

PENNSYLVANIA PUBLIC UTILITY COMMISSION
Harrisburg, Pennsylvania 17105-3265

Re: Pennsylvania Public Utility
Commission et al v. PECO
Energy Company – Electric
Division

Public Meeting: December 16, 2010
2161575-OSA
Docket No. R-2010-2161575

MOTION OF CHAIRMAN JAMES H. CAWLEY

Before us are the base rate case filing of PECO Energy Company – Electric Division (PECO), the Joint Petition for Partial Settlement (Settlement), and the Recommended Decision of Administrative Law Judges Chestnut and Pell. One of the contested issues not resolved by the Settlement is the treatment of Generation-Related Uncollectible Account Expense. The Office of Trial Staff (OTS) proposed that PECO be required to unbundle its generation-related uncollectible accounts expense from its distribution rates for residential and small commercial default service customers, and establish a Merchant Function Charge (MFC) to recover uncollectible costs. OTS also proposed that PECO purchase electric generation supplier (EGS) receivables at a discount, including a component based on PECO's corresponding uncollectible accounts expense rate. PECO proposed instead to continue to recover all uncollectible accounts expense through its distribution rates. It agreed to implement a purchase of receivables (POR) program providing for the purchase EGS receivables at a zero discount.

Both the OTS and PECO proposals have merit. Both eliminate subsidies related to uncollectible accounts expense in a competitively neutral manner. Therefore, the ALJs' decision in this matter in favor of PECO should be upheld. However, PECO's proposal only has merit to the extent it continues to offer a POR program that includes similar bad debt recovery and utility billing services embodied within its POR program. If PECO terminates or significantly modifies its POR program, PECO must file a tariff supplement with this Commission establishing how it will address cost recovery associated with uncollectible expenses or other applicable costs. If need be, OTS can, at that time, address the need for a MFC in that proceeding.

Our decision in this proceeding is without prejudice to any future Commission proceedings that may seek to establish regulations regarding the treatment of default service-related costs.

THEREFORE, I MOVE THAT:

1. The Joint Petition for Partial Settlement in Docket No. R-2010-2161575 be adopted as agreed by the parties.
2. The Recommended Decision of Administrative Law Judges Marlane R. Chestnut and Christopher P. Pell be adopted as modified by this motion.
3. The Office of Special Assistants prepare an Order consistent with this motion.


James H. Cawley, Chairman

DATE: December 16, 2010