

**PENNSYLVANIA PUBLIC UTILITY COMMISSION
HARRISBURG, PENNSYLVANIA 17105-3265**

**Petition of PECO Energy Company for Approval of its
Market Rate Transition Phase-in Program**

**PUBLIC MEETING
March 12, 2009
2062741-ALJ
Docket No. P-2008-2062741**

STATEMENT OF COMMISSIONER KIM PIZZINGRILLI

The Commission has reviewed and approved a number of rate change mitigation plans designed to help residential and small business customers through the expiration of generation rate caps. Electric distribution companies have filed these plans in response to a Commission policy statement that encouraged the provision of these options if the total retail rate was expected to increase by more than 25%. Before us for consideration is a PECO Energy Company proposal, identified as the Market Rate Transition Phase-In Program.

PECO's plan was filed in September of 2008, and the parties to the proceeding have since negotiated a settlement of all issues. Signatories to the Joint Petition include PECO, the Office of Consumer Advocate, the Office of Small Business Advocate, the Office of Trial Staff, the City of Philadelphia, the Retail Energy Supply Association, and various local community organizations. The presiding Administrative Law Judge has reviewed the settlement and recommended its approval, and no party has objected to this recommendation.

Under the terms of the settlement, eligible residential and small business customers have the option of enrolling in the Market Rate Transition Phase-In Program. Participating customers will pay a surcharge on each kilowatt hour of electricity used between July 1, 2009 and December 31, 2010. PECO will pay 6% interest on these surcharges. These surcharges and the interest will then be applied as credit to participating customers' bills in 2011 and 2012. By participating in this program, a residential customer could replace a one time, hypothetical increase of 17% on January 1, 2011 with three 3.4% increases over two and one half years. The program is available to shopping and non-shopping customers and they may leave the program at any time.

I would encourage all eligible customers to consider enrollment in this plan. While our latest electric price estimates show that PECO's current rates are fairly close to the market price, this option provides participating customers some protection against future price volatility. As indicated in prior statements on rate mitigation, the Commission will continue its efforts to assist PECO energy customers through the expiration of rate caps. The Commission is now monitoring the implementation plan of PECO's rate cap expiration consumer education plan, and will also be reviewing a post-rate cap energy procurement plan to ensure that a prudent mix of energy supply is obtained at the lowest reasonable cost, as required by Act 129 of 2008.

As with the other plans we have approved, PECO will provide notice of and educational materials about this plan to customers. This will include the provision of advance copies to the Joint Petitioners to allow them the opportunity to share constructive comments. I find that this plan is consistent with the policy guidance we have provided and should be approved as it is in the public interest.

March 12, 2009

Date

KIM PIZZINGRILLI, COMMISSIONER