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May 19, 2014

**VIA OVERNIGHT DELIVERY  
CONFIDENTIAL TREATMENT REQUESTED**

**RECEIVED**

MAY 19 2014

PA PUBLIC UTILITY COMMISSION  
SECRETARY'S BUREAU

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 Act 129 Phase II  
Energy Efficiency and Conservation Plan, Docket No. M-2012-2333992**

Dear Secretary Chiavetta:

Enclosed for filing and Commission approval is a proposed Amendment No. 4 to the existing contract (the "Contract") between PECO Energy Company ("PECO") and Comverge, Inc. ("Comverge"), a conservation service provider ("CSP"), for the delivery of program services in connection with PECO's Smart A/C Saver Program (the "Program").

**Please note that Amendment No. 4 is CONFIDENTIAL and should be accorded confidential treatment by the Commission.**

The Commission approved the extension of the Program for the June 1, 2014-May 31, 2016 period as part of PECO's Act 129 Phase II Energy Efficiency and Conservation Plan (the "Plan") in this proceeding by Order dated April 23, 2014 (the "Approval Order").<sup>1</sup> Amendment No. 4 extends the Contract so that Comverge may continue provision of installation, maintenance and other services for customers participating in the Program. Amendment No. 4 is identical in all material terms to Amendment No. 3, which the Commission approved for Program services during the June 1, 2013-May 31, 2014 period, with the addition of new data requirements for Comverge in Appendix I to reduce data exchange errors experienced over the most recent contract period.

PECO is submitting Amendment No. 4 in accordance with the Commission's Act 129 Energy Efficiency and Conservation Phase II Implementation Order, which requires Commission approval of contracts with existing CSPs that are being retained for services related to Phase I programs continuing in Phase II. See Implementation Order, *Energy Efficiency and*

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<sup>1</sup> The Approval Order did not become final until May 6, 2014, after the expiration of a comment period established by the Commission. See Secretarial Letter, Docket No. M-2012-2333992 (May 9, 2014).

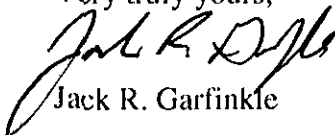
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*Conservation Program*, Docket Nos. M-2012-2289411 & M-2008-2069887 (Order entered August 3, 2012), p. 98. PECO has determined to retain Comverge for the remaining portion of the Phase II portion of the Program in light of Comverge's direct experience with the initial development and implementation of the Program, its successful provision of Program-related services, and the Commission's prior approval of the Contract and amendments. The efficiencies associated with the continued provision of Program-related services by Comverge are reflected in the costs for the Program already approved by the Commission (*see* Approval Order, pp. 10-11), with a lower payment to Comverge under Amendment No. 4 for the 2014-2016 period for identical services now provided under Amendment No. 3.

PECO is requesting expedited consideration of Amendment No. 4 because the Amendment includes provisions pursuant to which Comverge (through a subsidiary, Enerwise Global Technologies, Inc. ("Enerwise")) will enroll and manage a portion of the load reduction capacity available through the Program between June 2014 and May 2015 in demand response programs operated by PJM Interconnection, LLC ("PJM"). Under these provisions, which are materially identical to provisions in Amendment No. 3, PECO will receive payments from PJM (less a portion retained by Enerwise for its services) which will be passed through to customers and are expected to further reduce Program costs by approximately \$1.1 million. PJM has a deadline of May 31, 2014, for final submissions of capacity to its demand response programs, and therefore PECO requests expedited approval of Amendment No. 4 to obtain these additional savings for customers.<sup>2</sup>

Kindly return a time-stamped copy of this cover letter in the self-addressed stamped envelope that is enclosed. If you have any questions regarding this filing, please do not hesitate to contact me at 215-841-4608.

Very truly yours,



Jack R. Garfinkle

Enclosure

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<sup>2</sup> During Phase I, PECO enrolled and managed submissions of Program load in PJM demand response programs without assistance of Comverge. Uncertainty regarding whether or not the Program would be continued for the June 1, 2013-May 31, 2014 time period precluded PECO from registering to participate in the PJM demand response program for that PJM planning year, and the Commission approved the provision of PJM-related demand response services by Enerwise under Amendment No. 3 so that the payments from PJM demand response programs could offset Program costs. As the continuation of the Program after May 31, 2014 was uncertain until the Approval Order, Amendment No. 4 incorporates the same material provisions in Amendment No. 3 and must be approved by the Commission by May 31, 2014, to ensure that forecasted payments from PJM will be available to reduce the cost of the Program during June 2014-May 2015 period. In light of the Commission's approval of the Program through May 31, 2016, PECO expects to conduct a competitive procurement for a Curtailment Service Provider to provide PJM-related demand response services for the June 1, 2015-May 31, 2016 period.

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cc: Bohdan R. Pankiw, Chief Counsel, Law Bureau  
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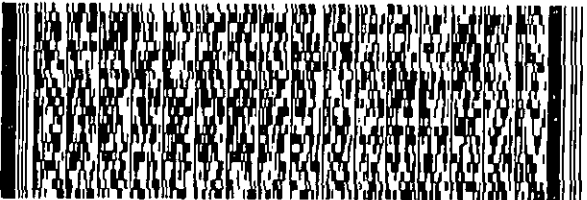
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**TO ROSEMARY CHIAVETTA, SECRETARY  
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