

STATEMENT G

BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION

PETITION OF PECO ENERGY :
COMPANY FOR APPROVAL OF ITS :
DEFAULT SERVICE PROGRAM AND : Docket No. P-2008-2062739
RATE MITIGATION PLAN :

**DOMINION RETAIL, INC.
STATEMENT IN SUPPORT OF
JOINT PETITION FOR SETTLEMENT**

AND NOW, comes Dominion Retail, Inc. (“Dominion”) by and through its counsel, Hawke McKeon & Sniscak LLP, and hereby offers this Statement in Support of the Joint Petition for Settlement (“Settlement”) in the above-captioned matter.

Dominion has been serving residential and commercial electric customers in the PECO service territory for a number of years. The settlement contains several provisions that were proposed by Dominion and other EGSs and that have the promise, if implemented, of aiding in the development of a more competitive marketplace. (*See* Dominion Retail Statement “St.” No. 1 at 5). Among these are the enhancement of PECO’s existing purchase of receivables (“POR”) program and PECO’s agreement to hold a number of collaboratives on issues of competitive importance before it files its next default service plan (“DSP”). PECO also has agreed to make more intensive efforts to ensure that customers know that they have a choice of electricity providers and to allow customers more easily to contact those alternative providers by publishing supplier names and contact information in its newsletters to customers. (Settlement, ¶ 77). On

balance, the settlement is favorable because it reflects PECO's willingness to address the needs of those seeking to make markets more competitive, and Dominion appreciates PECO's leadership on these issues.

The Settlement will require PECO to submit a revised POR program in the not-to-distant future. (Settlement, ¶¶ 65 and 66). The POR revisions will enhance PECO's ability to manage its uncollectables expense by allowing it to terminate customers for nonpayment of EGS receivables--in contrast to its current POR program where delinquent customers are recoured back to EGSs after ninety days. The revisions eliminate the recourse provision. The POR program will allow PECO to discount the payments it makes to suppliers to recover incremental POR-related costs and incremental uncollectibles expense not already recovered in base rates, while the current program has no such discount. However, any such discount will be related directly to suppliers' experienced uncollectible rates as opposed to the rate experienced for all customers.

POR programs allow EGSs easier market entry by eliminating the need for suppliers to develop billing systems and collection mechanisms for each territory in which they serve. POR programs also eliminate the credit risks associated with serving a particular market and thus further reduce the costs of entry. Dominion supports reasonable POR programs that have no discounts or that have discounts based upon EGS experienced uncollectibles. Dominion generally prefers that uncollectibles expense be unbundled from base rates at the same time such POR programs are implemented to ensure that shopping customers do not pay those costs twice. In this case, the parties have not resolved the unbundling issue, but have agreed that PECO be able to discount payments to suppliers only if EGS uncollectibles rates exceed those already in

base rates, so that shopping customers are not harmed vis a vis non-shopping customers. Based upon these provisions, Dominion can support these provisions of the settlement.

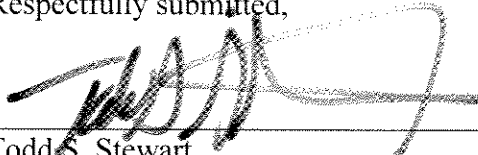
As a condition of the Settlement, PECO has agreed to hold a number of collaboratives to address competitive market issues. (Settlement, ¶ 79). One of the three collaboratives will address the potential of a market share threshold (“MST”) program in the PECO service territory. Dominion submitted the winning bid in PECO’s prior residential MST program and served approximately 100,000 residential customers, at a discount to the default service rates. (Dominion Retail St. No. 1 at 6-8). Unfortunately, due to market conditions, Dominion did not have the ability to continue to serve those customers. Nonetheless, Dominion looks forward to the opportunity to participate in such a program again in the future, when the expiration of the rate caps should make longer term offers more feasible. A MST program has the potential to simultaneously expose large numbers of customers to one of the benefits of competitive markets—lower rates for electricity. Accordingly, Dominion strongly supports the collaborative concept in this regard.

PECO also has agreed to hold a collaborative to discuss the potential for a direct mail referral program. (Settlement, ¶ 79). Such a program would allow suppliers to make direct mail offers to customers. Such offers would allow those customers to choose a competitive supplier for a specified period of time, during which they would receive service at a specified discount off of default service rates. Dominion witness Butler proposed a call center based referral program where customers calling PECO’s call center would be given the opportunity to be referred to a supplier, rather than presenting the opportunity via direct mail. (Dominion Retail St. No. 1 at 10-11; Dominion Retail St. No 1-SR at 4-5). However, a direct mail referral program is a potentially lower cost substitute. Dominion believes that such a program has a good chance for

success and therefore supports holding a collaborative to study and hopefully implement the concept.

While Dominion generally is concerned with the nature of default service program procurement and rate structure (Dominion Retail St. No. 1 at 2), it nonetheless supports PECO's plan. Dominion's concern is centered on rates to customers that are averaged or levelized over time, thus insulating customers from market signals. Dominion believes that over time, such levelized rates have a dramatic and negative effect on consumption and conservation. Because PECO's plan is one of relatively short duration, and because of the other competitive enhancements, Dominion is willing to accept PECO's DSP as a reasonable compromise. Accordingly, Dominion supports the settlement and respectfully requests that the Pennsylvania Public Utility Commission approve the Settlement as presented in its entirety.

Respectfully submitted,



Todd S. Stewart
PA Attorney I.D. #75556
Hawke McKeon & Sniscak LLP
100 North Tenth Street
P.O. Box 1778
Harrisburg, PA 17105-1778
E-mail: tsstewart@hmslegal.com
Telephone: (717) 236-1300
Facsimile: (717) 236-4841

Counsel for Dominion Retail, Inc.

DATED:

3/6/09