be used in the procurement of electric generation supply for default service customers, including SMAs and RFPs. 52 Pa. Code § 54.185(e)(6). In the Original DSP V proposal, PECO proposed that all procurements would continue to be administered by NERA using a competitive, sealed-bid RFP process. *See* PECO St. No. 1, p. 23.

In the Settlement, the Joint Petitioners agreed to PECO's original proposal for a competitive, sealed-bid RFP process and the form SMA that suppliers will be required to execute set forth in PECO Exhibit JJM-4. Joint Petition, ¶¶ 26-27. Consistent with Section 54.185(e)(4) of the Commission's regulations, suppliers will bid on "tranches" corresponding to a percentage of the actual 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.¹² *Id.* The RFP documents set forth in PECO Exhibit Nos. JJM-6 and JJM-7 are based on the DSP IV RFP documents that have yielded competitive outcomes. *See* PECO St. No. 1, pp. 23-24. Accordingly, the comprehensive RFP documents agreed to by the Joint Petitioners satisfy the Competition Act's requirements of a competitive procurement process, with prudent steps to negotiate favorable generation supply contracts and obtain contracts at least cost. 66 Pa.C.S. § 2807(e)(3.7).

G. PECO's Plan For AEPS Compliance Is Appropriate And Includes An Innovative Solar RFP Process That Is Responsive To Stakeholder Preferences

Both the Competition Act and the AEPS Act require default service providers, such as PECO, to obtain an increasing percentage of electricity sold to retail customers from alternative energy sources as measured by AECs.¹³ The AEPS Act also includes a "set-aside" that requires some of those AECs to be derived from solar photovoltaic ("PV") facilities. Under Act 40 of 2017 ("Act 40"), PECO must meet its future solar AEPS requirements using solar AECs generated from solar energy facilities in the Commonwealth. During DSP V, PECO's solar AEPS requirement will be 0.5% of its total default service load.¹⁴

The Settlement adopts PECO's proposal to meet its AEPS Act obligations primarily through a combination of full requirements products and innovative solar procurements to support solar energy facilities within the Company's service area. Consistent with DSP IV, PECO proposed to require each full requirements default service supplier to transfer Tier I (including solar PV) and Tier II AECs to PECO corresponding to PECO's AEPS obligations associated with the amount of default service load served by that supplier. A default service

¹² PECO remains responsible for all distribution services to its default service customers, as well as the transmission costs described in Section III.I, *infra*.

¹³ *See* 66 Pa.C.S. § 2807(e)(3.6); 73 P.S. §§ 1648.1 et seq.

¹⁴ 73 P.S. § 1648.3(b)(2)(xv).

supplier's solar AEC obligation would be reduced by solar AECs procured directly by PECO and allocated to the supplier. *See* PECO St. No. 1, p. 14.

Specifically, the Company proposed to satisfy approximately 25% of PECO's solar AEPS requirements during DSP V by procuring new ten-year solar AEC contracts through two solicitations during both 2021 and 2022 for delivery of a total of 16,000 solar AECs annually (i.e., 4,000 solar AECs in each of the four solicitations). PECO also proposed to procure up to half of each year's amount of solar AECs from solar generating facilities located within its service area. *See* PECO St. No. 1, pp. 29-30.

The Company's proposed solar RFP process is designed to obtain competitive, fixed-price supply contracts at least cost and will utilize form Solar AEC Purchase and Sale Agreements (tailored either for a project or an aggregator) and an independent third-party RFP monitor. The first stage of each annual RFP will consist of a competitive procurement where the winning bidders will be determined by the lowest solar AEC prices offered. The second stage will be a Standard Offer to Purchase solar AECs at the quantity-weighted average of the winning competitive prices determined by the first stage RFP, with the requirement that the solar AECs from stage two bidders come from solar generation resources located in the PECO service area. *See* PECO St. No. 1, pp. 29-32. PECO's proposed Solar AEC RFP and related documents are consistent with procedures previously approved by the Commission and successfully used by PECO in its 2010 Solar AEC procurement, as well as terms and conditions that are typical of solar renewable energy credit agreements. *See* PECO St. No. 1, pp. 30-33.

PECO's two-stage design for the procurement of a portion of its solar AEC obligations is both innovative and responsive to stakeholder preferences. As PECO witness John McCawley explained during the evidentiary hearings, the Company understands that several stakeholders are interested in increasing the amount of solar energy being produced locally. *See, e.g.,* Hearing

Tr. at 62-63, 67. By adopting the Company's proposed solar RFP process, the Settlement creates new opportunities for local solar generation and also ensures that solar AECs are purchased at competitively-determined prices.

H. Other Procurement And Implementation Plan Requirements

The Settlement also includes agreement among the Joint Petitioners regarding other procurement and implementation plan components which were uncontested.

Contingency Plans. In accordance with the Commission's regulations at 52 Pa. Code § 54.185(e)(5), the Settlement appropriately provides for continuation of PECO's contingency plans approved by the Commission in PECO's prior default service programs. Joint Petition, ¶¶ 34-35.

Independent Evaluator. The Commission's default service regulations provide that the competitive bid solicitation process shall be subject to monitoring by the Commission or an independent third party selected by a default service provider in consultation with the Commission. *See* 52 Pa. Code § 54.186(c)(3). The Joint Petitioners agree to the appointment of NERA to continue as independent evaluator for PECO's default service procurements. Joint Petition, ¶ 28.

Affiliate Relations. Under the Commission's default service regulations, affiliates of PECO are permitted to participate in the Company's competitive procurements for default service supply, *see* 52 Pa. Code § 54.186(b)(6), provided that appropriate protocols are in place to ensure that such affiliates do not receive an advantage in the competitive procurement and the competitive process complies with the Commission's codes of conduct. The Commission has previously approved PECO's SMA as an affiliated interest agreement and PECO is maintaining the same protocols and other protections in the Revised DSP V to be administered by the Independent Evaluator. *See* PECO Exhibit Nos. JJM-6 and JJM-7; PECO St. No. 1, pp. 23-26.

Thus, pursuant to Section 2807(e)(3.1)(iii)(B) of the Competition Act, the Joint Petitioners support PECO's request for the Commission to approve the form SMA set forth in PECO Exhibit JJM-4 as an affiliated interest agreement as required under 66 Pa.C.S. § 2102. Joint Petition, ¶ 29.

I. The Settlement Continues PECO's Commission-Approved Rate Design With The Addition Of Optional Time-of-Use Default Service Rates for Eligible Residential And Small Commercial Customers

In its Original DSP V Proposal, PECO proposed to maintain its current rate design with the addition of new TOU rates for the Residential and Small Commercial Classes discussed in Section III.J, *infra*. The rate design set forth in the Settlement fully complies with the Commission's default service regulations and the Public Utility Code, whereby PECO recovers default service costs from default service customers through the GSA and TSC. Consistent with the Public Utility Code and the Commission's default service regulations, PECO proposed to continue to project and adjust default service rates for the Residential and Small Commercial Classes established pursuant to the GSA on a quarterly basis and to reconcile the over/under collection component of the GSA (known as the "E-Factor") on a semi-annual basis. PECO St. No. 2, pp. 5-6. PECO proposed to recover implementation costs associated with its new TOU rates through the administrative cost factor of the GSA from the eligible procurement classes (i.e., the Residential and Small Commercial Classes). *Id.*, p. 24.

The default service rates for the Consolidated Large C&I Class will continue to be based upon the price paid to winning suppliers in PECO's hourly-priced default service procurements, which includes the PJM day-ahead hourly locational marginal price for the PJM PECO Zone, plus associated costs, such as capacity, ancillary services, PJM administrative expenses and AEPS compliance costs ("Hourly Pricing Adder"). To align the filing schedule for the Consolidated Large C&I default service rates with PECO's other procurement classes, PECO

proposed to continue to file the Hourly Pricing Adder and to reconcile the E-Factor on a quarterly and semi-annual basis, respectively, instead of monthly basis. *Id.*, pp. 7-8. In addition, PECO proposed to continue to be responsible for and recover the same categories of PJM charges approved by the Commission in the Company's DSP IV proceeding for recovery through its NBT and TSC. *See* PECO St. No. 1, p. 15.

The OCA proposed semi-annual E-Factor reconciliation using a twelve-month refund or recovery period. OCA St. Nos. 1, pp. 18-29 & 1S, pp. 3-4. OSBA recommended that PECO allocate TOU implementation costs recovered through the GSA to the eligible procurement classes based on the number of customers instead of on a kWh basis. OSBA St. Nos. 1, pp. 6-7 & 1-S, pp. 2-3. Based on its view that the Company improperly excludes certain administrative and overhead costs from the Price-to-Compare ("PTC") and instead recovers them through distribution rates, the Electric Supplier Coalition recommended that the Commission require PECO to modify its default service rate design, through a subsequent compliance filing, to recover a "reasonable" portion of its overhead costs through the PTC. ESC St. No. 1, pp. 44-51, & 1-S, pp. 27-33. With respect to the collection of PJM billing charges, the Electric Supplier Coalition recommended that PECO acquire NITS for all customer load and recover the associated costs from all distribution customers through the Company's NBT. ESC St. Nos. 1, pp. 32-40, & 1-S, pp. 21-26.

Subject to resolution of the reserved issues relating to the recovery of PJM charges for NITS and TOU implementation cost allocation, the Settlement adopts PECO's original proposed rate design. Joint Petition, ¶¶ 37-39. Under the Settlement, the Joint Petitioners agree that

PECO shall be permitted to file the GSA and Reconciliation tariff pages set forth in Exhibits A and B to the Joint Petition to become effective June 1, 2021.¹⁵ Joint Petition, ¶ 40.

This rate design also resolves the differences between PECO and the OCA on reconciliation of PECO's default service rates. Billing cycle lag results in a timing difference between revenue and expense that can produce significant fluctuations in the PTC that are not directly related to the underlying cost of default service supply. By using a semi-annual rather than a quarterly or monthly schedule for the reconciliation of over/under collections for the Residential and Small Commercial Classes and Consolidated Large C&I Class, respectively, fluctuations in default service prices will be smoothed out and result in clearer price signals for both customers and EGSs. PECO St. No. 2, pp. 7-8. While the Commission's regulations do not prescribe a time period for reconciliation adjustments, PECO believes that semi-annual reconciliation appropriately balances the Company's goal of mitigating volatility with the Commission's concern about maintaining the PTC as a price signal for customers and EGSs. *Id.*, pp. 27-28. In order to continue quarterly filing of hourly-price default service rates and semi-annual reconciliation of the E-Factor for all default service customers under the Settlement, the Joint Petitioners have requested that, if necessary, the Commission grant PECO a waiver of the rate design provisions in 52 Pa. Code § 54.187. Joint Petition, ¶ 72.

J. PECO's Revised DSP V Will Introduce Time-of-Use Rates That Satisfy Act 129 Requirements And Are In The Public Interest

In 2014, PECO offered a TOU generation rate through a PUC-approved one-year pilot program known as the "PECO Smart Time Pricing Pilot" ("Pilot") described by PECO witness Joseph A. Bisti in Statement No. 2.¹⁶ In the Original DSP V Proposal, PECO proposed new

¹⁵ PECO will address any Commission determinations regarding the collection of PJM bill charges for NITS and TOU cost allocation in a subsequent compliance filing.

¹⁶ *Petition of PECO Energy Co. for Approval of its Initial Dynamic Pricing and Customer Acceptance Plan*, Docket No. M-2009-2123944 (Order entered Apr. 15, 2011) ("Dynamic Pricing Order"); *Petition of PECO Energy Co. for Expedited Approval of its Dynamic Pricing Plan Vendor Selection and Dynamic Pricing Plan*

TOU Rates for the Residential and Small Commercial Classes consistent with Commission guidance on TOU rate design and Act 129 requirements.¹⁷ The Company’s original proposed TOU Rates reflect a balance of the following objectives: (1) simplicity and the value proposition for customer enrollment; (2) cost-causation principles to connect the TOU pricing structure to wholesale markets and PECO’s standard, non-time varying GSA; and (3) incentives for customer electric vehicle (“EV”) adoption. PECO St. No. 2, pp. 13-14. As set forth in the Settlement, the Joint Petitioners have reached agreements regarding the rate design, customer eligibility, treatment of net metering customers, and the implementation plan for PECO’s new TOU Rates, as described below.

TOU Product Structure and Rate Design. In the Settlement, the Joint Petitioners agree to PECO’s original proposed TOU rate design with differentiated pricing across three usage periods (peak, off-peak and super off-peak) throughout the year based on price multipliers, with one revision to review those multipliers annually as recommended by the OCA. *See* Joint Petition, ¶¶ 44-48. The peak and off-peak usage periods shown in Table 1 of the Joint Petition reasonably encompass the Company’s expected system peak usage times and take into account the need for simplicity to encourage customer enrollment. PECO selected the same year-round peak period – 2 p.m. to 6 p.m. on non-holiday weekdays – employed in the Pilot in which

Supplement, Docket No. P-2012-2297304 (Opinion and Order entered Sept. 26, 2012) (approving modifications to the commodity supply, dynamic rate structure, size and term of the pilot approved in the Dynamic Pricing Order to enable an EGS to provide TOU supply in lieu of PECO).

¹⁷ Since the conclusion of the Pilot, the scope of an EDC’s obligation to offer TOU rates to default service customers was the subject of litigation before the Commission and Commonwealth Court. *See Petition of PPL Elec. Utils. Corp. for Approval of a New Pilot Time-of-Use Program*, Docket No. P-2013-2389572 (Order entered Sept. 11, 2014) (holding that Act 129 did not require PPL Electric Utilities Corp. (“PPL”) to offer TOU rates directly to customer-generators); *Dauphin Cty. Indus. Dev. Auth. v. Pa. P.U.C.*, 123 A.3d 1124, 1136 (Pa. Cmwlth. 2015) (“*DCIDA*”) (holding that Act 129 does not authorize default service providers to delegate the obligation to offer TOU rates to customers with smart meters to EGSs); *Petition of PPL Elec. Utils. Corp. for Approval of a New Pilot Time-of-Use Program*, Docket Nos. P-2013-2389572 and M-2016-2578051 (Secretarial Letter issued Apr. 6, 2017) (“April 2017 Secretarial Letter”) (proposing a TOU design for PPL in accordance with the *DCIDA* decision and noting that the proposed TOU design “may provide future guidance to all EDCs” for incorporation into their own TOU proposals in their individual default service proceedings).

participating customers successfully responded to the TOU price signals to shift usage and achieve bill savings. PECO St. No. 2, pp. 16-17. Consistent with the January 2020 Secretarial Letter (p. 7), the Settlement's TOU Rates include a super off-peak pricing period from 12 a.m. to 6 a.m. each day to encourage EV charging during overnight low-priced energy hours based on PECO's system load patterns. *Id.*, p. 17. PECO believes that these price-differentiated usage periods will provide eligible customers with a reasonable opportunity to shift usage and are therefore in the public interest.

The TOU price multipliers for each procurement class shown in Table 2 of the Joint Petition are designed to motivate shifting of usage from the higher-cost peak period to lower-cost off-peak periods consistent with the Commission's guidance in the April 2017 Secretarial Letter (p. 3). These multipliers reflect the ratios calculated from average PJM PECO Zone spot market prices as well as the cost of capacity during peak and off-peak hours. Allocation of the cost of capacity to peak and off-peak hours only under the Settlement will send cost-based price signals and create larger price differentials that are more likely to motivate customers to adjust the time of day they use electricity. PECO St. No. 2, p. 18.

Under the Original DSP V Proposal, the TOU multipliers for each procurement class would remain constant for the entire four-year DSP V term. However, the OCA recommended that PECO recalculate the TOU price multipliers annually after the first year of DSP V using an updated five-year rolling average of PJM Day-Ahead Spot Market data for the PECO Zone to reflect current market conditions. OCA St. Nos. 1, pp. 15-17, & 1S, pp. 5-6. The Settlement adopts a modified form of the OCA's proposal. Specifically, PECO will review the TOU pricing multipliers set forth in Table 2 of the Joint Petition, on an annual basis, using a rolling five years of historical PJM spot market and capacity pricing data. Additional details on the threshold for updating the applicable TOU pricing multipliers for each procurement class are provided in

Paragraph No. 46 of the Joint Petition. Accordingly, the Settlement resolves the differences between PECO and the OCA regarding the TOU pricing multipliers.

The Settlement also documents agreement among the Joint Petitioners regarding PECO's TOU rate calculations. Under the Settlement, PECO will source both the standard and TOU default service for residential and small commercial customers from the same supply portfolio for each procurement class. The Joint Petitioners further agreed to the pricing methodology for PECO's quarterly TOU rate calculations set forth in PECO Exhibit Nos. JAB-3 and JAB-4. Under the Settlement's rate design, eligible default service customers will pay a discounted rate for off-peak usage and a higher rate for peak usage relative to PECO's standard fixed-price GSA. In addition, TOU customer kWh sales and costs will be included in the semi-annual reconciliation of the over/undercollection component of the GSA for the entire procurement class (i.e., Residential or Small Commercial). Joint Petition, ¶ 48. This reconciliation process using a single E-Factor for each procurement class will help mitigate potential large swings in GSA over/undercollections that could arise if customers switch between PECO's standard default service rate and TOU default service rate. PECO St. No. 2, pp. 20-21. Notably, the Commission has previously authorized other EDCs to recover TOU over/undercollection amounts from all default service customers based on its finding that the TOU rates mandated by Act 129 are a "form of default service".¹⁸

Customer Eligibility. As the Commission has recognized, Act 129 makes clear that an EDC's TOU program should be optional for default service customers.¹⁹ The April 2017

¹⁸ See *Pa. P.U.C. v. PPL Elec. Utils. Corp.*, Docket No. R-2011-2264771 (Opinion and Order entered Aug. 30, 2012), pp. 22-23.

¹⁹ See *Investigation into Default Serv. and PJM Interconnection, LLC Settlement Reforms*, Docket No. M-2019-3007101 (Secretarial Letter issued Jan. 23, 2020), p. 6. Act 129 provides that "[r]esidential or commercial customers *may* elect to participate in time-of-use rates or real-time pricing". 66 Pa.C.S. § 2807(f)(5) (emphasis added).

Secretarial Letter (p. 3) further provides that EDC TOU rates should be available to all default service customers who are not eligible for “spot only” default service and should incorporate existing consumer protections for CAP customers. In accordance with the Commission’s guidance, PECO’s voluntary TOU Rates under the Settlement will be available to residential and small commercial default service customers with smart meters configured to measure energy consumption in watt-hours. Joint Petition, ¶¶ 49-50. The Settlement also includes restrictions on re-enrollment if a customer leaves the TOU for any reason. *Id.*, ¶ 51. This provision is in the public interest because it will reduce “free riders” who enroll in a TOU rate only for times of the year when they do not have to shift usage to save money. PECO St. No. 2, p. 22.

The Settlement also adopts PECO’s original proposal to exclude CAP customers from the residential TOU Rate to avoid potential adverse impacts on CAP benefits. Joint Petition, ¶ 49. In light of the impact of pending changes to PECO’s underlying CAP design on the CAP customer’s evaluation of the potential value proposition of a TOU rate option, PECO believes that it is appropriate to exclude CAP customers from the TOU Rates at this time. PECO St. Nos. 2, pp. 15-16, & 2-R, p. 16. In addition, the Commission found that the recent settlement regarding PPL’s TOU program implemented pursuant to Act 129 was in the public interest because, among other things, the eligibility exclusion of CAP customers “protects low-income customers” by ensuring that vulnerable customers are not exposed to “potential rate volatility” associated with TOU rates.²⁰ The Settlement represents a compromise between PECO and the Electric Supplier Coalition, which had objected to the “opt-in nature” of PECO’s TOU Rates, the

²⁰ *Proceeding Initiated to Comply with Directives Arising from the Commonwealth Court Order in DCIDA v. PUC, 123 A3d 1124 (Pa. Cmwlth 2015) Reversing and Remanding the Order of the Comm’n Entered Sept. 22, 2014 at Docket Number P-2013-2389572 in which the Comm’n had Approved PPL’s Time of Use Plan*, Docket Nos. M-2016-2578051 et al. (Recommended Decision issued Apr. 2, 2018) (“PPL TOU Recommended Decision”), p. 25. The Commission adopted the PPL TOU Recommended Decision without modification by Order entered on May 17, 2018.

ineligibility of CAP customers. *See* ESC St. Nos. 1, pp. 16-17, 23-24, & 1-S, pp. 13-15.²¹

Net Metering Customers. The Settlement also includes agreement among the Joint Petitioners regarding the participation of residential and small commercial customer-generators who employ net metering in PECO's TOU Rates, which was uncontested. In the April 2017 Secretarial Letter (p. 4), the Commission recommended that EDCs offer all customers eligible for TOU rates "generation-weighted net metering". Consistent with that guideline, customer-generators will be eligible for the TOU Rates under the Settlement. In light of the administrative complexity associated with offering TOU rates to virtual net metering customers (*see* PECO St. No. 2, p. 21), the Joint Petitioners agreed to PECO's original proposal to exclude those customers. Joint Petition, ¶ 52.

The Settlement also adopts PECO's original proposed monthly accounting and cash-out process for excess generation created by TOU net metering customers. During any month when a TOU net metering customer consumes more power than it generates, any "banked" excess generation created in the applicable TOU rate period will be used to reduce or offset the customer's bill at the full retail rate, including the current TOU prices for generation. At the end of the PJM planning period on May 31 of each year, PECO will compensate TOU net metering customers for accumulated excess generation based on the applicable TOU rate and TSC in effect at the time the excess electricity was generated. Joint Petition, ¶ 53. Accordingly, the Settlement is consistent with the Commission's guideline in the April 2017 Secretarial Letter (p. 4) that EDCs calculate the value of excess generation based on the period in which it was generated.

Implementation Plan. The Original DSP V Proposal included a communications plan to

²¹ As part of the Settlement, the Electric Supplier Coalition is no longer pursuing its claims that the Commission should require PECO to implement supplier consolidated billing and offer a real-time price plan in conjunction with the TOU Rates. *See* ESC St. Nos. 1, pp. 16-20, 23-24, & 1-S, pp. 8-12, 14-15.

inform customers about PECO's new TOU Rates and update enrolled TOU customers about the opportunity for bill savings. This plan includes a webpage dedicated to the TOU Rates consistent with the April 2017 Secretarial Letter (p. 3), a variety of other customer education materials, and monthly e-mail communications to enrolled TOU customers. PECO St. No. 2, pp. 22-23.

The Electric Supplier Coalition contended that PECO should develop a more "robust" communications plan and "realistic" implementation timeframe for the TOU Rates. *See* ESC St. Nos. 1, pp. 21-22, & 1-S, p. 15. CAUSE-PA recommended that PECO conduct targeted and personalized outreach to vulnerable households seeking to enroll in PECO's TOU Rates about available universal service programs prior to enrollment. CAUSE-PA St. No. 1, pp. 21-24. As part of such outreach, CAUSE-PA proposed that PECO provide a customized bill impact assessment based on the household's actual usage patterns over the prior year to inform the customer's decision to voluntarily enroll in the Company's TOU Rates. *Id.*, p. 25. In addition, CAUSE-PA recommended that PECO track TOU customers' demographic information (e.g., age, race, ethnicity and disability status) and assess the impact of PECO's TOU Rates on low-income and other vulnerable customers. *Id.*, pp. 25-26.

Under the Settlement, PECO will implement the communications plan described in the Original DSP V Proposal. To address CAUSE-PA's recommendation for additional consumer protections for non-CAP low-income customers and other vulnerable customers in PECO's communication plan, the Company will incorporate the specific disclosures outlined in Paragraph No. 55 of the Joint Petition in all TOU outreach and educational materials. The Settlement also provides stakeholders (including interested EGSs) with the opportunity to review and provide feedback before those materials are finalized. *See* Joint Petition, ¶ 56. Finally, PECO will track TOU customers' income and demographic information and evaluate the impacts

of the Company's TOU rates on confirmed low-income customers as recommended by CAUSE-PA. *See id.* at ¶¶ 57-58.

In sum, the TOU Rates under the Settlement build on lessons learned from PECO's Pilot, appropriately integrate the Commission's guidance on EDC rate structures to satisfy Act 129 requirements, and balance a variety of important objectives, including customer protections. Accordingly, implementation of the tariff changes set forth in Exhibits A and B to the Joint Petition related to PECO's new TOU Rates is in the public interest.

K. PECO's Revised DSP V Will Continue The Standard Offer Program Consistent With The Commission's Guidance

On April 29, 2011, the Commission initiated its extensive Investigation of Pennsylvania's Retail Electricity Market at Docket I-2011-2237952 (the "Retail Markets Investigation"), which ultimately led to the Commission proposing that PECO and other default service providers undertake a variety of retail market enhancements, which the Commission then approved as part of PECO's second default service program proceeding ("DSP II"). In its final order in the Retail Markets Investigation, the Commission issued its proposed model for the "End State of Default Service" and observed that standard offer customer referral programs will "improve the overall operation of the competitive market in the near term."²² Consistent with the Commission's directives in the Retail Markets Investigation, during DSP II, PECO implemented its Standard Offer Program under which Residential and Small Commercial default service customers contacting PECO's customer service center are presented with an opportunity to select among a group of EGSs who have voluntarily chosen to offer customers a twelve-month contract priced at least 7% below PECO's applicable PTC at the time of the offer. In PECO's DSP II proceeding, the Commission approved recovery of Standard Offer Program costs through an EGS participant

²² *See Investigation of Pennsylvania's Retail Elec. Mkt.: End State of Default Serv.*, Docket No. I-2011-2237952 (Order entered Feb. 15, 2013) (the "End State Order"), pp. 12-13.

fee of \$30 per enrolled customer, with any remaining costs recovered in the following manner: (1) fifty percent from EGSs through a 0.2% Purchase of Receivables (“POR”) discount; and (2) fifty percent from residential and small commercial default service customers via the GSA.²³ In the DSP IV Order (p. 35), the Commission approved continuation of the Standard Offer Program, including the cost recovery mechanisms approved in the DSP II Orders, as “beneficial” to all customers. During DSP IV, PECO revised its SOP training materials and scripts to incorporate specific disclosures to address the OCA’s concerns regarding the presentation and marketing of the SOP to customers. PECO St. No. 3, pp. 16-17. In its Original DSP V Proposal, PECO proposed to extend the SOP during DSP V in the same format as in DSP IV. *Id.*

The OCA proposed several changes to the Company’s existing SOP, including revisions to the training materials and scripts for the third-party administrator of PECO’s SOP, Kandela, discontinuance of the use of PECO’s “Smart Energy Choice” brand name for the SOP, and new requirements for participating EGSs to provide their SOP customer rates to PECO in cents per kWh. OCA St. Nos. 2, pp. 10-17, & 2S, pp. 2-3. The OCA also proposed that PECO perform a study of the price that SOP customers pay for competitive generation service after the end of the twelve-month contract term. OCA St. Nos. 2, p. 14, & 2S, pp. 3-4.

The Electric Supplier Coalition also opposed the use of PECO’s “Smart Energy Choice” brand name and proposed other revisions to the SOP scripts that it believes would increase the attractiveness of the program. In addition, the Electric Supplier Coalition recommended several operational and design changes to the SOP. *See* ESC St. Nos. 1, pp. 54-58, & 1-S, pp. 34-39.

²³ *See Petition of PECO Energy Co. for Approval of Its Default Serv. Program*, Docket No. P-2012-2283641 (Order entered Oct. 12, 2012) (“October 12 Order”). In the October 12 Order, the Commission approved PECO’s DSP II with certain modifications and also directed PECO to submit new proposals for various elements of its proposed retail market enhancements. In response, PECO made a series of compliance filings (December 11, 2012; February 28, 2013; and April 15, 2013), which were approved by a Secretarial Letter issued January 25, 2013, an Order entered February 14, 2013, and an Order entered June 13, 2013, respectively (collectively, the “DSP II Orders”).

CAUSE-PA, in turn, proposed that PECO amend its SOP to return customers to default service if they do not make an affirmative decision to either stay with their current EGS or select a new EGS at the end of the twelve-month contract. CAUSE-PA also recommended additional outreach to SOP customers about their shopping decisions throughout the duration of the SOP contract to educate them on how to compare offers. CAUSE-PA St. No. 1, pp. 27-31.

Under the Settlement, PECO will continue its currently effective SOP, including the cost recovery mechanisms last approved by the Commission in the DSP IV Order, until May 31, 2025. Joint Petition, ¶ 62. To address the OCA's concerns regarding Kandela's presentation of the SOP to customers, prior to obtaining customer approval to participate in the SOP, customer service representatives will ask for the customer's authorization to enroll with a named supplier. Joint Petition, ¶ 64. PECO will also perform a monthly evaluation of the SOP's third-party administrator's presentation of the SOP and provide any additional training that is necessary to ensure compliance with the Commission-approved customer disclosures. Joint Petition, ¶ 65. Finally, to address the OCA's and CAUSE-PA's concerns regarding the prices SOP customers pay for competitive generation service, PECO will conduct a customer satisfaction survey of SOP customers prior to filing its next default service program and will convene a collaborative to explore mechanisms to collect EGS pricing information as discussed in Section III.M, *infra*. See Joint Petition, ¶ 66.

The Settlement also adopts certain operational and design changes recommended by the Electric Supplier Coalition. First, PECO will change the brand name for the SOP from "PECO Smart Energy Choice" to "Customer Referral Program." Joint Petition, ¶ 63. Second, PECO will provide information about the SOP and how customers may enroll on its website. Joint Petition, ¶ 67. The Company will also allow customers to enroll in the SOP through its website by March 2022, subject to the Joint Petitioners' approval of recovery of the costs associated with

system changes necessary to implement web enrollments through a POR discount. *See* Joint Petition, ¶ 68.

The changes to PECO's current SOP agreed to as part of the Settlement carefully balance the interests of customers and participating EGSs. Accordingly, continuation of the SOP under the Settlement is beneficial to customers and in the public interest.

L. The Settlement Establishes A Reasonable Process To Resolve CAP Shopping Issues In PECO's Service Territory

In accordance with the universal service obligations set forth in the Public Utility Code, PECO's CAP assists low-income customers in PECO's service territory through discounted energy bills. PECO's CAP is a special rate rider for customers with an annual household gross income level at or below 150% of the poverty level established under federal law. Under PECO's current FCO program design, CAP customers receive a fixed bill credit each year for the utility service they receive based on their ability to pay regardless of the actual amount of their utility bill. PECO calculates the CAP credit amount using a twelve-month look-back period. PECO's CAP customers are not currently eligible to purchase electric generation supply from an EGS. PECO St. No. 3, pp. 3-4.

In accordance with the Commission's direction in its *Proposed Policy Statement Order*,²⁴ PECO's Original DSP V Proposal included the CAP Shopping Plan. Thereafter, on July 8, 2020, PECO proposed to change its current CAP to provide a percentage of income-based benefit to CAP customers instead of a fixed credit.

²⁴ The CAP shopping requirements outlined in the *Proposed Policy Statement Order* (pp. 5, 9-10) include (1) a CAP shopping product rate at or below the EDC's PTC for the duration of the contract; (2) a prohibition in EGS-CAP customer contracts against fees unrelated to the provision of electric generation service, including early termination and cancellation fees; and (3) the following options for CAP customers upon expiration of the current contract period: enter into another contract with their existing EGS with the same CAP protections, switch to another supplier offering a contract with the same CAP protections, or return to default service.

Under the Original DSP V Proposal, an EGS serving residential customers in PECO's service territory would have the opportunity to enroll CAP customers and provide them with electric generation service, subject to the following key CAP Shopping Plan requirements:

- **Restrictions on CAP Rates and Limitations on EGS-CAP Customer Contracts.**

First, consistent with the *Proposed Policy Statement Order*, PECO proposed that a participating EGS (a "CAP Supplier") must charge CAP customers a rate for generation service that is at or below the PECO PTC for residential customers during the entire contract term. Under PECO's original proposed Plan, EGSs serving CAP customers also may not enter into contracts that impose early cancellation and termination fees or other fees unrelated to generation service. This prohibition incorporates the Commission's guidance in the *Proposed Policy Statement Order* and ensures that the overall rate charged to a CAP customer does not exceed PECO's PTC. PECO St. Nos. 3, pp. 5-6, & 3-R, p. 4.

- **Other Obligations for EGSs Who Choose to Serve CAP Customers.** PECO proposed that EGSs must electronically submit a notice of intent to participate or discontinue participation as a CAP Supplier (a "CAP Notice"), at least ten days before the start of the calendar month. Under PECO's original proposal, EGSs that execute a CAP Notice must agree to comply with all Plan requirements, including pricing limitations for CAP customers. PECO's proposed Plan included several other requirements for CAP Suppliers, including use of PECO's "bill-ready" EDC consolidated billing for all shopping CAP customers and publication of their CAP rates on PAPowerSwitch.com. PECO St. Nos. 3, pp. 7-9, & 3-R, p. 5.

- **Contract Expiration and Change Notice Procedures.** In accordance with the *Proposed Policy Statement Order*, PECO proposed the following options for CAP

customers at the end of the contract term: renew the contract with their existing EGS at a new Plan-compliant CAP rate, switch to another supplier offering a Plan-compliant CAP rate, or return to default service. PECO St. No. 3, pp. 9-10.

PECO proposed to begin Plan implementation following the receipt of at least five CAP Notices to ensure verifiable supplier interest in serving CAP customers in PECO's service territory.

PECO St. Nos. 3, pp. 13-14, & 3-R, pp. 4-5. PECO would not be responsible for monitoring and enforcing the Plan's limitations on EGS contracts. PECO St. Nos. 3, p. 11, & 3-R, pp. 6-8.

CAUSE-PA and TURN et al. generally opposed the implementation of a CAP shopping platform in PECO's service territory and presented data showing that PECO's residential customers, including non-CAP confirmed low-income customers, have paid generation service rates greater than PECO's PTC since 2015. While they recognize that PECO's proposed Plan is consistent with the *Proposed Policy Statement Order*, CAUSE-PA and TURN et al. contended that PECO's Plan is deficient because, in their view, it does not include adequate monitoring and enforcement mechanisms for EGS compliance with the Plan's pricing restrictions to ensure full universal service protections and affordability of service. If CAP shopping is implemented in PECO's service territory as part of DSP V, CAUSE-PA and TURN et al. recommended that the Commission require PECO to actively monitor EGS CAP rates, automatically reject CAP customer enrollment requests for noncompliant offers and return all CAP customers with noncompliant offers to default service during or at the end of the contract term. *See* CAUSE-PA St. No. 1, pp. 10-20, 40-53; TURN et al. St. Nos. 1, pp. 5-14, & 1-SR, pp. 2-5.

The Electric Supplier Coalition expressed concerns with PECO's proposed implementation timeline for the Plan and the requirement for EGSs to post their CAP rates on PaPowerSwitch.com. The Electric Supplier Coalition also opposed the Company's proposal to

require the receipt of five nonbinding CAP notices from EGSs before Plan implementation. ESC St. No. 1, pp. 60-61, & 1-S, pp. 40-42.

The Settlement represents a compromise developed by the Joint Petitioners concerning the design of a CAP shopping platform in PECO's service territory. As noted in Section II, *supra*, on July 8, 2020, PECO filed a proposal with the Commission to change its CAP design. Under the Settlement, PECO will submit a CAP shopping proposal following the Commission's final Order in the CAP Design Proceeding instead of implementing the Plan as described in the Original DSP V Proposal. *See* Joint Petition, ¶ 70. Coordination of PECO's CAP shopping platform design with the future Commission-approved CAP design will allow the parties and the Commission to efficiently consider all issues related to PECO CAP customer shopping fully informed by currently available data.

M. The Settlement Establishes A Collaborative Process To Explore Enhancements To The Presentation Of Shopping Information On Residential Customer Bills

In his direct testimony, CAUSE-PA witness Geller examined historical data regarding the EGS prices that PECO's residential customers have paid over the past five years and concluded that the aggregate EGS charges during that period exceeded PECO's applicable PTC by more than \$733 million. CAUSE-PA St. No. 1, pp. 8-16. Based on that conclusion, Mr. Geller requested that PECO redesign the residential customer bill to improve the presentation of shopping information and permit active customer review of the rates they are paying for competitive generation service. *Id.*, pp. 9, 53. To that end, Mr. Geller proposed various modifications to PECO's residential customer bill, including a stand-alone box on the front of the bill displaying the EGS rate in cents per kWh and the applicable PTC. *Id.*, pp. 53-54.

To address CAUSE-PA's concern regarding the transparency of shopping information on the residential customer bill, under the Settlement, PECO will convene a stakeholder process to

discuss mechanisms to collect EGS pricing information compatible with PECO's "bill ready" system and to develop residential bill improvements. This process will also address EGS recommendations to enhance the presentation of shopping information on residential customer bills.²⁵ Joint Petition, ¶ 69.

IV. CONCLUSION

For the reasons set forth above and in the Joint Petition, PECO's Revised DSP V embodied in the Settlement builds on the successful products and programs approved by the Commission in DSP IV, which will allow PECO to continue to meet its default service obligations and to further enhance the retail electric market. Moreover, the Settlement terms have been carefully designed to resolve, in a reasonable fashion, the issues and concerns that were raised by the testimony in this case without the need for additional costly litigation.

²⁵ In testimony presented in this proceeding, the Electric Supplier Coalition proposed a collaborative or series of workshops to consider changes to the default service structure, including steps to transition PECO out of its role as default service provider. *See* ESC St. No. 1, pp. 12-14. In support of its proposal, the Electric Supplier Coalition's witness argued that the retail market was "stagnating" and the EGS market was "destined to primarily consist of shorter-run arrangements that undercut the DSP." ESC St. No. 1, pp. 6-9. PECO opposed these proposals. *See* PECO St. Nos. 1-R, pp. 15-16, & 4-R, pp. 32-46. The scope of the stakeholder process agreed to in Paragraph No. 69 of the Joint Petition does not include the possible default service structural changes proposed by the Electric Supplier Coalition.

Accordingly, the Settlement is in the public interest and should be approved without modification.

Respectfully submitted,



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Dated: August 13, 2020

Counsel For PECO Energy Company

DB1/ 115431669.3

BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION

PETITION OF PECO ENERGY COMPANY :
FOR APPROVAL OF ITS DEFAULT :
SERVICE PROGRAM FOR THE PERIOD : DOCKET NO. P-2020-3019290
FROM JUNE 1, 2021 THROUGH MAY 31, :
2025 :

STATEMENT OF THE
OFFICE OF CONSUMER ADVOCATE
IN SUPPORT OF THE
JOINT PETITION FOR PARTIAL SETTLEMENT

The Office of Consumer Advocate (OCA), a signatory party to the Joint Petition for Partial Settlement (Partial Settlement) in the above-captioned proceeding, respectfully requests that the terms and conditions of the Partial Settlement be approved by Administrative Law Judge Eranda Vero and the Pennsylvania Public Utility Commission (Commission). It is the position of the OCA that the proposed Partial Settlement is in the public interest and in the interests of the residential customers of PECO Energy Company (PECO or Company).

I. INTRODUCTION

The Office of Consumer Advocate (OCA) filed an Answer and Notice of Intervention in this proceeding on April 3, 2020. The OCA's objective was to ensure that the various aspects of PECO's proposed Default Service Program (DSP or Plan) V, including methods of procurement of energy and Alternative Energy Credits (AEC), service offerings such as Time of Use (TOU) rates, and shopping opportunities such as the Standard Offer Program (SOP) and the proposed shopping plan for customers on the Company's Customer Assistance Program, were

compliant with all applicable statutes, regulations and Commission Orders and designed to produce default service rates for PECO's residential customers that represent the least cost over time, as required by Public Utility Code Sec. 2807(e)(3.4). To assist with its analysis of the proposed DSP, the OCA retained the services of two experts, Dr. Steven L. Estomin with respect to procurement and rate matters, and Ms. Barbara R. Alexander, with respect to consumer and consumer protection matters. Both Mr. Estomin and Ms. Alexander submitted Direct, Rebuttal and Surrebuttal Testimony in this proceeding.

II. BACKGROUND

The OCA adopts the background set forth in Paragraphs 1-11 of the Joint Petition for Partial Settlement.

As further background, the OCA notes that its expert Mr. Estomin was largely supportive of the portfolio, procurement and rate aspects of the DSP V proposal. In his Direct Testimony, he identified three areas of concern and recommended modifications to the Plan to address them: (1) the approximately one percent spot market portion of residential Default Service load should be eliminated from the residential Default Service supply portfolio; (2) the reconciliation amounts calculated for each six-month period should be amortized over twelve months rather than the six months proposed by the Company; and (3) the Company's TOU proposal with respect to TOU period pricing should be modified to better reflect market conditions that may emerge over the course of the Default Service Plan period. OCA St. 1 at 7.

In her Direct Testimony, OCA witness Alexander focused on the SOP and CAP shopping portions of the Plan and made recommendations for each. Regarding the SOP, Ms. Alexander recommended that: (1) PECO change the name of the SOP from PECO Smart Energy Choice Program to something more neutral like Standard Offer Program or Customer Choice

Program; (2) customers who agree to hear more about the program and are transferred to PECO's third-party agent, Kandela, should be informed customer disclosures regarding the SOP are given prior to the selection of a supplier and customers must be asked to agree to enroll with a specific supplier; (4) all SOP suppliers should provide PECO with their cents per kWh rate for display on the PECO bill to allow comparison with the Price to Compare (PTC); (4) PECO should monitor its own and Kandela's call recordings to ensure that all aspects of the program are being properly explained to customers; and (5) PECO should conduct a study similar to the PPL Electric analysis of what price SOP customers pay after the end of their 12-month contracts. OCA St. 2 at 3-4.

Regarding the proposed CAP Shopping Program, Ms. Alexander observed that any such program must be accompanied by robust and well-designed customer education materials for CAP customers. She noted, however, that the Company had not submitted any educational materials with its filing. Ms. Alexander therefore recommended that PECO be required to develop and share its customer educational materials and the means by which it will conduct ongoing research associated with the measurement of success of this program with stakeholders prior to the program's implementation. OCA St. 2 at 4-5.

III. PARTIAL SETTLEMENT BENEFITS FOR RESIDENTIAL CUSTOMERS

The OCA submits that the Partial Settlement addresses many of the issues raised by the OCA's witnesses and provides numerous benefits for residential ratepayers. First, under ¶¶ 19-21 of the Partial Settlement, the portfolio and procurement methods to be used for the residential class under DSP V will be those proposed by PECO in its Petition. As previously noted, OCA witness Estomin was largely supportive of the Company's proposal. His only objection involved the 1% share that was to be purchased from the PJM spot energy market. He was concerned that it may have the effect of marginally increasing the volatility of the reconciliation adjustment and possibly

imposing additional administrative costs on the Company. OCA St. 1 at 14. Mr. Estomin recommended that the spot energy purchase be eliminated from the portfolio. Nevertheless, per ¶ 19 of the Partial Settlement, the 1% spot market purchase remains part of the portfolio. In the Company's Rebuttal Testimony, Company witness McCawley explained that eliminating the spot purchase would result in significant costs for default service customers due to having to employ two tranche sizes -- the traditional size used in prior DSPs and another reflecting the additional purchases necessary to replace the spot purchase. In addition, there would be added information technology expenses to accommodate moving to two tranche sizes. PECO St. 1-R at 21. In view of these complications and potentially significant additional costs, the OCA is satisfied that it is in the best interest of residential customers to retain the 1% spot purchase within the residential procurement portfolio.

Under ¶ 31 of the Partial Settlement, PECO will conduct two solicitations for 10-year Solar AEC contracts. The OCA supports these procurements. OCA witness Estomin noted that Solar AECs have exhibited prices that can rise significantly in response to tight market conditions. The use of long-term contracts for the provision of Solar AECs can help stabilize prices for what would otherwise be a volatile component of the overall portfolio. OCA St. 1 at 13.

Paragraph 37 of the Partial Settlement provides for the mechanics of the Generation Supply Adjustment (GSA), the rate mechanism by which PECO recovers the cost of default service from the various customer classes. This Paragraph provides that the GSA will change quarterly and that over/undercollections of default service costs will be reconciled semi-annually. OCA witness Estomin recommended that the amounts to be reconciled be amortized over a 12-month rather than a six-month term. The objective of his recommendation was to reduce the size and variability of the E-factor in the GSA and make the PTC somewhat more stable. Mr. Estomin noted that while

reconciliation adjustments in recent years have been small, the introduction of voluntary TOU rates available to residential customers will introduce an additional element requiring reconciliation. The effect on the size of the reconciliation adjustments will depend on whether TOU adoption is high or low. If low, Mr. Estomin stated, the impact on the reconciliation adjustment would be negligible. OCA St. 1 at 18-19.

In his Rebuttal Testimony, Company witness Bisti explained that on two previous occasions, the Commission rejected Company proposals to reconcile over/undercollections on a twelve-month basis, including in DSP II. He noted that in PECO's last two default service cases, the Commission concluded that semi-annual reconciliation is beneficial to customers. Further, he pointed out that a six-month reconciliation appropriately balances the goal of reducing volatility with the goal of having the PTC serve as a price signal to customers and Electric Generation Suppliers (EGSs). PECO St. 2-R at 12-13.

In view of the fact that reconciliation adjustments have been small, that the TOU program under the terms of this Partial Settlement will not be implemented for at least a year, that early adoption of the TOU rates is likely to be low, and that the Commission has demonstrated a preference for six-month reconciliation, the OCA has decided to accept the Company's proposal to utilize a six-month reconciliation period.

Paragraphs 43-61 of the Partial Settlement set forth the details of what has been agreed to with respect to the Company's proposed TOU rate program. The program will be available to Residential and Small Commercial customers. There will be three pricing periods – Peak, Off-Peak and Super Off-Peak. The difference in pricing between the periods will be based on multipliers that will reflect ratios calculated from average PJM PECO zone spot market prices as well as an allocation of the cost of capacity to Peak and Off-Peak hours. See ¶ 45. In its original filing, PECO proposed to set the multipliers at the beginning of the program and keep them in

place for the four-year term of DSP V. OCA witness Estomin expressed concern for the fact that changing market conditions could, over the course of four years, result in the use of outdated data. For example, he noted that the market price relationships among the various rate periods would likely change and the data representing the 2014 through 2018 period (which PECO proposed to use) would no longer be as representative as more current costs would be. Accordingly, Mr. Estomin proposed that rather than retain the same fixed multipliers for the duration of the four-year DSP V period, the Company should retain the proposed multipliers for the first year of the DSP period and then apply a recalculated set of multipliers for each successive year of the four-year period using an updated five-year rolling average. This would allow PECO to drop the oldest of the data relied upon and refresh the data set with data of more recent vintage each year. OCA St. 1 at 16-17.

Paragraph 46 of the Partial Settlement addresses Mr. Estomin's concerns. There, PECO agrees to review the multipliers on an annual basis using a rolling five years of PJM Day-Ahead Market Pricing data for energy prices and capacity market pricing applicable to the PECO zone. The Settlement provides that the Company will only update the multipliers if it results in no more of a 10% change from the prior year's multipliers. If the change would exceed 10%, the change in the multipliers will be limited to 10%.

The OCA finds that the provisions of ¶ 46 satisfy the concerns expressed by Mr. Estomin about having TOU multipliers that are based on outdated or stale data.

Although not matters which the OCA specifically addressed, ¶¶ 55 and 56 of the Partial Settlement contain important consumer protection provisions. Paragraph 55 provides that the customer education and outreach materials for the TOU program will contain statements designed advise low-income customers and customers whose usage cannot be readily altered through the

course of a day that TOU rates may not be appropriate in their circumstance. In ¶ 56, PECO commits to allowing stakeholders to review and comment on TOU outreach and education materials before they are finalized. This will ensure that the OCA and other consumer-oriented interests will have the opportunity to make recommendations as they deem necessary.

Paragraphs 62 through 68 of the Partial Settlement relate to the Standard Offer Program. As described above, OCA witness Alexander made five recommendations in connection with the SOP. A number of her recommendations have been incorporated into the Settlement. Ms. Alexander felt strongly that the current name of the SOP program (“PECO Smart Energy Choice Program”) was misleading and not reflective of the nature of the program. Paragraph 63 provides that within 60 days of the Commission’s Order in this proceeding, PECO will change the name of the program to the more neutral “Customer Referral Program.”

OCA witness Alexander was also concerned about the fact that PECO’s third-party agent for the SOP, Kandela, was enrolling customers into the program prior to the identification of the supplier with whom they would be contracting. Ms. Alexander stated that the customer must agree to enroll with a specific named supplier. OCA St. 2 at 3. In ¶ 64, the Partial Settlement provides that prior to obtaining a customer’s approval to participate in the SOP, Kandela’s customer service representatives will ask the customer’s authorization to enroll with a named supplier.

Ms. Alexander also urged that the scripts used by Kandela be revised to ensure that all customer disclosures regarding the program are given prior to the selection of a supplier. OCA St. 2 at 12. Paragraph 65 of the Partial Settlement states that PECO will conduct a monthly evaluation of Kandela customer service representatives regarding the presentation of customer disclosures consistent with the current SOP scripts and training materials and take the steps necessary to train the representatives to provide the correct and approved information about the SOP. This provision

also satisfies, in part, another of Ms. Alexander's recommendations, i.e., that PECO should monitor its own and Kandela's call recordings to ensure that all aspects of the program are being properly explained to customers. OCA St. 2 at 4. The OCA is satisfied that ¶ 65 addresses the bulk of Ms. Alexander's concerns with the performance of Kandela's representatives in presenting the SOP to customers.

Another of witness Alexander's recommendations was that PECO should conduct a study similar to that done by PPL Electric to learn about SOP customers' experience at the end of the 12-month SOP term, particularly the rates customers who remain with their SOP EGS pay in subsequent months. OCA St. 2 at 4. In her testimony, Ms. Alexander also noted that PECO has never conducted a survey or other informal or formal customer research to determine customer understanding of the program based on the scripts it uses, particularly understanding as to whether the 7% bill discount is fixed and how it relates to changes in the PTC. OCA St. 2 at 14.

In Rebuttal Testimony, Company witness Reilly rejected Ms. Alexander's recommendation for a PPL-type study of post-SOP rates paid by customers. The Company did not see any reason to perform such a study. Further, Ms. Reilly noted that a study of this type would involve additional Information Technology expense as PECO does not track a customer's status as an SOP customer other than an initial note that the customer elected to participate in SOP. PECO St. 3-R at 14-15.

Notwithstanding PECO's rejection of the PPL-type study, ¶ 66 of the Partial Settlement provides for PECO to undertake, prior to its next DSP filing, a customer satisfaction survey along the lines of Ms. Alexander's idea for a survey to determine customer understanding of the program. Specifically, PECO agrees that it will survey customers who withdrew from SOP prior to the end of the 12-month program, customers who selected a new EGS at the end of the SOP period, those

who returned to default service at the conclusion of the SOP period, and those who remained with their SOP supplier.

While the OCA submits that a PPL-type study would yield valuable information as to the effectiveness of the PECO SOP in introducing participants to the competitive market, the OCA, in the spirit of compromise, is willing to accept the agreed-to customer satisfaction survey as a satisfactory first step in evaluating customer experience with the SOP.

OCA witness Alexander's final recommendation was that all SOP suppliers should provide PECO with their cents per kWh rate for display on the PECO bill to allow comparison with the PTC. This matter is addressed in ¶ 69 of the Partial Settlement which provides that within sixty days of the Commission's Order in this proceeding, PECO will convene a stakeholder process to discuss mechanisms to collect EGS pricing information compatible with PECO's "bill-ready" billing system and to develop bill improvements to ensure that shopping information is clear and transparent to residential customers. The OCA anticipates that this will include discussion of the placement of SOP suppliers' rates on the customer bill so as to enable ready comparison of those rates with the PTC.

OCA witness Alexander also made a recommendation with respect to the Company's proposed CAP Shopping Program. Specifically, she urged that stakeholders be given the opportunity to review the Company's CAP Shopping customer education materials prior to implementation of the program. OCA St. 2 at 4-5. This matter has now been made moot by ¶ 70 of the Partial Settlement, which provides that the Company will not implement its CAP Shopping Program under DSP V. Rather, it will await the Commission's decision in another proceeding in which the Company has proposed a redesign of its CAP program. After resolution of that separate proceeding, PECO will propose another CAP Shopping plan and will request that the new proposal

be assigned a new docket number. The OCA supports this provision of the Partial Settlement.

IV. CONCLUSION

The OCA submits that this Partial Settlement represents a balanced and reasonable resolution to the Company's DSP V filing. It provides for use of a proven approach and methods for procurement of the default supply portfolio for residential customers. Through its solicitation for ten-year contracts for solar AECs, it proposes to mitigate a potentially price-volatile component of the default service portfolio. It allows for a Time of Use rate structure that will more accurately reflect recent price history and provides protection for vulnerable customers for whom Time of Use rates may not be appropriate. It builds important protections into the Standard Offer Program designed to ensure that customers will have a better understanding of the program from which to make their decision whether to enroll. Finally, it provides for stakeholders to engage in a process to make PECO's customer bill more informative and provide shopping information that is clear and transparent to customers. In view of these beneficial provisions, the OCA submits that the proposed Partial Settlement is in the public interest and in the best interest of the Company's ratepayers and should be approved by the Commission.

Respectfully Submitted,

/s/ David T. Evrard

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Dated: August 13, 2020

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**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

Petition of PECO Energy Company for	:	
Approval of Its Default Service Program for	:	P-2020-3019290
the Period From June 1, 2021 Through	:	
May 31, 2025	:	

**OFFICE OF SMALL BUSINESS ADVOCATE
STATEMENT IN SUPPORT OF THE
JOINT PETITION FOR PARTIAL
SETTLEMENT**

I. Introduction

The Office of Small Business Advocate (“OSBA”) is an agency of the Commonwealth of Pennsylvania authorized by the Small Business Advocate Act (Act 181 of 1988, 73 P.S. §§ 399.41 – 399.50) to represent the interests of small business consumers as a party in proceedings before the Pennsylvania Public Utility Commission (“Commission”).

II. Filing Background

On March 13, 2020 PECO Energy Company (“PECO” or the “Company”) filed a Petition seeking Commission approval of its fifth Default Service Program (“DSP V”). On April 1, 2020, the Philadelphia Area Industrial Energy Users Group (“PAIEUG”) and the Coalition for Affordable Utility Services and Energy Efficiency in Pennsylvania (“CAUSE-PA”) each filed a Petition to Intervene.

On April 2, 2020, the OSBA filed a Notice of Appearance, Notice of Intervention, Public Statement and Answer to PECO's Petition. On April 3, 2020, the Office of Consumer Advocate ("OCA") filed a Notice of Intervention, Public Statement, and Answer to PECO's Petition.

On April 10, 2020, the Tenant Union Representative Network ("TURN") and Action Alliance of Senior Citizens of Greater Philadelphia ("Action Alliance") jointly filed a Petition to Intervene. On April 14, Calpine Retail Holdings, LLC filed a Petition to Intervene.

A Pre-Hearing Conference Notice was issued on April 20, 2020 scheduling the pre-hearing conference in this matter for May 5, 2020 before Administrative Law Judge ("ALJ") Eranda Vero.

On April 24, 2020, Calpine Retail Holdings, LLC filed a Motion for Admission *Pro Hac Vice* of James H. Laskey.

On April 30, 2020, StateWise Energy Pennsylvania LLC and SFE Energy Pennsylvania, Inc. ("StateWise") filed a Petition to Intervene, a Motion for Admission *Pro Hac Vice* for Kevin C. Blake, and a Motion for Admission *Pro Hac Vice* for Thomas F. Puchner.

A pre-hearing conference was held on May 5, 2020 at which time a procedural schedule was adopted.

The OSBA served the direct testimony of Brian Kalcic on June 16, 2020.

The OSBA served the rebuttal testimony of Brian Kalcic on July 9, 2020.

The OSBA served the surrebuttal testimony of Brian Kalcic on July 23, 2020.

The parties conducted settlement negotiations which resulted in a settlement of numerous issues. As such, many parties waived cross-examination and the evidentiary hearing scheduled for July 29, 2020 was cancelled. A hearing was held on July 30, 2020, during which the testimony and exhibits of the OSBA's witness, Mr. Brian Kalcic, was moved into the record, and limited cross was undertaken of issues that had, at that point, been unresolved.

III. Summary of the OSBA's Principal Concerns

On May 1, 2020, the OSBA filed a Prehearing Memorandum. In its Prehearing Memorandum, the OSBA identified several issues of concern, including the following:

1. Whether PECO's default service procurement plan for Small Commercial (below 100 kW) customers consisting of equal shares of one-year and two-year fixed price full requirements products is appropriate;
2. Whether PECO's proposed optional time-of-use ("TOU") rate design for Small Commercial customers is appropriate;
3. Whether PECO's proposed method of recovering its actual costs of implementing TOU rate options from the Residential and Small Commercial procurement classes is reasonable; and
4. Whether PECO's proposal to procure the supply for Small Commercial TOU customers in the fixed price full requirements products used to supply the Small Commercial procurement class is appropriate.

The OSBA has actively participated in the negotiations which have led to the filing of the Joint Petition for Partial Settlement ("Partial Settlement"). The OSBA is a signatory to the Partial Settlement and urges the Commission's approval of the Partial Settlement without modification.

IV. Partial Settlement

The Partial Settlement sets forth a comprehensive list of issues which were resolved through the negotiation process. This statement outlines the OSBA's specific reasons for joining the Partial Settlement. The following provisions were of particular significance to the OSBA in concluding that the Partial Settlement is in the best interests of small business customers:

A. Procurement Plan

The Partial Settlement details the terms of the agreed upon procurement plan in paragraphs 14 through 25 under Section II- Terms and Conditions of Settlement. Paragraph 22 indicates that under the procurement plan, the "Small Commercial Class load will continue to be supplied by equal shares of one-year and two-year [fixed-price full requirements ("FPFR")] products." (Partial Settlement, p. 7). Additionally, it is agreed that each contract for the Small Commercial Class will be procured through a competitive sealed-bid process approximately two months prior to delivery of energy under the contract. (Partial Settlement, p. 7). These terms have been evaluated by the OSBA and the OSBA has concluded the terms are reasonable and offer sufficient protections to the Small Commercial Class.

Under Paragraph 23 of the Partial Settlement, the signatories to the Partial Settlement agreed to the procurement terms and schedule for the Small Commercial Class FPFR contracts set forth in PECO Exhibit No. JJM-3. (Partial Settlement, p. 7). For the Small Commercial Class, PECO Exhibit No. JJM-3 details that procurement products will be at a fixed-price with term lengths of 12 months and 24 months. Upon review, the OSBA has determined that the procurement terms and schedule for the Small Commercial Class FPFR contracts will provide price stability benefits and customer protection to the Small Commercial Class.

B. Rate Design for Small Commercial Customers

Paragraphs 37 through 61 of the Partial Settlement detail the agreed-upon terms of Rate Design and Cost Recovery. (Partial Settlement, p. 10-17). In Paragraph 37, PECO agreed to recover the cost of default service from default service customers through the Generation Supply Adjustment (“GSA”) and Transmission Service Charge (“TSC”) consistent with its fourth default service program (“DSP IV”). (Partial Settlement, p. 10). The OSBA supports this provision.

Under Paragraph 43, PECO commits to introducing new time-of-use (“TOU”) default service rate options for eligible customers in the Small Commercial procurement class during DSP V. (Partial Settlement, p. 12). PECO indicated it made such commitment to comply with Act 129 of 2008 (“Act 129”); the OSBA agrees that such commitment allows PECO to fulfill its obligations under Act 129.

Paragraph 44 details TOU pricing periods for the Small Commercial Class and Paragraph 45 details TOU price multipliers for the GSA-1 and GSA-2 classes. (Partial Settlement, p. 12-13). These tables reflect the original proposals by the Company, and, as noted in the OSBA witness Mr. Kalcic’s direct testimony, the OSBA did not recommend any changes to PECO’s proposed rate design for Small Commercial TOU customers. (OSBA Statement No. 1, p. 1).

Paragraph 47 details that PECO will source both standard and TOU default service for Small Commercial Customers from the same supply portfolio for each procurement class and use the standard default service GSA as the reference price for PECO’s TOU calculations. (Partial Settlement, p. 14). In Paragraph 48, PECO committed to calculating the TOU Rates on a quarterly basis, synchronized with the GSA adjustment periods for the Small Commercial Class,

using the pricing methodology set forth in PECO Exhibit Nos. JAB-3 and JAB-4. (Partial Settlement, p. 14). Also under Paragraph 48, it was agreed that TOU customer kWh sales and costs will be included in the semi-annual reconciliation of the over/undercollection component of the GSA for the entire Small Commercial procurement class. (Partial Settlement, p. 14). The OSBA takes no issue with these terms following review of PECO Exhibit Nos. JAB-3 and JAB-4, and after full evaluation of the terms.

C. Time-of-Use Implementation Cost Allocation

The Partial Settlement correctly notes that the issue of allocation of costs PECO incurs to implement new TOU default service rate options is reserved for briefing. (Partial Settlement, p. 1-2).

V. **Conclusion**

For the reasons set forth in the Partial Settlement, as well as the additional factors enumerated in this statement, the OSBA supports the proposed Partial Settlement and respectfully requests that the ALJ and the Commission approve the Partial Settlement in its entirety.

Respectfully submitted,

/s/ Erin K. Fure

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Dated: August 12, 2020

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

Petition of PECO Energy Company	:	
for Approval of Its Default Service Program	:	Docket No. P-2020-3019290
for the Period From June 1, 2021 Through	:	
May 31, 2025	:	

**STATEMENT OF CALPINE RETAIL HOLDINGS, LLC IN SUPPORT OF JOINT
PARTIAL SETTLEMENT**

TO THE HONORABLE ERANDA VERO:

Pursuant to the regulations of the Pennsylvania Public Utility Commission (“PUC” or “Commission”) at 52 Pa. Code §§ 5.231-5.232, Calpine Retail Holdings, LLC (together with its operating subsidiaries, “Calpine Retail”) hereby files this Statement in Support of the Joint Partial Settlement.

I. PROCEDURAL HISTORY

1. On March 13, 2020, PECO Energy Company (“PECO”) petitioned the Commission for approval of the Company’s fifth Default Service Program (“DSP V”).

2. On April 14, 2020, Calpine Retail petitioned to intervene in this proceeding. This petition was granted in the Prehearing Order of May 8, 2020.

3. Calpine Retail subsequently filed Rebuttal Testimony of Becky Merola. This testimony was admitted into the record without opposition on July 30, 2020.

II. STATEMENT OF SUPPORT

4. Calpine Retail is a provider of competitive electric services and as such is directly affected by the default service programs maintained by PECO and other electric utilities. Calpine Retail is concerned with issues that affect competitive markets in Pennsylvania, including the structure of the default service, utility affiliate participation, long term contracting of renewables

and programs that could potentially harm or become a disincentive to create customized and innovative competitive retail electric products and services for its current and prospective customers.

5. From Calpine Retail's perspective, the Joint Partial Settlement does not do any harm to the competition issues that Calpine Retail is interested in. Calpine Retail will be addressing in its brief next week one of the issues reserved for litigation, namely, its opposition to the changes proposed by the Electric Supplier Coalition to the current assignment of responsibility for PJM Interconnection, L.L.C. ("PJM") charges for Network Integration Transmission Service ("NITS") from all load-serving entities.

WHEREFORE, Calpine Retail Holdings, LLC respectfully supports approval of the Joint Partial Settlement.

Respectfully submitted,
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Dated: August 12, 2020

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

Petition of PECO Energy Company for :
Approval of its Default Service Program for the : **Docket No. P-2020-3019290**
Period from June 1, 2021 through May 31, 2025 :

**STATEMENT OF THE COALITION FOR AFFORDABLE UTILITY SERVICES AND
ENERGY EFFICIENCY IN PENNSYLVANIA
IN SUPPORT OF THE JOINT PETITION FOR PARTIAL SETTLEMENT**

The Coalition for Affordable Utility Services and Energy Efficiency in Pennsylvania (“CAUSE-PA”), a signatory party to the Joint Petition for Partial Settlement (“Joint Petition” or “Settlement”), respectfully requests that the terms and conditions of the Settlement be approved by the Honorable Administrative Law Judge Eranda Vero (“ALJ”) and the Pennsylvania Public Utility Commission (“Commission”) without modification. For the reasons stated more fully below, CAUSE-PA believes that the terms and conditions of the Settlement are in the public interest.

I. INTRODUCTION

CAUSE-PA intervened in this proceeding to ensure that PECO’s Default Service Plan (DSP) is appropriately designed to provide accessible and affordable default service for low income consumers and other vulnerable consumer groups. Specifically, CAUSE-PA sought to explore the following issues in this proceeding: (1) whether PECO’s proposed pricing protections for economically vulnerable consumers enrolled in PECO’s Customer Assistance Program (CAP)

were adequate to protect consumers from financial harm; (2) whether PECO's proposed Time of Use (TOU) rates were designed in a manner that protects vulnerable consumers with inflexible usage; and (3) whether changes to PECO's Standard Offer Program (SOP) were necessary to ensure the program provides a benefit to consumers. The Settlement, which was arrived at through good faith negotiation by all parties, is in the public interest in that it addresses issues of concern to CAUSE-PA, balances the interests of the parties, and fairly resolves a number of important issues in the proceeding. If approved, the Settlement will avoid substantial litigation and associated costs and will eliminate the possibility of further Commission litigation and appeals, along with their attendant costs.

II. BACKGROUND

CAUSE-PA adopts the background as set forth in Paragraphs 1-11 of the Joint Petition for Settlement.

By way of further background, CAUSE-PA submitted the expert testimony of Mr. Harry Geller in this proceeding. Mr. Geller sponsored direct and rebuttal testimony, as well as CAUSE-PA Exhibits 1, 2, and 3, which revealed troubling data regarding competitive market pricing trends in PECO's service territory. (CAUSE-PA St. 1 at 10-20 & CAUSE-PA Exhibits 1, 2, and 3). In relevant part, Mr. Geller's testimony showed that residential shopping customers were charged over \$733 million more (on net) than the default service price since 2015. (CAUSE-PA St. 1 at 10). Mr. Geller observed that in 2019, on a per customer basis, confirmed low income shopping customers were charged an average of \$16.04 more *each month* for competitive electric supply than they would have been charged if they remained with default service. (Id. at 16) Mr. Geller also noted troubling evidence that excessive competitive market prices may be concentrated in low income and minority communities. (Id.)

Based on this evidence, and coupled with a close examination of the manner in which competitive shopping would interact with PECO's CAP design, Mr. Geller concluded that unrestricted shopping by customers enrolled in the Customer Assistance Program would likely cause serious and substantial harm to vulnerable low income consumers and other residential ratepayers who pay for the program. (See id. at 31-52). Mr. Geller explained that robust protections for customers enrolled in PECO's CAP were critically necessary to prevent those harms, and recommended that PECO's CAP shopping proposal should be rejected in its entirety. (Id. at 54).

Mr. Geller also addressed PECO's proposal to institute a Time of Use (TOU) Rate, and explained: "Economically vulnerable households often have very little discretionary energy usage, ...and are more likely to live in smaller homes with less efficient heating and cooling spaces – all factors which make it difficult to shift load during peak periods." (CAUSE-PA St. 1 at 23-24). Mr. Geller highlighted recent research which showed that time varying usage rates "disproportionately increases bills for households with elderly and disabled occupants, and predicts worse health outcomes for households with disabled or ethnic minority occupants." (CAUSE-PA St. 1 at 24). For these reasons, Mr. Geller supported PECO's exclusion of CAP customers from TOU rates, and argued that additional protections should be adopted for all confirmed low income customers and other uniquely vulnerable customer groups – such as seniors, disabled individuals, and those with medical usage. (CAUSE-PA St. 1 at 25-26).

Mr. Geller also addressed PECO's Standard Offer Program (SOP). Again noting the significantly higher cost paid by residential shopping customers in the competitive market, as well as evidence from PPL Electric service territory showing SOP customers pay significantly higher prices at the conclusion of the 12-month SOP period, Mr. Geller recommended that SOP customers

be returned to default service if they do not affirmatively select a new supplier at the conclusion of the SOP term. (CAUSE-PA St. 1 at 27-31).

Finally, to help alleviate the excessive prices paid by residential consumers in the competitive market, Mr. Geller underscored the importance of improving PECO's residential customer bill to more clearly and prominently display shopping information to improve the ability of consumers to actively and timely compare the price they are paying to the default service price. (CAUSE-PA St. 1 at 53-54).

As explained below, CAUSE-PA asserts that proposed Settlement appropriately balances and fairly resolves the issues raised by Mr. Geller throughout this proceeding, and should be approved without modification.

III. CAUSE-PA SUPPORT FOR THE SETTLEMENT

The following terms of this Settlement address issues of concern to CAUSE-PA, and reflect a carefully balanced compromise of the interests of all the Joint Petitioners in this proceeding.

Time of Use Rates

First, with regard to PECO's Time of Use (TOU) rate proposal, CAUSE-PA asserts that the provisions of the Settlement – in balance – represent a reasonable compromise that appropriately balances the interests at stake. As noted above, Mr. Geller provided testimony and evidence suggesting that TOU rates can be harmful to economically vulnerable consumers, especially low income seniors, disabled individuals, and other marginalized populations. The Settlement fairly addresses these concerns, in balance with other issues in this proceeding, and is in the public interest.

Specifically, paragraph 49 affirms that customers enrolled in PECO's Customer Assistance Program (CAP) will not be eligible to participate in PECO's TOU rate option, given specific challenges inherent to integrating TOU rates into PECO's CAP design. (CAUSE-PA St. 1 at 21-22). Paragraph 51, in turn, allows TOU rate participants to leave at any time without incurring any penalties or fees. This provision ensures that households can return to standard service without delay if the consumer finds the rate is not beneficial.

Paragraphs 55 and 56 address TOU outreach and education, and provide that (1) all materials will include an explicit notice to customers regarding the availability of assistance programs and cautioning vulnerable consumers that the rate option may not be right for them; and (2) that PECO will host a collaborative meeting 120 days before launching its TOU rate to provide an overview of PECO's outreach and education materials and to allow stakeholders to comment on those materials. These provisions will help ensure that PECO's TOU education and outreach materials are properly designed to better inform consumers of both the benefits and the risks of TOU rates to protect vulnerable consumers from potential harm.

In balance with the other sections of this Settlement, CAUSE-PA asserts that the provisions of the Settlement regarding PECO's TOU rate proposal are in the public interest, reasonably address CAUSE-PA's concerns, and should be approved.

Standard Offer Program

With regard to PECO's Standard Offer Program (SOP), the Settlement likewise strikes an appropriate balance, ensuring that PECO will appropriately monitor and evaluate the program on an ongoing basis. In balance, the provisions of the Settlement regarding PECO's SOP represent a significant step in the right direction to better protect customers from unintentionally high costs at the conclusion of the SOP term.

Specifically, paragraph 65 requires PECO to conduct a monthly evaluation of its SOP administrator's customer service representatives to ensure that customer disclosures are provided in an appropriate manner. In turn, paragraph 66 requires PECO to conduct a customer satisfaction survey of customers who either (1) withdrew from the SOP before the conclusion of the SOP contract; (2) selected a new supplier at the conclusion of the SOP; (3) returned to default service at the conclusion of the SOP; or (4) rolled over into a new contract with their SOP supplier at the conclusion of the program. With increased program monitoring and information regarding the program experience and satisfaction of various types of customer groups, further improvements can be made to PECO's SOP in PPL's next DSP proceeding.

CAUSE-PA believes, in balance and as a whole, that the provisions of the Settlement regarding PECO's SOP are in the public interest and should be approved.

Residential Customer Bill Improvements

With regard to PECO's residential customer bill, paragraph 69 of the Settlement requires PECO to convene a stakeholder process to discuss mechanisms to collect EGS pricing information and to improve the residential bill to provide clear and transparent information about competitive shopping prices to residential customers. CAUSE-PA asserts that this provision is critically important to help consumers make more informed choices around electric supply. As data in this proceeding revealed, residential shopping customers were charged roughly \$773 million more since 2015 – on net and on average – than they would have been charged if they remained on default service. Ensuring that the price a customer pays for electric supply is displayed on the bill is a basic yet critically important step toward ensuring consumers can fairly assess the price they are paying for electric service and make a more informed decision related thereto. As such, CAUSE-PA submits that this provision of the Settlement is squarely in the public interest.

Customer Assistance Program (CAP) Shopping

Finally, with regard to CAP shopping, CAUSE-PA submits that the Settlement strikes an appropriate balance in the context of the larger proceeding, and should be approved. Specifically, paragraph 70 provides that PECO will file a separate, stand-alone petition regarding CAP shopping after the entry of a final, non-appealable Opinion and Order in PECO's currently pending Universal Service and Energy Conservation Plan (USECP) review proceeding. As noted above, extensive data uncovered in this proceeding shows that residential shopping customers – and specifically confirmed low income customers - consistently pay more, on average and on net, for competitive electric supply. (CAUSE-PA St. 1 at 16-17). Without appropriate protections, CAP shopping can cause substantial financial harm to both economically vulnerable CAP customers and other residential ratepayers who pay for the program.

The question of how to design an appropriate CAP shopping program plan to protect CAP customers and other residential customers from financial harm associated with excessive competitive market pricing is (in part) dependent on the applicable CAP design. PECO recently filed a Petition with the Commission to transition its current CAP design from a Fixed Credit Option program to a Percentage of Income Payment Plan program, which will be considered in tandem with PECO's currently pending USECP. If approved, this Petition will impact the type and severity of harm caused by CAP shopping. Until that programmatic change is reviewed, approved, and finalized, it would not be in the public interest to proceed with adoption of a CAP shopping design. CAUSE-PA believes it is soundly in the public interest to defer further consideration of CAP shopping until PECO's CAP design issues are fully addressed.

Importantly, the Settlement does not dictate what PECO will ultimately propose with regards to CAP shopping, nor does it limit any of the parties to a particular position regarding CAP shopping in PECO's service territory. This ensures the parties to PECO's future CAP shopping

petition will be able to fully assess applicable data and information and are free to take any position regarding whether, when, or in what form PECO should proceed with CAP shopping. This is critical, as it ensures that any future decision is not predetermined, and is instead guided by the factual information and evidence available at that time.

IV. CONCLUSION

CAUSE-PA submits that the Settlement, which was achieved by the Joint Petitioners after an extensive investigation of the Company's filing, is in the public interest and should be approved. Acceptance of the Settlement avoids the necessity of further administrative and possibly appellate proceedings regarding the settled issues at what would have been a substantial cost to the Joint Petitioners and the Companies' customers. Accordingly, CAUSE-PA respectfully requests that ALJ Vero and the Commission approve the Settlement without modification.

Respectfully submitted,
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August 12, 2020

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

Petition of PECO Energy Company for :
Approval of Its Default Service Program :
for the Period From June 1, 2021 Through : Docket No. P-2020-3019290
May 31, 2025 :

**ELECTRIC SUPPLIER COALITION’S STATEMENT IN SUPPORT
OF JOINT PETITION FOR PARTIAL SETTLEMENT**

TO ADMINISTRATIVE LAW JUDGE ERANDA VERO:

Pursuant to 52 Pa. Code §§ 5.231 and 5.232, NRG Energy, Inc., Direct Energy Services LLC, Interstate Gas Supply, Inc. d/b/a IGS Energy, Vistra Energy Corp., Shipley Choice LLC, ENGIE Resources LLC and WGL Energy Services, Inc. (collectively, the “Electric Supplier Coalition” or “Coalition”) files this Statement in Support of Joint Petition for Partial Settlement in the above-captioned matter (“Partial Settlement”). As a signatory to the Partial Settlement, the Coalition respectfully submits that the terms and conditions of the Settlement are in the public interest and should be approved by the Pennsylvania Public Utility Commission (“Commission”) without modification. In support hereof, the Coalition states as follows.

On March 13, 2020, PECO Energy Company (“PECO”) filed its Petition for Approval of its Default Service Program for the Period From June 1, 2021 Through May 31, 2025 (“DSP V Petition”). Through its DSP V Petition, PECO proposes to establish the terms and conditions under which it will procure default service supply, provide default service to non-shopping

customers, satisfy requirements imposed by the Alternative Portfolio Standards Act¹ and recover all associated costs on a full and current basis for the designated program period.

The Electric Supplier Coalition’s members, affiliates and subsidiaries are competitive electric generation suppliers (“EGSs”) which are licensed by the Commission to provide electricity generation services to retail customers in PECO’s service territory. Through its intervention in this proceeding, the Coalition sought to address issues that may have an adverse impact on the competitive retail market or their business operations as EGSs serving retail customers.

The Partial Settlement, to which the Coalition is a signatory, specifically reserves two issues for briefing, which involve: (i) the allocation of the costs PECO incurs to implement new time-of-use (“TOU”) rates; and (ii) the recovery of Network Integration Transmission Service (“NITS”) costs. Although the Coalition did not take a position on the TOU cost allocation issue, it will be addressing the NITS cost recovery issue in briefing. Through its brief, the Coalition will advocate for the adoption of its proposal to modify PECO’s approach so that NITS costs are recovered from all customers through the Non-Bypassable Transmission Charge.

In supporting the Partial Settlement on the remaining issues, the Coalition notes that it does not resolve all of the Coalition’s issues and concerns, as described in the Direct Testimony² and Surrebuttal Testimony³ of its witness, Travis Kavulla. However, the Partial Settlement represents improvements on some aspects of PECO’s DSP V filing. In addition, the Partial Settlement reduces the administrative burden and costs to resolve the numerous issues that were raised during the proceeding. For these reasons, and as explained further below, the Partial

¹ 73 P. S. §§ 1648. 1 - 1648.8 and related provisions of 66 Pa. C. S § § 2813-2814.

² ESC Statement No. 1, accompanied by Exhibits TK-1 through TK-19.

³ ESC Statement No. 1-S.

Settlement is in the public interest and should be adopted. Thus, the Coalition respectfully requests that the Partial Settlement be approved without modification.

The most significant improvements contained in the Partial Settlement are related to PECO's Standard Offer Program ("SOP"). Under PECO's SOP, it refers new and moving residential and small commercial customers to EGSs that have voluntarily chosen to offer customers a twelve-month contract priced 7% below PECO's default service rate at the time of the offer. Since June 1, 2017, the SOP has resulted in more than 26,000 residential customer and 500 small commercial customer referrals.⁴ Under PECO's proposal in this proceeding, the SOP would be extended for the term of DSP V. PECO explained that an extension of the SOP is consistent with the Commission's conclusion in its final order approving PECO's last default service program that continuation of the SOP was beneficial to all customers.⁵

While the Coalition is supportive of the continuation of PECO's SOP, it noted that no substantive modifications have been made since the DSP II proceeding and that referrals have declined the past three years. Therefore, the Coalition made several recommendations to modify the SOP in an effort to enhance its effectiveness and hopefully drive up the number of referrals.⁶

Importantly, the Partial Settlement incorporates several changes to the SOP that are consistent with the Coalition's recommendations. Under the Partial Settlement, PECO agrees that within sixty days of the entry of a final, non-appealable Opinion and Order in this proceeding, it will change the brand name for the SOP from "PECO Smart Energy Choice" to "Customer Referral Program."⁷ As Mr. Kavulla explained, the current script being used by PECO contained six references to SOP as a PECO program. Noting that the whole point of the

⁴ PECO Statement No. 3 at 16.
⁵ PECO Statement No. 3 at 16-17.
⁶ ESC Statement No. 1 at 53-58.
⁷ Partial Settlement, Paragraph 63.

SOP is to introduce customers to the competitive retail market, at a savings to them, he described PECO's use of its brand as frustrating that purpose.⁸ PECO's agreement to remove its branding and rename the SOP as a Customer Referral Program adequately addresses this concern.

Also, under the Partial Settlement, PECO agrees that it will allow customers to enroll in the SOP through its website and will waive the SOP referral fee for web-enrollments.⁹ The Coalition submitted this proposal as a way of spurring enrollments in SOP, noting that consumers today are increasingly dependent on electronic enrollments or registrations for many products and services. Since PECO customers can initiate service online, they should also be able to enroll in the SOP through that means. One of the Coalition's members reported that 28% of its SOP enrollments through another electric utility occur through the website. An added benefit of website enrollments is that since no live agent is required, the SOP fee paid by the EGS is not necessary.¹⁰ PECO's agreement to permit online enrollments in SOP eases the process for customers and should result in an increase in SOP referrals.

Further, PECO agrees in the Partial Settlement to include SOP information on its website where shopping information is provided.¹¹ This additional way of informing customers of the availability of the SOP should likewise increase participation. As long as PECO remains in the role of default service provider, supplying electricity to over two-thirds of the residential customers in its service territory, it is critical to make enhancements wherever possible so that consumers become more active in the competitive retail market.¹²

The other provision in the Partial Settlement that the Coalition supports is the stakeholder process that PECO agrees to convene within sixty days of the entry of a final, non-appealable

⁸ ESC Statement No. 1 at 55-56.
⁹ Partial Settlement, Paragraph 68.
¹⁰ ESC Statement No. 1 at 55.
¹¹ Partial Settlement, Paragraph 67.
¹² ESC Statement No. 1 at 6-15.

Opinion and Order in this proceeding to discuss residential customer bill improvements. One of the purposes is to develop improvements to ensure that shopping information is clear and transparent to residential customers. PECO agrees to also address EGS recommendations to improve the presentation of shopping on residential customer bills. The Coalition supports this initiative while continuing to strongly believe, as it expressed in testimony during this proceeding, that the Commission needs to implement supplier consolidated billing (“SCB”) in order to achieve the full benefits of a competitive retail market.¹³ Short of SCB implementation, which the Coalition will continue to promote during any opportunity, the Coalition welcomes any process that is designed to improve the customer’s experience and awareness of the choices they have to select suppliers, as well as products and services that meet their needs.

WHEREFORE, the Electric Supplier Coalition respectfully requests that Administrative Law Judge Eranda Vero and the Pennsylvania Public Utility Commission approve the Joint Petition for Partial Settlement, without modification.

Respectfully submitted,



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Date: August 12, 2020

Attorneys for Electric Supplier Coalition

¹³ ESC Statement No. 1 at 20.

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

Petition of PECO Energy Company for	:	
Approval of its Default Service Program	:	
For the Period from June 1, 2021	:	P-2020-3019290
Through May 31, 2025	:	

**STATEMENT IN SUPPORT OF JOINT PETITION FOR PARTIAL SETTLEMENT OF
THE PHILADELPHIA AREA INDUSTRIAL ENERGY USERS GROUP ("PAIEUG")**

The Philadelphia Area Industrial Energy Users Group ("PAIEUG"), by and through its counsel, submit that the Joint Petition for Partial Settlement ("Settlement") filed in the above-captioned proceeding is in the public interest and represents a fair, just, and reasonable partial resolution of PECO Energy Company's ("PECO" or "Company") proposed fifth Default Service Program ("DSP V"). As a result of settlement discussions, the Company; PAIEUG; the Office of Consumer Advocate ("OCA"); the Office of Small Business Advocate ("OSBA"); the Coalition for Affordable Utility Services and Energy Efficiency in Pennsylvania ("CAUSE-PA"); Calpine Retail Holdings, LLC ("Calpine"); the Electric Supplier Coalition;¹ StateWise Energy Pennsylvania LLC and SFE Energy Pennsylvania, Inc. (together, "StateWise"); and Tenant Union Representative Network and Action Alliance of Senior Citizens of Greater Philadelphia (together, "TURN et al.") (collectively, "Parties") have agreed upon the terms embodied in the foregoing Settlement. PAIEUG offers this Statement in Support ("Statement") to further demonstrate that the Settlement is in the public interest and should be approved.

¹ The Electric Supplier Coalition's members are NRG Energy, Inc., Direct Energy Services LLC, Interstate Gas Supply Inc., d/b/a IGS Energy, Vistra Energy Corp., Shipley Choice LLC, ENGIE Resources LLC and WGL Energy Services, Inc.

I. BACKGROUND

1. On March 13, 2020, PECO filed with the Pennsylvania Public Utility Commission ("PUC" or "Commission") the aforementioned DSP V. This document included PECO's proposed terms and conditions of default service for the period June 1, 2021 through May 31, 2025.

2. On April 1, 2020, PAIEUG filed a Petition to Intervene and Answer regarding PECO's proposed DSP V. PAIEUG is an *ad hoc* association of energy-intensive industrial customers receiving electric service in PECO's service territory. PAIEUG members purchase service from the Company primarily under Rate Schedule HT. PAIEUG members collectively consume large amounts of electricity annually in their manufacturing and operational processes, and electricity costs comprise a significant portion of their production expenditures. As some of PECO's largest customers whose manufacturing processes require significant amounts of electricity, any proposed modifications to the Company's DSP V could significantly impact PAIEUG's production costs.

3. On May 5, 2022, the Parties conducted a Prehearing Conference before presiding Administrative Law Judge ("ALJ") Eranda Vero. The Prehearing Conference established a litigation schedule for the proceeding.

4. On June 16, 2020 various parties to this proceeding submitted Direct Testimony. PAIEUG filed a letter indicating that it did not submit Direct Testimony.

5. On July 9, 2020, PAIEUG and various parties to this proceeding submitted Rebuttal Testimony.

6. On July 23, 2020, various parties to this proceeding submitted Surrebuttal Testimony. PAIEUG filed a letter indicating that it did not submit Surrebuttal Testimony.

7. The evidentiary hearing was held on July 30, 2020, at which time, the Parties informed ALJ Vero that they had reached a partial settlement.

8. After considering the Settlement, PAIEUG submits this Statement in Support.

II. STATEMENT IN SUPPORT

9. The PUC has a strong policy favoring settlements. As set forth in the PUC's regulations, "[t]he Commission encourages parties to seek negotiated settlements of contested proceedings in lieu of incurring the time, expense and uncertainty of litigation."² Consistent with the Commission's policy, the Parties engaged in negotiations to resolve certain issues raised by the various parties. These discussions produced a partial settlement in this proceeding.

10. The Parties agree that approval of the proposed Settlement is in the best interest of everyone involved in PECO's DSP V proceeding.

11. The Settlement serves the public interest for the following reasons:

- a. Resolving claims against PECO's DSP V through settlement is more cost effective than pursuing all of these issues further through litigation.
- b. Some uncertainties regarding further expenses associated with possible appeals from the Final Order of the Commission are avoided as a result of the partial Settlement.
- c. The Settlement results in terms and provisions that present a just and reasonable resolution of the large majority of issues set forth in PECO's proposed DSP V.
- d. The Settlement is presented without prejudice to any position a party may advance in future proceedings involving PECO.

12. PAIEUG supports the Settlement because it is in the public interest; however, in the event the ALJ or the Commission rejects the Settlement, PAIEUG will resume its litigation position.

² 52 Pa. Code § 69.391; *see also* 52 Pa. Code § 5.231.

III. CONCLUSION

WHEREFORE, the Philadelphia Area Industrial Energy Users Group ("PAIEUG") respectfully requests that the Pennsylvania Public Utility Commission approve the Joint Petition for Partial Settlement submitted in this proceeding.

Respectfully submitted,

McNEES WALLACE & NURICK LLC

By 

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Counsel to the Philadelphia Area Industrial Energy
Users Group

Dated: August 13, 2020

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

PETITION OF PECO ENERGY :
COMPANY FOR APPROVAL OF ITS :
DEFAULT SERVICE PROGRAM FOR : **DOCKET NO. P-2020-3019290**
THE PERIOD FROM JUNE 1, 2021 :
THROUGH MAY 31, 2025 :

**STATEMENT OF TENANT UNION REPRESENTATIVE NETWORK AND
ACTION ALLIANCE OF SENIOR CITIZENS OF GREATER PHILADELPHIA
IN SUPPORT OF THE JOINT PETITION FOR PARTIAL SETTLEMENT**

I. Introduction

The August 13, 2020 Joint Petition for Partial Settlement (Joint Petition) sets forth the procedural background of this proceeding, in paragraphs 1 through 12. As noted therein, PECO Energy Company (PECO) filed its petition for approval of its Default Service Program for June 1, 2021 through May 31, 2025 on March 13, 2020 (DSP V). Joint Petition ¶1. Tenant Union Representative Network (TURN) and Action Alliance of Senior Citizens of Greater Philadelphia (together with TURN, TURN *et al.*) petitioned to intervene in PECO’s DSP V proceeding on April 10, 2020. Administrative Law Judge (ALJ) Eranda Vero approved TURN *et al.*’s intervention by order on May 8, 2020. In this proceeding, TURN *et al.* conducted discovery of PECO and the Electric Supplier Coalition (ESC) and proffered direct, rebuttal and surrebuttal testimony and exhibits of their witness, Philip A. Bertocci, which ALJ Vero admitted on the record at a telephonic evidentiary hearing on July 30, 2020. TURN *et al.* participated in ongoing settlement discussions with the parties, reaching the agreements reflected in the Joint Petition.

TURN *et al.*'s direct testimony raised concerns with PECO's proposal to permit participants in its Customer Assistance Plan (CAP) to shop for electricity from Electric Generation Suppliers (EGSs) and PECO's proposed modification to its fixed credit option (FCO) CAP program to utilize EGS prices as part of the calculation of CAP discounts. TURN *et al.* St. 1 at 3-16. TURN *et al.*'s rebuttal testimony responded to assertions by ESC that PECO should exit the default service provider role and implement supplier consolidated billing. TURN *et al.* St. 1R at 1-3, 8, Ex. A, B. TURN *et al.*'s rebuttal testimony responded to direct testimony of ESC, and supported the direct testimony of the Coalition for Affordable Utility Service and Energy Efficiency in Pennsylvania (CAUSE-PA), concerning PECO's CAP shopping proposal. TURN *et al.* St. 1R at 4-5. In addition, TURN *et al.*'s rebuttal testimony supported recommendations of CAUSE-PA's witness concerning measures to protect vulnerable customers from proposed time-of-use (TOU) rates. TURN *et al.* St. 1R at 8-12. TURN *et al.*'s surrebuttal testimony responded to the rebuttal testimony of PECO regarding its proposed CAP shopping plan. TURN *et al.* St. 1SR at 1-5.

All of the issues raised by TURN *et al.*'s witness are addressed in the Joint Petition, and TURN *et al.* respectfully submit that the Joint Petition should be approved.

II. Settlement

A. TURN *et al.*'s Support for Settlement Provisions

The following terms of the Joint Petition reflect agreements to address issues raised by TURN *et al.*, which, together with the other agreements reached by the parties, reflect the parties' compromise in addressing all of the issues that have not been reserved for briefing.¹

¹ Because TURN *et al.* took no position aspects of PECO's DSP V concerning, for example, PECO's procurement plan, AEPS compliance and Standard Offer Program, TURN *et al.*'s Statement in Support does not address those subjects.

1. *Time-of-Use Rates*

PECO has proposed to implement TOU rates for all residential and small commercial default service customers with smart meters. However, due to the potential for TOU rates to adversely impact low-income customers, the parties agree to exclude CAP customers from eligibility for TOU rates. Joint Petition ¶49. Furthermore, if the Joint Petition is approved, PECO will adopt several additional measures to attempt to protect vulnerable customers from potential higher prices associated with TOU rates. PECO will provide specific disclosures concerning the potential risk of TOU rates for customers who cannot shift their usage to less-costly times, who may be at home during peak pricing periods, and who may rely upon medical devices utilizing electricity. Joint Petition ¶55. As part of its TOU educational materials, PECO will also provide information about programs that can assist low-income customers, such as CAP. *Id.* PECO will also convene a stakeholder meeting to receive input on its customer outreach and education plans and materials. Joint Petition ¶56. Finally, PECO will conduct an annual evaluation of its TOU rates on low-income customers, tracking income and demographic data that customers provide, as part of its Act 129 reporting. Joint Petition ¶57, 58.

TURN *et al.* submit that PECO's exclusion of CAP customers from TOU rate eligibility and improvements in customer education and outreach materials are appropriate measures, at this time, to provide protections to vulnerable customers as PECO implements TOU rates. Accordingly, TURN *et al.* support the Joint Petition in this regard.

2. *CAP Shopping*

As set forth in the Joint Petition, the parties agree that PECO should not, at this time, modify its CAP program to permit participants to receive electricity from EGSs. Joint Petition ¶70. Accordingly, if the Joint Petition is approved, CAP customers will continue to be ineligible

to shop for electricity and applicants for CAP will have to terminate EGS contracts in order to enroll in CAP.

The settling parties propose that, within 90 days after the Commission's final, non-appealable order regarding PECO's proposal to modify its CAP to implement a percentage of income payment plan (PIPP), PECO will make a new filing with the Commission regarding CAP shopping, consistent with its approved CAP design and informed by all available information and data. Id. PECO will request that future filing be assigned a new docket number and the Joint Petition acknowledges the parties' rights to take litigation positions concerning PECO's future proposal, and whether, when, or in what form CAP shopping should be permitted by PECO. Id.

For all the reasons set forth in TURN *et al.*'s witness testimony, it is imperative that PECO not permit CAP shopping to go forward if it would increase costs for CAP customers and non-CAP customers who contribute to the cost of CAP.² TURN *et al.* submit that the Joint Petition appropriately requests the Commission's approval to defer consideration of CAP shopping to a future proceeding, in which considerations regarding PECO's potential PIPP CAP design, as well as other data and information, can be fully considered.

3. *PECO's Default Service Role*

ESC submitted that PECO should transition out of the role of default service provider. ESC St. 1 at 10-14. TURN *et al.* responded that PECO should maintain its role as default service provider, predominantly because of the risk of higher pricing to PECO customers if EGSs are permitted to serve as default service providers. TURN *et al.* St. 1R at 3. The Joint Petition, by

² TURN *et al.* note that the Joint Petition also proposes a stakeholder process to discuss mechanisms for PECO to collect EGS pricing information. Joint Petition ¶69. TURN *et al.* submit that such information may be relevant to a determination of whether CAP shopping should be permitted in PECO service territory.

omitting any change to PECO's default service provider status, reflects the parties' agreement that PECO should not transition out of this role. *TURN et al.* support PECO maintaining the default service role and submit that, if approved, the Joint Petition appropriately maintains that status.

4. *Supplier Consolidated Billing*

ESC submitted that PECO should implement supplier consolidated billing (SCB) in connection with its adoption of TOU rates. ESC St. 1 at 20. *TURN et al.* responded that SCB creates a risk of significant customer confusion, undermines consumer protections and places low-income customers at risk. *TURN et al.* St. 1R at 8, Ex. A, B. The Joint Petition, by omitting implementation of SCB, reflects the parties' agreement that PECO should retain its current billing practices. *TURN et al.* support the Commission's approval of the Joint Petition in maintaining PECO's current billing options, which includes the option for EGS charges to be included on PECO-issued bills.

B. The Partial Settlement is in the Public Interest

The Joint Petition reflects concerted efforts by all parties to find common ground and reasonable compromise. As discussed above, the Joint Petition includes important protections for low-income customers, stakeholder processes to address matters of concern in the near future, and maintains PECO's role in billing and providing default service. All of these provisions are in the public interest and should be approved. Moreover, the Joint Petition addresses the majority of concerns raised by all parties, with the exception of two issues reserved for briefing, reflecting the shared views the parties have found regarding PECO's DSP V program. *TURN et al.* submit that approval of the Joint Petition provides the additional benefits of avoiding the time, cost and burden of litigation. See Joint Petition ¶ 74. Furthermore,

approval of the Joint Petition is consistent with Commission policy in encouraging negotiated settlements. Id.

III. Conclusion

For all the forgoing reasons, TURN *et al.* submit that the Joint Petition, and the settlement terms set forth therein, should be approved by the Commission.

Respectfully submitted,

A handwritten signature in black ink, appearing to read 'R. W. Ballenger', written over a horizontal line.

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Date: August 13, 2020