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May 12, 1998

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James McNulty, Secretary
Pennsylvania Public Utility Commission
Room B-20, North Office Building
Harrisburg, PA 17105-3265

KJR

Re: PECO Energy Company's Application For Approval Of Its Restructuring
Plan et. al., Joint Petition for Settlement; Docket Nos. R-00973953 and P-
00971265

Dear Secretary McNulty:

The April 29th Joint Petition for Settlement contained signatures for all participants to the pre-settlement agreement other than NorAm/ECI, SEPTA, U.S. Dept. of Navy and DVEC. Enclosed for filing are the signature pages from U.S. Dept. of Navy and DVEC and the "no objection" letters from NorAm/ECI and SEPTA in the above-referenced matter.

Sincerely,

Paul R Bonney

Paul R. Bonney

PRB/mb

Enclosures

cc: w/enclosures
Service List (Active & Inactive Parties)

**DOCUMENT
FOLDER**

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98 MAY 12 PM 4:53
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Counsel for CEPA

4/29/98
April 29, 1998

Roger E Clark
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Counsel for Environmentalists

4/29/98
April 29, 1998

Paul L. Zeigler, Esquire
Counsel for Delaware Valley Energy Consortium

April 29, 1998

Kenneth Zielonis, Esquire
Counsel for Pennsylvania Retailers' Association

April 29, 1998

Audrey Van Dyke, Esquire
Counsel for U.S. Department of the Navy

April 29, 1998

Joe Inabinet
For Action Alliance of Senior
Citizens of Greater Philadelphia

April 29, 1998

John Earwood
For Department of Aging

DOCKETED
MAY 14 1998

April 29, 1998

Kenneth G. Hurwitz, Esquire
Counsel for Southeastern Pennsylvania
Transportation Authority

April 29, 1998

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Counsel for CEPA

Roger Clark, Esquire
Counsel for Environmentalists

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Paul L. Ziegler, Esquire
Counsel for Delaware Valley Energy Consortium

6 May 1998
Date

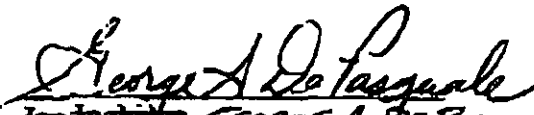
Kenneth Zielonis, Esquire
Counsel for Pennsylvania Retailers' Association

Date

[AARP?]

Audrey Van Dyke, Esquire
Counsel for U.S. Department of the Navy

Date



GEORGE A. DEPASQUALE PRESIDENT
For Action Alliance of Senior
Citizens of Greater Philadelphia

APRIL 29TH 1998
Date

John Earwood
For Department of Aging

Date

DOCKETED
MAY 14 1998

Kenneth G. Hurwitz, Esquire
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Transportation Authority

Date

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53

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April 29, 1998

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Via Facsimile

Chairman John Quain
Pennsylvania Public Utility Commission
P.O. Box 3265
Harrisburg, PA 17105-3265

Commissioner John Hanger
Pennsylvania Public Utility Commission
P.O. Box 3265
Harrisburg, PA 17105-3265

**RE: Settlement Agreement of PECO Energy Company Restructuring
Proceedings, Docket Nos. R-00973877, R-00973953, P-00971265**

Dear Chairman Quain and Commissioner Hanger:

NorAm Energy Management, Inc. (NEM) and Electric Clearinghouse, Inc. (ECI) wish to thank you and the other active parties for all the time and effort relating to the Settlement Agreement. NEM and ECI do not intend to sign the PECO Settlement Agreement, however, as per the Pre-Settlement Agreement, NEM and ECI agree that they will not file opposition or take any action against the Settlement in Docket Nos. R-00973877, R-00973953, and P-00971265 or in the related appeals.

DOCKETED
MAY 14 1998

Sincerely,



Douglas F. John

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Counsel for
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Electric Clearinghouse, Inc.

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Kenneth C. Hurwitz
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May 1, 1998

(VIA TELEFAX)

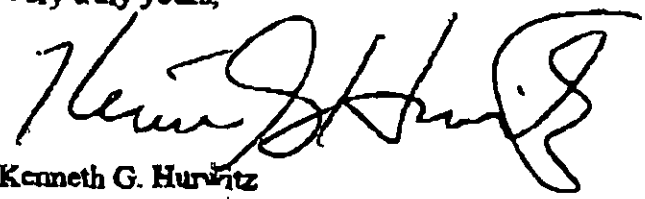
Chairman John Quain
Commissioner John Hanger
PENNSYLVANIA PUBLIC UTILITY COMMISSION
P.O. Box 3265
Harrisburg, PA 17105-3265

Re: Settlement Agreement of PECO Energy Company Restructuring
Proceedings, Docket Nos. R-00973877, R-00973953, P-00971265

Dear Chairman Quain and Commissioner Hanger:

Southeastern Pennsylvania Transportation Authority (SEPTA) wishes to join the others who have thanked you and the other active parties for all the time and effort relating to the Settlement Agreement. SEPTA does not intend to sign the PECO Settlement Agreement. However, in accordance with the Pre-Settlement Agreement, SEPTA agrees that it will not file opposition or take any action against the Settlement in Docket Nos. R-00973877, R-00973953, and P-00971265 or in the related appeals.

Very truly yours,



Kenneth G. Hurwitz
Counsel for Southeastern Pennsylvania
Transportation Authority

DOCKETED
MAY 14 1998

cc: Vincent J. Walsh, Jr.

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FOLDER



OFFICE OF CONSUMER ADVOCATE
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Consumer Advocate

FAX (717) 783-7152
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May 12, 1998

James J. McNulty, Prothonotary
Pennsylvania Public Utility Commission
Room B-20, North Office Building
P. O. Box 3265
Harrisburg, PA 17105-3265

KJH

Re: Application of Peco Energy Company for
Approval of its Restructuring Plan Under
Section 2806 of the Public Utility Code, et al.
Docket Nos. R-00973953 and P-971265

Dear Secretary McNulty:

Enclosed please find for filing an original and ten copies of the Office of Consumer Advocate's Comments to the proposed Joint Petition for Settlement of Peco Energy Company in the above-captioned proceeding.

Copies have been served upon all parties of record this date as evidenced by the attached Certificate of Service.

Sincerely,

Steven K. Steinmetz
Assistant Consumer Advocate

Enclosures

- cc: All parties of record
- Hon. Marlane R. Chestnut
- Hon. Charles E. Rainey, Jr.
- John M. Quain, Chairman
- Nora Mead Brownell, Commissioner
- Robert K. Bloom, Commissioner
- John R. Hanger, Commissioner
- David W. Rolka, Commissioner

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BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION

APPLICATION OF PECO ENERGY FOR :
APPROVAL OF ITS RESTRUCTURING :
PLAN UNDER SECTION 2806 OF THE :
PUBLIC UTILITY CODE, et al. :

Docket No. R-00973953
and P-00971265

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COMMENTS
OF THE OFFICE OF CONSUMER ADVOCATE

Pursuant to the Tentative Order issued by the Pennsylvania Public Utility Commission ("Commission") on April 30, 1998, the Office of Consumer Advocate ("OCA") hereby submits the following Comments to the proposed Joint Petition For Settlement of PECO Energy Company's Restructuring Plan and Related Appeals And Application For A Qualified Rate Order And Application For Transfer Of Generation Assets ("Settlement").

At the outset, the OCA wishes to note that it fully supports the Settlement and urges the Commission to allow its Tentative Order of April 30, 1998, to become final. The OCA also wishes to take this opportunity to publicly thank the Commission, and particularly Chairman Quain and Commissioner Hanger, for their tireless efforts in bringing about a Settlement that can be supported by such a widely divergent number of parties and interests. The OCA echoes the sentiments expressed in the Joint Statement of Chairman Quain and Commissioner Hanger that all parties will be better served in this case through "the process of reason and negotiation rather than confrontation and litigation." The OCA also applauds and urges all other parties to pay particular attention to the portion of Chairman Quain and Commissioner Hanger's Joint Statement addressing

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the pernicious practice of “redlining.” In OCA’s view, the future success of this Settlement should be judged not on the basis of how much profit can be extracted from the market by PECO and its new competitors, but rather by how much benefit flows to those consumers who are most in need of the rate relief and improved services that are promised in a competitive market. It is absolutely unacceptable, and the Commission must not permit, any efforts to prevent the most disadvantaged members of the PECO service population to be deprived of the benefits that this Settlement can offer.

Consistent with the terms of the Commission Tentative Order, the OCA has participated in continuing discussions over the last week with other Joint Petitioners regarding the tariffs and proofs of revenues that were submitted by PECO at the time the Settlement was announced. The OCA does not object to certain stipulated tariff changes that have been proposed by PECO and several marketers. In addition, the OCA supports the modifications to the Appendix A shopping credits that are referenced in PECO’s letter to the Restructuring parties dated May 12, 1998. It is the OCA’s understanding that PECO will be submitting a revised Appendix A that produces a more reasonable distribution of the shopping credit reductions that result from the Settlement.

Perhaps most important, the OCA intends to participate fully in the further proceedings envisioned in the Settlement relating to the specific terms and conditions regarding Competitive Default Service (CDS) and billing and metering.

In particular, the OCA notes its continuing concern that CDS service must be sufficiently attractive to produce truly competitive bids from a number of suppliers, since the bid price will serve not only as the price at which CDS customers are served, but also as the floor at

which PECO can provide default service to its own residential customers. The OCA intends to urge continuing careful Commission oversight over the provisions of CDS service, including the appropriate response in the event that the number of CDS customers falls below 20%. The provision of the Settlement addressing this issue, Paragraph 38c, calls for restoring the 20% level only from customers who are already served by suppliers other than PECO. The OCA is concerned that this may tend to skew the CDS process in the years after 2001 and make the CDS bid group less attractive to bidders. It is OCA's understanding that the CDS bid group is intended to reflect a "slice" of the PECO residential customer base, representing both customers receiving power from their selected EGS and those continuing to receive generation from the default provider.¹ Under the Settlement, if a significant number of customers within the CDS bid group either leave the PECO service territory or choose to switch back to PECO, their replacements will be drawn exclusively from those customers already receiving generation from an alternative supplier. In the years after 2001, bidders for the CDS bid group may find it uneconomic to stand by with capacity for an increasing and disproportionate number of customers who do not actually purchase their power from the bidder. The more uneconomic this CDS bid group becomes to serve, the higher the bids submitted will become. As discussed above, because the price for **all** default service customers may hinge upon the winning bid submitted for the CDS bid group, the OCA is concerned that this process work as effectively as possible. Paragraph 38c of the Settlement states that: "Terms and conditions of CDS shall be established, maintained, and modified by the Commission." As these terms and

¹ The initial CDS block is defined in Paragraph 38a of the Settlement as "20% of all of PECO's residential customers -- determined by random selection, including low-income and inability-to-pay customers, and without regard to whether such customers are obtaining generation service from an EGS." (emphasis added).

conditions are developed in the future, the OCA will seek to ensure that the CDS provision serves its purpose of trying to provide some of the benefits of competition to all PECO residential consumers.

Similarly, the OCA will be actively involved in the upcoming Committee and Commission proceedings regarding billing and metering, as required in Paragraph 22 and Appendix C of the Settlement. It is essential in OCA's view that all applicable consumer protection and information requirements, including those of Chapter 56 of the Commission's Regulations, remain in effect even as these vital services are opened up to greater competition. The benefits of competition in these services must not come at the expense of customer confusion and a loss of basic consumer protection.

CONCLUSION

For the reasons set forth above and in the Joint Petition for Settlement, the Office of Consumer Advocate urges the Commission to allow its Tentative Order of April 30, 1998 to become Final and to approve the Settlement, including the Tariffs and revenue allocations contained in Revised Appendix A, as submitted by PECO on May 12, 1998.

Respectfully submitted,



Steven K. Steinmetz
Assistant Consumer Advocate

Office of Consumer Advocate
555 Walnut Street
Forum Place, 5th Floor
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(717) 783-5048 Dated: May 12, 1998

Counsel for:
Irwin A. Popowsky
Consumer Advocate

CERTIFICATE OF SERVICE

Re: Application of PECO Energy Company for
Approval of its Restructuring Plan Under
Section 2806 of the Public Utility Code
Docket No. R-00973953

I hereby certify that I have this day served a true copy of the foregoing document, OCA's Comments to the proposed Joint Petition for Settlement of Peco Energy Company, upon parties of record in this proceeding in accordance with the requirements of 52 Pa. Code § 1.54 (relating to service by a participant), in the manner and upon the persons listed below:

Dated this 12th day of May, 1998.

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CHARLES M. TAYLOR****
ROBERT N.C. NIX, III
ROBERT M. DUBBS
FREDERICK COHEN

****HONORARY CONSUL GENERAL OF GERMANY

DIRECT DIAL:

(717) 221-7920

May 12, 1998

John G. Alford, Secretary
Pennsylvania Public Utility Commission
North Office Building
Room B-20
Harrisburg, PA 17120

ORIGINAL

RECEIVED
98 MAY 12 AM 10:58
PAPUC OFFICE
PROTHONOTARY'S OFFICE

Re: **Application of PECO Energy Company for Approval of its Restructuring Plan Under Section 2806 of the Public Utility Code, et al.**
Docket Nos. R-00973953 and P-00971265

Dear Secretary Alford:

Enclosed for filing please find an original and three copies of Indianapolis Power and Light Company's Objection to the Joint Petition for Full Settlement in the above-captioned Proceeding.

Copies of the Objection are being served upon all parties via US Mail, as indicated in the attached Certificate of Service.

Sincerely,

Walter W. Cohen

DOCUMENT
CLERK

WWC/dhs

Enclosures

cc: All parties on Certificate of Service

BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION

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98 MAY 12 AM 10:58
P.A.P.U.C.
PROTHONOTARY'S OFFICE

Application of PECO Energy Company for)
Approval of its Restructuring Plan Under)
Section 2806 of the Public Utility Code, et al.)

Docket Nos. R-00973~~PSB~~
and P-00971265

R-00973953

INDIANAPOLIS POWER & LIGHT COMPANY'S
OBJECTION TO JOINT PETITION FOR FULL SETTLEMENT

DOCKETED

MAY 13 1998

Intervenor Indianapolis Power & Light Company ("IPL") hereby objects to the Joint Petition For Full Settlement Of PECO Energy Company's Restructuring Plan And Related Appeals And Application For A Qualified Rate Order And Application For Transfer Of Generation Assets ("Joint Petition") filed by PECO Energy Company ("PECO") and other parties on or about April 29, 1998. IPL has not agreed to the settlement reflected in the Joint Petition. IPL objects to the terms to the extent PECO would be given stranded cost recovery through imposition on customers of Competitive Transition Charges ("CTC"), or through securitization and imposition on customers of Intangible Transition Charges ("ITC").

IPL petitioned for review of the Commission's May 22, 1997 Order in PECO's Securitization Proceeding. IPL's appeal in Indianapolis Power & Light Company v. Pennsylvania Public Utility Commission, No. 1597 C.D. 1997, was just decided by the Commonwealth Court of Pennsylvania in an Opinion and Order filed on May 7, 1998. The grounds for IPL's appeal are that the Securitization Order and the Electricity Generation Customer Choice and Competition Act ("Electricity Generation Act"), 66 Pa. C.S. §§ 2801 et seq., to the extent they provide for and give PECO stranded cost recovery, are invalid and unconstitutional under the Commerce Clause of the United

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States Constitution. IPL has reviewed the Commonwealth Court's Opinion and intends to file a Petition for Allowance of Appeal with the Supreme Court of Pennsylvania.

In this related proceeding concerning PECO's restructuring plan under the Electricity Generation Act, IPL and PECO entered into and duly signed a Stipulation and Agreement on September 17, 1997. The Stipulation and Agreement was filed with the Commission and served on all parties on September 19, 1997, with a request that any party notify either PECO or IPL if they had any objection to the intent of the Stipulation and Agreement. On October 14, 1997, at the Prehearing Conference and Initial Hearing, the Stipulation and Agreement was entered into and made a part of the record without objection. On October 17, 1997, in Prehearing Order #5 (¶ 4), the Commission's assigned Administrative Law Judges memorialized the entry of the Stipulation and Agreement into the record. The Stipulation and Agreement (¶¶ 4-6) provides, *inter alia*, that:

"In the event of any appeal by PECO, IPL or any other party of any order in this [restructuring] proceeding authorizing or denying in whole or in part the recovery of stranded costs by way of intangible transition charges ("ITC") or competitive transition charges ("CTC"), the record for purposes of judicial review of the Commerce Clause Issues shall be limited to matters of record in the Securitization Proceeding";

"There are no differences between PECO's stranded cost recovery requests in this [restructuring] proceeding and its requests in the Securitization Proceeding or in the facts pertinent to such requests which would cause or justify any decision on the Commerce Clause Issues in this proceeding (or any appeals from any orders issued in this proceeding) to be any different than with respect to the Securitization Order (and any appeals therefrom)"; and

"The outcome of IPL's appeal of the Securitization Order on the Commerce Clause Issues (including any subsequent levels of judicial review, whether in state courts or federal courts) shall apply and be binding in this proceeding (Docket No. R-00973953) and shall apply to any orders in this proceeding authorizing or denying stranded cost recovery in whole or in part whether by way of ITC or CTC."

IPL subsequently petitioned for review of the Commission's December 23, 1997 Order and January 16, 1998 Reconsideration Order in this Restructuring Proceeding. IPL's appeal is pending before the Commonwealth Court of Pennsylvania as Indianapolis Power & Light Company v. Pennsylvania Public Utility Commission, No. 379 C.D. 1998. The grounds for IPL's appeal are that the Restructuring Reconsideration Order (and Restructuring Order) and the Electricity Generation Act, to the extent they provide for and give PECO stranded cost recovery, are invalid and unconstitutional under the Commerce Clause of the United States Constitution.

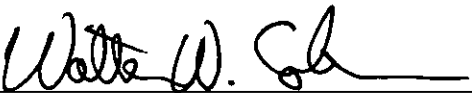
The Joint Petition states (¶ 23) that the settlement and PECO's application for a qualified rate order pursuant thereto is based, inter alia, on the record in the Securitization Proceeding. Imposition of stranded cost charges under Commission Orders and the Electricity Generation Act violate the Commerce Clause for the reasons stated in IPL's Brief filed in this proceeding on December 1, 1997. The settlement reflected in the Joint Petition would perpetrate the same constitutional violation. The \$5.26 billion stranded cost recovery for PECO, of which up to \$4 billion may be securitized (Joint Petition ¶¶ 23-24), is a huge subsidy for PECO, discriminates against interstate commerce and out-of-state generation competitors, and is not justified by any legitimate interests of the Commonwealth.

The provisions of the settlement permitting PECO to transfer generating assets and liabilities to another entity or entities, including affiliates or subsidiaries of PECO (Joint Petition ¶ 28), fall far short of assuring divestiture and removal of PECO from the generation market. These provisions therefore do not avoid the Commerce Clause violation which results from imposing state-mandated stranded cost charges for PECO on customers who choose to buy electricity from competing generation suppliers.

For the foregoing reasons, the Joint Petition should be rejected to the extent that the proposed settlement gives PECO stranded cost recovery and authorizes imposition of CTC and ITC on customers who choose to buy their electricity from generation suppliers other than PECO.

Respectfully submitted,

OBERMAYER REBMANN
MAXWELL & HIPPEL LLP

By 

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Dated: May 12, 1998

CERTIFICATE OF SERVICE

I hereby certify that I have this 12th day of May, 1998, served a copy of the foregoing document upon the persons addressed below, in the manner indicated below.

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Dated: May 12, 1998

RECEIVED
98 MAY 12 AM 10:58
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CONSULTING ENGINEERS

302 HUBBES ROAD · KING OF PRUSSIA, PA 19406-3789 · TELEPHONE 610-687-5900 · FAX 610-687-5370

May 12, 1998

James McNulty, Secretary
Pennsylvania Public Utility Commission
Room B-20, North Office Building
Harrisburg, PA 17105-3265

Re: PECO Energy Company Application for Approval of its Restructuring Plan et al. Docket Nos. R-00973953 and P-00971265 - Joint Petition for Settlement.

Dear Secretary McNulty:

Following please find my comments on PECO Energy Company application for approval of its restructuring plan et al, Docket Nos. R-00973953 and P-00971265 - Joint Petition for Settlement.

The time allowed for comment is not reasonable. The PECO ad appeared in the Philadelphia Inquirer on Monday, May 4, 1998. I called the 800 number shown to ask for a copy of the settlement agreement. However, not one of the people at that number (including supervisors) even knew what the Settlement Agreement was. They promised to call me back when they found out how I could get a copy. No one ever called back.

I then called other people at PECO, who promised to send a copy. The copy was received by regular mail on Monday, May 11, 1998, just one day before your deadline for comment. The copy that was received was not complete or copied properly. Some pages were skewed and not copied completely. Page numbers were missing. This is an unreasonably short time to even read, much less understand, the content of the settlement.

One of the most important parts of the Joint Petition is Appendix A, which contains the proposed tariff for 1999. To see the changes from the current tariff, it is necessary to make a word by word comparison, and to understand any changes. PECO also did not follow the usual and customary practice of noting changes in the margins. It would have been much easier if an underline and strikeout version of the tariff were included.

There are several changes which have nothing to do with restructuring. For example, PECO now imposes additional charges for some customers. See ¶ 3.7. These charges are not justified or explained anywhere. They should be changed to those now in effect.

In ¶ 7.2, the construction costs for minimum revenue guarantees have been changed from \$100,000 to \$60,000 for polyphase service extensions. The \$100,000 revenue guarantee should be restored.

LAWRENCE G. SPIELVOGEL, INC.

James McNulty, Secretary

Page -2-

May 12, 1998

There are some terms and conditions which are not justified or equitable. For example, the term of contract for Rates PD and HT is three years, yet for Rate GS it is only one year. The term of contract for Rates PD and HT should be one year.

In ¶ 7.3 D, reference is made to a tariff supplement, yet this is a new tariff, and not a supplement.

On Page 30, for CTC, ¶ iii mentions Step 2, yet there is none.

On Page 45, for Rate GS, under determination of demand, PECO has dropped the requirement to install a demand meter for customers with the Heating Modification. It should be reinstated.

On Page 46, for Rate GS, under the single meter heating option, PECO has dropped the requirement to continue the demand reduction for customers with the single meter Heating Modification until January 1, 2001. It should be reinstated.

On Page 66, the Construction Rider for Rate GS has been dropped. It should be reinstated.

On Page 69, for the Auxilliary Service Rider, the Nuclear Decommissioning Cost Adjustment should be added.

Time did not permit a careful, detailed review of all tariff provisions in Appendix A, including provisions for years beyond 1999. Before approving the Settlement, the above changes should be made for the 1999 tariff, along with similar changes for all other years.

Therefore, I hereby petition the PUC for a hearing, in accordance with your rules and the ad by PECO in the May 4, 1998 Philadelphia Inquirer.

Very truly yours,

LAWRENCE G. SPIELVOGEL, INC.


L. G. Spielvogel, P.E.

LGS:bhs

cc: Paul Bonney, Esquire

BY FAX AND MAIL

LAWRENCE G. SPIELVOGEL, INC.

CONSULTING ENGINEERS

202 HUGHES ROAD · KING OF PRUSSIA, PA 19406-3788 · TELEPHONE 610-687-5300 · FAX 610-687-5370

February 25, 1998

Mr. Al Miller
Director of Rates
PECO Energy
2301 Market Street
Philadelphia, PA 19101

Re: February 19, 1998 Tariff Filing

Dear Al:

Following please find my comments on the above filing. Please let me know promptly if PECO does not intend to honor my requests. Most of these are material changes in your tariff, and represent rate increases. No notice has been given to customers, to allow them to complain or intervene. This is contrary to PUC requirements.

On page 19, delete the last sentence in the second paragraph of 13.1 on submetered electric service. Nothing in the Law or PUC rules requires this provision. Rather, the Law in Pennsylvania speaks for itself. As you might expect, this issue is cause for great concern by your customers, who in turn submeter. There is also great concern about this issue among the local and national trade associations of building owners, including the National Apartment Association, and the Building Owners & Managers Association. Indeed, I have even been consulted by the customer service people at the Edison Electric Institute on this issue. They do not yet have a handle on how to deal with this issue. Therefore, I suggest you delete this sentence, and let the legislature and/or the Courts resolve the problems.

In each rate schedule there is a transmission service charge for PLR customers. These charges should be shown in the tariff. Otherwise, how can customers make rational decisions about which option to choose?

On page 32, in the availability clause, restore the previous option for providing auxiliary heat on Rate OP. Otherwise, existing customers that use this provision will be required to undertake capital expenditures to comply with your tariff.

LAWRENCE G. SPIELVOGEL, INC.

Mr. Al Miller

Page -2-

February 25, 1998

On page 38, I have several problems with the single meter electric heat provision of Rate GS. First, you should restore the phrase describing the peak winter measured demand as being the higher of the on peak or off peak demands. Second, the September 20, 1996 date should be changed to October 17, 1996, as found in the most recent approved tariff. Third, the date of January 2, 2000 should be changed to January 1, 2001, as shown in the most recent approved tariff. Fourth, in that same sentence, change the word "measured" to "smaller billed."

On page 70 for E2R2, in Item B3, the term in years is spelled out correctly, but the corresponding number is wrong.

Very truly yours,

LAWRENCE G. SPIELVOGEL, INC.



L. G. Spielvogel, P.E.

LGS:bhs

cc: Richard Schlesinger

BY FAX AND MAIL

MAY 12, 1998

147926

DOCUMENT FOLDER

DEAR PUC COMMISSION,

R-00973953

CONGRATULATIONS ON FINALLY CURBING PECO ENERGY.

RECEIVED SECRETARY BUREAU 98 MAY 18 AM 8:31

THROUGH YOU THEIR MISMANAGED COMPANY HAS OVERCHARGED WE THE CUSTOMERS FOR DECADES. MY FRIENDS UP THE ROAD WITH PP+L SAME HOUSES, NO AIR CONDITIONING OIL HEAT HAVE PAID \$25⁰⁰ TO \$50⁰⁰ A MONTH LESS THAN US. THAT IS ROBBERY!

LET PECO GO BANKRUPT LIKE THEY WOULD HAVE A DOZEN YEARS AGO IF THE PUC WAS NOT INVOLVED,

ANYWAY IN THE YEAR 2000 THEIR NUCLEAR PLANT WILL SHUT DOWN OR MELT DOWN BECAUSE THEY HAVE NO PLAN NO STRANDED COSTS! NO INTANGIBLES!

ANOTHER DISSASTIFIED CUSTOMER

NAME HELD FOR FEAR OF RETRIBUTION



PECO ENERGY

Legal Department

RECEIVED

98 MAY 13 PM 2:43

PA.P.U.C.
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215 841 5544
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May 13, 1998

Hand Delivery

James McNulty, Secretary
Pennsylvania Public Utility Commission
Room B-20, North Office Building
Harrisburg, PA 17105-3265

ORIGINAL

Re: PECO Energy Company's Application For Approval Of Its Restructuring Plan et. al., Joint Petition for Settlement; Docket Nos. R-00973953 and P-00971265

Dear Secretary McNulty:

On May 12, 1998, Mr. Lawrence Spielvogel submitted comments in the above matter. PECO Energy would like to briefly reply.

Mr. Spielvogel offers several suggested changes to PECO's tariff. The changes he proposes, however, are to sections of the tariff that are unaffected by the settlement. As a consequence, Mr. Spielvogel's comments can be considered irrelevant to the Commission's consideration of the settlement.

The tariff provisions Mr. Spielvogel addresses were modified as part of PECO's restructuring proceeding compliance filings. Mr. Spielvogel had notice and an opportunity to participate when those tariff changes were being made, and, in fact, did submit comments to PECO on February 25, 1998, which PECO seriously considered and, on some points, adopted. (Mr. Spielvogel's comments and PECO's reply are attached hereto).

Mr. Spielvogel's May 12 comments suggest that he had some difficulty in obtaining and reviewing the settlement. PECO would only point out that Mr. Spielvogel has a long-standing working relationship with PECO and he deals regularly with representatives in Rates and other departments, with whom he could have spoken to receive copies of or information about the settlement. Moreover, Mr. Spielvogel's detailed comments indicate that he did have the opportunity to review the tariff closely.

Finally, PECO notes that the tariff changes Mr. Spielvogel proposes relate to Rate GS and HT Service. Mr. Spielvogel, however, is a residential customer and is unaffected

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MAY 26 1998

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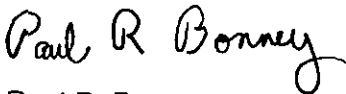
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May 13, 1998
Page 2

by the tariff provisions that he addresses.¹ The Commission previously dismissed a tariff complaint brought by Mr. Spielvogel because he does not receive Rate GS service, is not directly, immediately and substantially affected by Rate GS tariff changes, and thus has no standing to raise such tariff issues. L.G. Spielvogel, P.E. vs. PECO Energy Co., Docket No. R-00963728 C0001 (March 14, 1997) (ALJ Rainey's Recommended Decision and the Commission's Order are attached).

For these reasons, a hearing to address Mr. Spielvogel's letter is not necessary in the public interest, 66 Pa. C.S. § 703(b), and the Commission should issue final approval of the Joint Petition for Settlement.

Sincerely,



Paul R. Bonney

PRB/mbo

Enclosures

cc: w/enclosures
The Honorable John M. Quain, Chairman
The Honorable Nora Mead Brownell, Commissioner
The Honorable John R. Hanger, Commissioner
The Honorable David W. Rolka, Commissioner
The Honorable Robert K. Bloom, Commissioner
Service List (Active & Inactive Parties)
Mr. Lawrence Spielvogel

¹ Mr. Spielvogel is a consulting engineer, but his letter is written on his behalf, not as a representative of any GS and HT client he might have.

Certificate of Service

I hereby certify that I have this day served the foregoing document on the following in the matter of PECO Energy Company's Application For Approval Of Its Restructuring Plan et. al., Joint Petition for Settlement; Docket Nos. R-00973953 and P-00971265 - by hand delivery or overnight mail:

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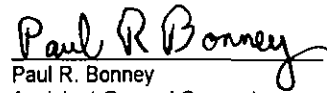
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Dated: May 13, 1998



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Direct Dial: 215 841 4252
May 13, 1998

Via Fax and Federal Express

James McNulty, Secretary
Pennsylvania Public Utility Commission
Room B-20, North Office Building
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ORIGINAL

Re: PECO Energy Company's Application For Approval Of Its Restructuring Plan et. al., Joint Petition for Settlement; Docket Nos. R-00973953 and P-00971265, and Supplier Tariff Proceeding, Docket No. R-00984298

Dear Secretary McNulty:

I enclose for filing a stipulation entered into by PECO Energy Company, Conectiv Energy, New Energy Ventures, Enron Energy Services, and MAPSA. The parties to the stipulation respectfully request that the Commission approve the stipulation as part of its decisions in the above-docketed proceedings. We will follow up this faxed filing, which Buck Pankiw of the Law Bureau requested and informed me was acceptable, with a Federal Express filing containing the original with signature pages.

Sincerely,

Noel H Trask

Noel H. Trask
NHT/nht
Enclosures

cc: w/enclosures
Service List (Active & Inactive Parties)
The Honorable John M. Quain, Chairman
The Honorable Nora Mead Brownell, Commissioner
The Honorable John R. Hanger, Commissioner
The Honorable David W. Rolka, Commissioner
The Honorable Robert K. Bloom, Commissioner

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BEFORE THE PENNSYLVANIA PUBLIC
UTILITY COMMISSION

Pennsylvania Public Utility Commission	:	Docket No. R-00984298
v.	:	
PECO Energy Company	:	
<hr/>		
Application of PECO Energy Company	:	Docket No. R-00973953
for Approval of its Restructuring Plan Under	:	
Section 2806 of the Public Utility Code and	:	
Joint Petition for Partial Settlement	:	
<hr/>		
Petition of Enron Energy Services Power, Inc.	:	Docket No. P-00971265
for Approval of an Electric Competition and	:	
Choice Plan and for Authority Pursuant to	:	
Section 2807(e)(c) of the Public Utility Code	:	
to Serve as the Provider of Last Resort in the	:	
Service Territory of PECO Energy Company	:	

STIPULATION

The undersigned parties hereby stipulate and agree as follows:

1. The following new Section 6.6 shall be added to the "Electric Generation Supplier Coordination Tariff" of PECO Energy Company:

"6.6 Line Losses. For purposes of forecasting, scheduling and reconciliation in Sections 6-8 of this Tariff the following transmission and distribution line loss percentages will be utilized: For Rates R, RH, RT, OP, GS, SLP, SLS and SLE, 9.35%; for Rate PD, 7.76%; and for Rates HT and EP, 3.82%. These percentages shall be reduced to the extent that PJM and/or the Company separately charge for line losses, such as for a portion or all of transmission line losses under a FERC jurisdictional tariff."

All Parties reserve the right to make appropriate filings to change the line loss percentages to be reflected in Rule 6.6 of the Supplier Tariff.

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2. The undersigned Electric Generation Suppliers have requested PECO Energy to provide them timely information in the enrollment process which permits EGSs to determine pricing location for Locational Marginal Pricing. PECO Energy is currently investigating how and in what fashion this information can be provided to EGSs. PECO Energy will promptly advise EGSs of its conclusion so that the resolution can be reflected in the Supplier Tariff and the information provided to EGSs upon the commencement of the initial EGS selection period, unless the Commission determines that PECO Energy cannot reasonably provide the information at the commencement of the initial EGS selection period in which event the information shall be provided as soon as reasonably practicable thereafter. In the absence of actual data, PECO Energy will cooperate with EGSs to provide data that could be used to approximate the electrical location of customers.

3. To resolve the differences of opinion with respect to the extent of competitive metering service, the undersigned agree to the following:

- a. PECO Energy will agree to clarify its tariff language to make explicit that those provisions permit EGSs to provide metering services to their energy customers through subcontractors or agents under the supervision and direction of the energy providing EGS and that such a subcontractor may or may not be a licensed EGS.
- b. As part of the metering “standard setting” process to be undertaken by the parties pursuant to ¶ 22 of the Full Settlement PECO Energy and the other interest parties will at minimum discuss and attempt to agree on a timeline (beyond January 1, 1999) to implement the systems and procedures necessary to permit metering

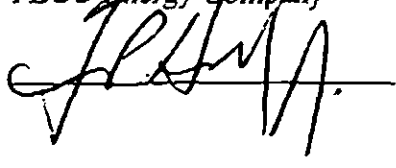
services to be provided to a customer by an EGS that is not the customer's energy provider. In attempting to agree upon such a timeline, the undersigned agree to take into account all reasonable and verifiable technical and operational issues raised by PECO Energy associated with such implementation. If the parties cannot agree on whether to permit metering services to be provided to a customer by an EGS that is not the customer's energy provider or to a reasonable time period to implement the systems necessary to allow a non-energy EGS to provide metering, any party could ask the Commission to rule on if and when PECO Energy would be responsible for implementing the systems necessary to provide energy-independent metering. Pending such an implementation, PECO Energy's proposed tariff language would be accepted (with the clarification listed in "A" above).

- c. PECO Energy will agree to the "T & D flex down" information filing requirement attached hereto as Attachment "A". PECO Energy's agreement to such a filing would not expand or create any rights to challenge PECO Energy's distribution rates beyond the right to ask that T & D will be kept at the overall rate cap agreed to in the Full Settlement.

This Stipulation will be filed by the Company on or before May 13, 1998, with a request for incorporation in the Commission's decisions in Docket No. R-00973953 and Docket No. R-00984298.

Agreed to this ___ day of May, 1998

PECO Energy Company



Conectiv Energy

Enron Energy Services

MAPSA

New Energy Ventures

Agreed to this 13 day of May, 1998

PSCO Energy Company

[Handwritten signature]

Conectiv Energy

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Hanley Aronchick Segal & Rollin
Enron Energy Services Attorneys for Conectiv Energy

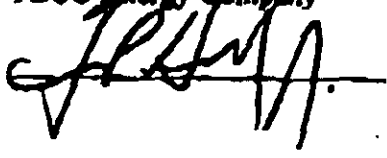
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Attorneys for NEV

Agreed to this ___ day of May, 1998

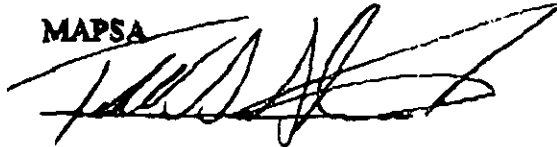
PECO Energy Company



Conectiv Energy

Enron Energy Services

MAPSA



New Energy Ventures

Attachment "A"

To implement ¶ 21, p. 15 of the Full Settlement, PECO Energy shall utilize the following procedure:

By September 1, 1998, or at an earlier time if PECO Energy chooses to do so, PECO Energy will prepare and make available to all interested parties data and supporting calculations that will enable such parties to verify that the distribution rates contained within PECO Energy's EDC Tariff at such time are in compliance with the provisions of paragraph 21 of the Full Settlement.

In addition, within 60 days after the issuance of a FERC Order modifying PECO Energy's transmission revenue requirement or rate structure, or PJM's transmission rate structure, to the extent that such change or modification affects PECO Energy's transmission charges, PECO Energy shall submit a tariff supplement with supporting data to the Pennsylvania Public Utility Commission which makes any necessary changes to PECO Energy's distribution rates to ensure that the sum of the distribution rates and the transmission rates and charges to each class of customer do not exceed the transmission and distribution rate cap.

Certificate of Service

I hereby certify that I have this day served the foregoing document on the following in the matter of PECO Energy Company's Application For Approval Of Its Restructuring Plan et. al., Joint Petition for Settlement; Docket Nos. R-00973953 and P-00971265 - by fax or overnight mail:

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Dated: May 13, 1998



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REP

May 13, 1998

By Hand Delivery

ORIGINAL

James McNulty, Secretary
Pennsylvania Public Utility Commission
Room B-20, North Office Building
Harrisburg, PA 17105-3265

Re: PECO Energy Company's Application For Approval Of Its Restructuring
Plan et. al., Joint Petition for Settlement;
Docket Nos. R-00973953 and P-00971265

Dear Secretary McNulty:

On May 12, 1998, Indianapolis Power & Light Company submitted its Objection To Joint Petition For Full Settlement. PECO Energy offers the following brief reply to those comments.

The Indianapolis Power & Light ("IPL") comments essentially make one point – that IPL intends to pursue an appeal of its position that any recovery of stranded investment violates the Commerce Clause of the United States Constitution. The Commonwealth Court expressly rejected IPL's arguments on this issue in its recent decision in the IPL appeal of PECO Energy's securitization order. *Indianapolis Power & Light Co. v. Pennsylvania Public Utility Commission*, No. 1597 C.D. 1997 (May 7, 1998). The court stated (slip op., p. 8) that "We believe that IPL's argument is fraught with contradiction and find that IPL has failed to carry the difficult burden of proving that the stranded cost provisions violate the Commerce Clause of the United States Constitution."

By stipulation between IPL and PECO Energy, the outcome of the securitization appeal "shall apply and be binding" in PECO Energy's restructuring proceeding. (The stipulation between IPL and PECO Energy was filed with the Commission in PECO Energy's restructuring docket on September 18, 1997.) The Commonwealth Court's decision in the securitization appeal is thus both the

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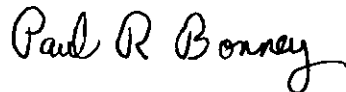
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Page 2

current state of law on this issue and, by stipulation, the law of the case in this proceeding.

The Commission should thus approve the Joint Petition notwithstanding IPL's objection.

Sincerely,



Paul R. Bonney

PRB/mbo

Enclosures

cc: w/enclosures
The Honorable John M. Quain, Chairman
The Honorable Nora Mead Brownell, Commissioner
The Honorable John R. Hanger, Commissioner
The Honorable David W. Rolka, Commissioner
The Honorable Robert K. Bloom, Commissioner
Service List (Active & Inactive Parties)

Certificate of Service

I hereby certify that I have this day served the foregoing document on the following in the matter of PECO Energy Company's Application For Approval Of Its Restructuring Plan et. al., Joint Petition for Settlement; Docket Nos. R-00973953 and P-00971265 - by hand delivery or overnight mail:

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Dated: May 13, 1998

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May 12, 1998

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PROTHONOTARY'S OFFICE

ORIGINAL

James McNulty, Secretary
Pennsylvania Public Utility Commission
Room B-20, North Office Building
Harrisburg, PA 17105-3265

Re: PECO Energy Company Application for Approval of its Restructuring Plan et al, Docket Nos. R-00973953 and P-00971265 - Joint Petition for Settlement.

Dear Secretary McNulty:

Following please find my comments on PECO Energy Company application for approval of its restructuring plan et al, Docket Nos. R-00973953 and P-00971265 - Joint Petition for Settlement. ^{KJR}

The time allowed for comment is not reasonable. The PECO ad appeared in the Philadelphia Inquirer on Monday, May 4, 1998. I called the 800 number shown to ask for a copy of the settlement agreement. However, not one of the people at that number (including supervisors) even knew what the Settlement Agreement was. They promised to call me back when they found out how I could get a copy. No one ever called back.

I then called other people at PECO, who promised to send a copy. The copy was received by regular mail on Monday, May 11, 1998, just one day before your deadline for comment. The copy that was received was not complete or copied properly. Some pages were skewed and not copied completely. Page numbers were missing. This is an unreasonably short time to even read, much less understand, the content of the settlement.

One of the most important parts of the Joint Petition is Appendix A, which contains the proposed tariff for 1999. To see the changes from the current tariff, it is necessary to make a word by word comparison, and to understand any changes. PECO also did not follow the usual and customary practice of noting changes in the margins. It would have been much easier if an underline and strikeout version of the tariff were included.

There are several changes which have nothing to do with restructuring. For example, PECO now imposes additional charges for some customers. See ¶ 3.7. These charges are not justified or explained anywhere. They should be changed to those now in effect.

In ¶ 7.2, the construction costs for minimum revenue guarantees have been changed from \$100,000 to \$60,000 for polyphase service extensions. The \$100,000 revenue guarantee should be restored.

DOCUMENT FOLDER DOCKETED MAY 15 1998

LAWRENCE G. SPIELVOGEL, INC.

James McNulty, Secretary

Page -2-

May 12, 1998

There are some terms and conditions which are not justified or equitable. For example, the term of contract for Rates PD and HT is three years, yet for Rate GS it is only one year. The term of contract for Rates PD and HT should be one year.

In ¶ 7.3 D, reference is made to a tariff supplement, yet this is a new tariff, and not a supplement.

On Page 30, for CTC, ¶ iii mentions Step 2, yet there is none.

On Page 45, for Rate GS, under determination of demand, PECO has dropped the requirement to install a demand meter for customers with the Heating Modification. It should be reinstated.

On Page 46, for Rate GS, under the single meter heating option, PECO has dropped the requirement to continue the demand reduction for customers with the single meter Heating Modification until January 1, 2001. It should be reinstated.

On Page 66, the Construction Rider for Rate GS has been dropped. It should be reinstated.

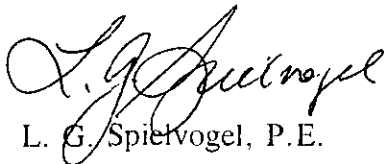
On Page 69, for the Auxiliary Service Rider, the Nuclear Decommissioning Cost Adjustment should be added.

Time did not permit a careful, detailed review of all tariff provisions in Appendix A, including provisions for years beyond 1999. Before approving the Settlement, the above changes should be made for the 1999 tariff, along with similar changes for all other years.

Therefore, I hereby petition the PUC for a hearing, in accordance with your rules and the ad by PECO in the May 4, 1998 Philadelphia Inquirer.

Very truly yours,

LAWRENCE G. SPIELVOGEL, INC.



L. G. Spielvogel, P.E.

LGS:bhs

cc: Paul Bonney, Esquire

BY FAX AND MAIL

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May 13, 1998

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KJR

RE: PECO Energy Company Application for Approval of its Restructuring Plan, et. al.
Joint Petition for Settlement; Docket No. R-00973953 and P-00971265;
**LETTER COMMENT OF MID-ATLANTIC POWER SUPPLY
ASSOCIATION**

Dear Secretary McNulty:

The Commission's April 30, 1998 tentative order in the above-captioned matter directed the Joint Petitioners to conduct a technical review of the filing made by PECO on April 29, 1998 to ensure that those documents implemented accurately and in full the agreed upon settlement. The Commission also set a period for comment ending May 12, 1998. However, the Commission did not specify any final date for the technical review of PECO's filing. (Tentative Order, p. 7, n. 2)

On May 12, 1998 PECO filed revised tariff sheets and proofs of revenue which reflected suggestions made by various parties during the technical review process. The proofs of revenue contain the unbundled energy credits for customers choosing to shop for all years from 1999 through 2007. PECO had recalculated the "shopping credit" for each customer class in order to eliminate a misallocation problem that gave a smaller shopping credit to the residential classes than to the other classes relative to PECO's second compliance filing. In the discussions among the parties concerning the reallocation, PECO had presented for discussion only proof of revenue sheets for the year 1999. PECO recalculated the shopping credits for all of the succeeding years, and distributing that information on the evening of May 12, 1998. The supplier parties, after review of the proofs of revenue, discovered that in the years 2000 through 2002 for certain rate classes, particularly Class HT, the shopping credits declined from their 1999 level of 3.8¢ to 3.79¢ for three years until climbing back to 3.83¢ in the year 2003. PECO has been unable to satisfactorily explain the necessity for this decline in the shopping credit. MAPSA believes that a reduction in the shopping credit for any rate class between 1999 and 2000 is counterintuitive, because the joint settlement provided that the system average shopping credit would be 4.46¢ in each of those years.

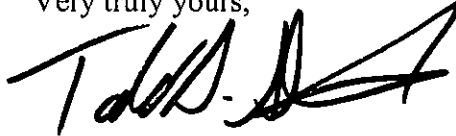
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James J. McNulty, Prothonotary
Letter Comment of MAPSA
May 13, 1998
Page Two

MAPSA requests that this Commission require PECO to refile the proofs of revenue to correct what MAPSA believes is a calculation error in determining the shopping credits, and that PECO be ordered to do so in a compliance filing.

Very truly yours,



Todd S. Stewart
Counsel for the Mid-Atlantic Power
Supply Association

TSS/klb

cc: Chairman John Quain
Vice Chairman Robert Bloom
Commissioner John Hanger
Commissioner David Rolka
Commissioner Nora Mead Brownell
Bohdin R. Pankiw, Esquire

CERTIFICATE OF SERVICE

I hereby certify that I am this day serving a copy of the foregoing document upon the persons named and in the manner indicated below.

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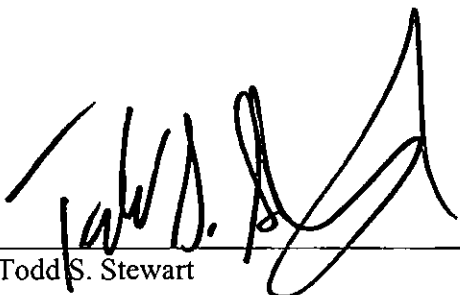
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DATED: May 13, 1998

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