PECO ENERGY COMPANY
STATEMENT NO. 1

BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION

PETITION OF PECO ENERGY COMPANY
FOR APPROVAL OF ITS
DEFAULT SERVICE PROGRAM
FOR THE PERIOD FROM
JUNE 1, 2021 THROUGH MAY 31, 2025

DOCKET NO. P-2020-________________

DIRECT TESTIMONY

WITNESS: JOHN J. MCCAWLEY, P.E.

SUBJECTS: DEFAULT SERVICE PROCUREMENT, UNIFORM SUPPLY MASTER AGREEMENT, RETAIL MARKET ENHANCEMENTS, AND GENERATION SUPPLY ISSUES

DATED: MARCH 13, 2020

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DIRECT TESTIMONY
OF
JOHN J. MCCAWLEY, P.E.

I. INTRODUCTION AND PURPOSE

1. Q. Please state your full name and business address.

A. My name is John J. McCawley. My business address is PECO Energy Company, 2301 Market Street, Philadelphia, PA, 19103.

2. Q. By whom are you employed and in what capacity?

A. I am employed by PECO Energy Company ("PECO" or the "Company") as Director of Energy Acquisition.

3. Q. What are your current duties and responsibilities as Director of Energy Acquisition?

A. As Director of Energy Acquisition for PECO, I am responsible for the administration of wholesale power supply contracts and purchase agreements for PECO's default service obligations. I am also responsible for the administration of PECO's retail electric generation supplier ("EGS") and natural gas supplier coordination functions as they relate to electric and natural gas choice, and for energy accounting activities that PECO performs as an electric distribution company ("EDC") in support of PJM Interconnection, L.L.C. ("PJM"), the entity that operates the multi-state electric grid in which PECO is located. I have been responsible for these functions since 1998. In addition, I am responsible for the administration of PECO's procurement of alternative energy credits ("AECs") necessary for compliance with Pennsylvania's Alternative Energy Portfolio Standards Act (the "AEPS Act").

4. Q. Please summarize your educational background and prior professional experience.

A. I hold a B.S. degree in Electrical Engineering from Lehigh University, an M.B.A. degree from Villanova University, and an M.S. degree in finance from Drexel University. I am also a Registered Professional Engineer in the Commonwealth of Pennsylvania.

I have been employed by PECO and/or Exelon Corporation since 1984. During that period, I have held engineering and management positions in the areas of nuclear, fossil fuel, and hydroelectric generation; corporate strategy involving electric industry issues (including restructuring, PJM transmission and wholesale power markets); and business planning and budgeting, in addition to my current responsibilities described above.

5. Q. Have you previously provided testimony before the Pennsylvania Public Utility Commission (the "Commission")?

A. Yes. A listing of the cases for which I have provided testimony is attached as Exhibit JJM-1.

6. Q. What is the purpose of your direct testimony?

A. The purpose of my direct testimony is to describe PECO's fifth default service program ("DSP V") for procurement of electric generation to meet the needs of default service customers in PECO's service territory for the period from June 1, 2021 through May 31, 2025. My testimony is divided into several parts, in which I discuss:

(1) PECO's default service obligations under PECO's fourth default service program ("DSP IV");

(2) An overview of DSP V and its principal features;

(3) The customer procurement classes under DSP V;

(4) The portfolio of products that PECO intends to procure for each customer procurement class;

(5) A description of proposed revisions to the uniform supply master agreement ("SMA") that PECO will use with wholesale generation suppliers;

(6) PECO's proposed Independent Evaluator and proposed implementation plan;

(7) A description of contingency plans in the event PECO does not obtain sufficient default service supply or experiences a supplier default;

(8) PECO's default service rate design and its introduction of a time-of-use ("TOU") rate in accordance with Act 129 of 2008 ("Act 129") and Commission requirements;

(9) PECO's plans for compliance with the AEPS Act, including long-term procurement of AECs from solar energy facilities ("Solar AECs");

(10) PECO's proposals to continue the Company's Standard Offer Program as a competitive retail market enhancement and to facilitate shopping by customers participating in PECO's Customer Assistance Program ("CAP"); and

(11) Generation supply issues and the requirement that PECO and its affiliates do not withhold generation from the wholesale market.

Finally, I introduce a proposed schedule for these proceedings and describe the notice provided to customers of PECO's DSP V filing.

7. Q. Have you prepared any exhibits to accompany your testimony?

A. Yes. PECO Exhibits JJM-1 to JJM-10 were prepared at my direction and under my supervision and are described in my testimony.

8. Q. On January 23, 2020, the Commission issued a Secretarial Letter requesting EDCs to address several topics in upcoming DSP filings.[1] Has PECO addressed those topics?

A. Yes. The January 2020 Secretarial Letter requested PECO and other EDCs to address the following topics:

(1) Cost allocation based on peak load contribution ("PLC") and Network Service Peak Load ("NSPL");

[1] *Investigation into Default Serv. and PJM Interconnection, LLC Settlement Reforms*, Docket No. M-2019-3007101 (Secretarial Letter issued Jan. 23, 2020) ("January 2020 Secretarial Letter").

(2) The manner in which TOU rates for electric vehicle operators may be made available;

(3) How the EDC's DSP proposal complies with the "prudent mix" requirements under the Public Utility Code;

(4) Analysis and history of the price paid by customers for the EDC's default service (the "Price to Compare" ("PTC")), including consideration of the benefits of an adjustment to the PTC every six months to reflect current costs instead of an adjustment every three months;

(5) The issues and concerns raised by the Commission in prior proceedings relating to shopping for electric generation service by customers participating in universal service programs; and

(6) Recent Commission rulings relating to the scripts used in EDC Standard Offer Programs to encourage customers receiving default service to shop with EGSs.

Because these topics are addressed by different PECO witnesses, I have attached an exhibit to my testimony (JJM-2) that lists the topics and identifies each PECO witness who addresses the topics. In my testimony, I will address Topic Nos. 1 and 3.

II. PECO'S DEFAULT SERVICE OBLIGATIONS

9. Q. Please describe PECO's default service obligations.

A. PECO is obligated to arrange for and provide electric generation service (default service) to all customers within its service territory who do not select an EGS or who return to default service after being served by an EGS that becomes unable or unwilling to serve. By law, PECO is required to file a plan with the Commission that sets forth how it will meet its default service obligations, including a strategy for procuring generation supply, a schedule for implementation, and a rate design to recover PECO's reasonable costs.

10. Q. How does PECO currently meet its default service obligations?

A. In 2008, PECO filed its first default service program ("DSP I"), which was approved by the Commission in 2009 and took effect on January 1, 2011. On January 15, 2012, PECO filed its second default service program ("DSP II"), which the Commission approved on October 12, 2012, subject to the resolution of various retail market enhancement issues that were addressed by PECO in subsequent filings and approved by the Commission. On March 10, 2014, PECO filed its third default service program ("DSP III"), which the Commission approved on December 4, 2014. On March 17, 2016, PECO filed its DSP IV, which was approved on December 8, 2016.

Under DSP IV, as in DSP I, DSP II, and DSP III, PECO conducts competitive procurements of wholesale power and associated services for different default service customer classes. For DSP IV, these classes are: Residential, Small Commercial (i.e., customers with less than 100 kW demand and lighting customers) and Consolidated Large Commercial and Industrial (i.e., customers with greater than or equal to 100 kW demand) (“Consolidated Large C&I”). In accordance with the Public Utility Code, 66 Pa.C.S. §§ 2807(3.1)-(3.4), PECO procures a “prudent mix” of contracts tailored for each customer class and designed to obtain electric supply at “least cost over time.”

The principal procurement features of DSP IV include the use of fixed-price full requirements supply contracts for residential and small commercial customers and spot-priced full requirements supply contracts for Consolidated Large C&I customers. DSP IV also includes tailored contract lengths ranging from 12 months to 24 months for each customer class. Procurement under DSP IV occurs in March and September each year, approximately two months prior to the dates of delivery of supply obtained in the procurement, to minimize the effects of potential wholesale “price spikes” on retail default service rates. PECO is proposing to continue each of these procurement features in DSP V.

11. Q. Has PECO met its obligations?

A. Yes. PECO has met its obligations to date under DSP IV, including its fundamental obligation as default service provider to provide adequate and reliable default service to default service customers at least cost over time.

In addition, PECO implemented various programs to support retail competition, including continuation of its “Standard Offer” customer referral program in which default service residential and small commercial customers contacting PECO’s customer service center are offered the opportunity to select among a group of

EGSs that have voluntarily chosen to offer customers a twelve-month contract priced at 7% below PECO's default service rate at the time of the offer. Over 26,000 customers have switched to participating EGSs under the program since June 1, 2017.

III. OVERVIEW OF PECO DSP V

12. Q. What principles did PECO use in designing DSP V?

A. In designing DSP V, PECO adhered to the same central principles used in DSP IV:

(1) Competitive forces will produce the least cost to customers over time and, therefore, the development of retail and wholesale energy markets should continue to be encouraged.

(2) Obtaining a "prudent mix" of default generation supply contracts at least cost over time should take into account factors such as the benefits of price stability and reflect the different needs of various customer types through tailored procurement strategies.

(3) Default service rate design should be understandable and reflect the competitive procurement of generation supply service.

13. Q. Please provide an overview of PECO's proposed procurement process.

A. PECO proposes to maintain most of the DSP IV default service procurement design for DSP V, with some minor improvements.

PECO plans to conduct multiple competitive solicitations to acquire generation service to meet its default service obligations on and after June 1, 2021, when its current default service program (DSP IV) expires. As in DSP IV and in PECO's prior default service programs, DSP V will employ a request for proposals ("RFP") process to solicit bids for a portfolio of full requirements supply products with varying terms for its residential and small commercial customers, as well as its commercial and industrial customers receiving hourly priced default service. DSP V will continue the contract terms and delivery periods for each procurement class that were implemented in DSP IV.

14. Q. What is the proposed term of DSP V?

A. PECO's DSP V encompasses default service procurement for the four-year period from June 1, 2021 through May 31, 2025. This four-year term is consistent with the four-year term agreed to by the parties in a settlement of the DSP IV proceedings that was subsequently approved by the Commission.

A four-year term for default service programs is permitted under the Commission's Default Service Policy Statement, which states that default service programs should be for two-year periods unless the Commission directs otherwise.[2] In approving the DSP IV settlement, the Commission noted that a four-year term would minimize future litigation expenses and reduce administrative costs.[3]

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[2] 52 Pa. Code § 69.1804.

[3] *Petition of PECO Energy Co. for Approval of its Default Serv. Program for the Period from June 1, 2017 through May 31, 2021*, Docket No. P-2016-2534980 (Opinion and Order entered Dec. 8, 2016) ("DSP IV Order"), p. 35.

15. Q. What are the significant changes from DSP IV that PECO is proposing in DSP V?

A. There are three significant changes in DSP V. First, as I describe later in my testimony, PECO is seeking approval to solicit new ten-year contracts for Solar AECs to satisfy the requirements of the Pennsylvania Electricity Generation Customer Choice and Competition Act ("Competition Act") and the AEPS Act. All of PECO's existing ten-year Solar AEC contracts previously approved by the Commission will have expired by the end of DSP IV. As part of this solicitation, PECO will be seeking a specified annual quantity of Solar AECs from solar facilities located within its service territory as well as throughout the Commonwealth.

Second, as described by Mr. Joseph Bisti in PECO Statement No. 2, PECO is introducing a new TOU rate in order to comply with Act 129 and the Commission's requirements. Finally, PECO is proposing to permit CAP customers to shop for generation service in accordance with the Commission's proposed CAP Policy Statement, as described by Ms. Carol Reilly in PECO Statement No. 3.

16. Q. How did PECO determine that its default service procurement plan is a sound approach to meeting "least cost over time" requirements?

A. PECO engaged The NorthBridge Group to conduct an analysis of the results of its DSP IV procurements and to evaluate PECO's proposed DSP V procurements. In PECO Statement No. 4, Mr. Scott Fisher of The NorthBridge Group presents this analysis and evaluation. Mr. Fisher reviews the "lessons learned" under DSP IV with respect to procurement issues and discusses how PECO's DSP V procurement plan provides for a "prudent mix" of default supply contracts for all customer classes, is consistent with "least cost over time" requirements, and continues to support retail competition.

IV. PROCUREMENT CLASSES

17. Q. What procurement classes are being proposed by PECO for DSP V?

A. PECO is proposing to maintain the same procurement classes in DSP V as those approved by the Commission for DSP IV. Specifically, PECO is proposing to divide its default service customers into three classes for purposes of default service procurement.

(1) Residential: All customers on schedules R and RH.

(2) Small Commercial: All customers with annual peak demand of up to and including 100 kW on schedule GS, PD and HT plus lighting customers on schedules AL, POL, SLC, SLE, SLS and TLCL.

(3) Consolidated Large Commercial and Industrial ("Large C&I"): All customers with annual peak demand greater than 100 kW on schedules GS, HT, PD and EP.

The Residential and Small Commercial classes are the same as in PECO's four prior default service programs, and this division continues to reflect the nature of the load in those customer classes. The separation of the Residential and Small Commercial procurement classes reflects the different usage patterns of those customers and reduces the potential that changes in shopping trends in one customer group will result in a higher price for the other customer group.

PECO's DSP IV was the first PECO default service program that combined default service procurement for PECO's former "medium" commercial customers (100 kW to 500 kW peak demand) and "large" industrial customers (500 kW and over). These customers have the highest propensity to shop with an EGS and the combined class streamlines the Company's competitive solicitation process as well as its reconciliation of over- and undercollections.

18. Q. Do the Commission's regulations and Policy Statement support PECO's proposed procurement classes for DSP V?

A. The Commission's regulations and Policy Statement provide that default service procurement classes should be designed based on peak loads of 0-25 kW, 25-500 kW, and 500 kW and above.[4] The Commission has previously granted PECO a waiver from these regulations in DSP I, DSP II, DSP III, and DSP IV to support a 100 kW "breakpoint" among PECO's commercial customers in light of customer characteristics. PECO believes that lowering the threshold for the Consolidated Large C&I class to 100 kW remains appropriate because that level of demand separates smaller commercial customers from larger C&I customers who receive hourly priced default service. PECO therefore requests a renewed waiver of this regulation in order to maintain its existing procurement classes.

[4] 52 Pa. Code §§ 54.187 and 69.1805.

19. Q. Are there any exceptions with respect to customer size and procurement class?

A. Yes. Certain lighting customers have peak demands equal to or exceeding 100kW but have been placed in the Small Commercial class. PECO believes that this arrangement remains appropriate to avoid a separate procurement class that may be too small to attract bidder interest.

V. PORTFOLIO OF RFP PRODUCTS FOR DSP V AND IMPLEMENTATION PLAN

20. Q. What are the products that PECO will solicit for each procurement class?

A. Each procurement class will have a unique procurement strategy consistent with Public Utility Code requirements to obtain a prudent mix of contracts designed to ensure least cost over time, taking into account rate stability, and to continue to support retail competition. All products to be procured in the RFPs will be full requirements products. The Residential and Small Commercial procurement products will be fixed price ($/MWh) with term lengths of 12 months and 24 months. The Consolidated Large C&I product will be hourly-priced based on the PJM day-ahead spot market price for the PECO zone with a twelve-month term length. Each of the products will be procured approximately two months prior to delivery of the energy. A schedule of PECO's proposed procurements is attached to my testimony as Exhibit JJM-3.

21. Q. Please describe the full requirements products that wholesale suppliers will be responsible for should they be chosen to serve a percentage of PECO's default service load.

A. Suppliers will be obligated to supply full requirements load-following service, which includes the energy, capacity, and ancillary services and any other services or products necessary to serve a specified percentage of PECO's default service load for a customer class continuously throughout the term of the product.

The amount of energy and other services and products a supplier must provide under the full requirements contracts that PECO will enter into will vary depending on PECO's actual default service load. The full requirements products obligate the supplier to satisfy a specified percentage of default service for the customer class, based on a defined percentage ("tranche") times the number of tranches won. The supplier must provide all of the default service customer's supply requirements in every hour of the delivery period, regardless of the customer's instantaneous changes in energy consumption and the frequency or amount at which the customer switches to and from default service. In addition, the full requirements product obligates the supplier to provide PECO all AECs required to comply with AEPS obligations associated with the supplier's specified percentage of the load. PECO will continue to allocate AECs from the separate Solar AEC procurements that PECO is proposing toward suppliers' AEC obligations in the same manner approved by the Commission in prior DSPs.

22. Q. Are wholesale suppliers responsible for all transmission and distribution costs associated with their share of default service load?

A. No. PECO remains responsible for all distribution service customers. Wholesale suppliers are responsible for those PJM bill line items specified in the SMA.

In DSP V, PECO will continue to be responsible for and recover Network Integration Transmission Service and Non-Firm Point-to-Point PJM bill line items associated with default service load through its unbundled, bypassable Transmission Service Charge. On June 1, 2015, in accordance with the Commission's order approving DSP III,[5] PECO implemented a Non-Bypassable Transmission ("NBT") charge to recover the following PJM charges from all distribution customers in PECO's service territory: Generation Deactivation/ Reliability Must Run charges (PJM bill line item 1930) set after December 4, 2014; Regional Transmission Expansion Plan charges (PJM bill line items 1108 and 1115); and Expansion Cost Recovery charges (PJM bill line item 1730). PECO will continue to implement this NBT charge in DSP V.

23. Q. What are the products PECO is currently procuring for each customer class under DSP IV?

A. Under DSP IV, most of the Residential class load is served by full requirements products consisting of a mix of 12- and 24-month contracts, with delivery periods overlapping on a six-month basis. There are a total of 62 tranches of full requirements products for the Residential class, and each tranches represents 1.6%

[5] *See Petition of PECO Energy Co. for Approval of its Default Serv. Program for the Period from June 1, 2015 through May 31, 2017*, Docket No. P-2014-2409362 (Final Order entered Dec. 4, 2014), p. 46.

of the total full requirements load. Twenty-four-month products are allocated 38 tranches (approximately 61% of the load) and 12-month products are allocated 24 tranches (approximately 38% of the load). The remaining approximately 1% of load is supplied directly by PJM's spot energy, capacity and ancillary service markets.

In addition, PECO receives an allocation of five megawatts of low-cost hydropower from the New York Power Authority ("NYPA") for residential customers in PECO's service territory under a multi-state agreement administered in Pennsylvania by Allegheny Electric Cooperative, Inc. This amount corresponds to 0.2% of PECO's Residential default service load of approximately 2,600 MW. Under DSP V, PECO will continue to use the NYPA allocation to offset the amount of Residential default service supply provided by wholesale suppliers.

All of the DSP IV Small Commercial supply is served by full requirements products. The Small Commercial load is divided into 24 tranches of 4.17% per tranche. Twenty-four month products are allocated 12 tranches (50%) and 12-month products are allocated 12 tranches (50%).

Similarly, all of the Consolidated Large C&I class is served by hourly priced full requirements products. The class load is divided into eight tranches of 12.5% per tranche. All tranches are allocated to a 12-month full requirements product that is procured during each spring RFP with no overlap.

24. Q. Does the supply portfolio for any procurement class include any long-term contracts?

A. Yes. In DSP IV, all procurement classes are allocated solar Tier I AECs from PECO's long-term ten-year Solar AEC purchase agreements. In total, PECO has been purchasing 8,000 solar Tier I AECs annually from various agreements that will expire on May 31, 2020 or May 31, 2021.

25. Q. Please describe PECO's procurement strategy for the Residential class under DSP V.

A. Under DSP V, PECO will continue the procurement design of DSP IV for the Residential class. The targeted residential supply portfolio will be composed of a blend of 38% one-year and 61% two-year fixed-price full requirements products. Each of the products will be procured approximately two months prior to delivery of the energy. Products with delivery periods beginning on June 1 will be procured in the month of March prior to delivery. Because contracts beginning June 1 are not executed in time to allow winning bidders to participate in the PJM's annual Auction Revenue Rights ("ARRs") nomination process in early March, PECO will continue to nominate ARRs for the default service load that will be served as of June 1 as it did in DSP IV. To facilitate for and advise on selection of ARRs on behalf of customers for wholesale default service suppliers, PECO will also continue to contract with a consultant for ARR analysis and selection. Contracts beginning on December 1 will be procured in a September RFP, approximately two months before the start of the contract delivery period.

26. Q. Please describe PECO's procurement strategy for the Small Commercial class under DSP V.

A. Under DSP V, PECO will continue the procurement design of DSP IV for the Small Commercial class with no changes. Specifically, PECO will continue to serve the Small Commercial class with a portfolio composed of equal shares of one-year and two-year fixed-price full requirements products. The supply contracts will be laddered, with six-month spacing between the start of the delivery periods under those contracts. Each of the products for the Small Commercial class will be procured in the same manner as fixed-price full requirements products for the Residential class approximately two months prior to delivery of energy under the contract. In PECO Statement No. 4, Mr. Fisher explains how the use of one- and two-year fixed-price full requirements products for the Small Commercial class provides price stability benefits for all small non-residential customers who may not have the knowledge or resources to elect a competitive EGS offering that provides the price stability they seek.

27. Q. Does PECO intend to supply all Residential and Small Commercial default generation service from the residential and small commercial supply portfolios respectively?

A. Yes. PECO is proposing a new TOU default service rate option described by Mr. Bisti in PECO Statement No. 2 to comply with the Company's statutory obligation to offer TOU rates to all default service customers with smart meters consistent with Commission guidance on TOU rate design.[6] Both the fixed price and the TOU generation service for residential and small commercial customers will be supplied from the portfolio of supply contracts PECO proposes to procure for those customers during DSP V.

28. Q. For the Residential and Small Commercial procurements, did PECO consider creating a separate default service product to supply customers in those classes who are on TOU rates, as recommended by the Commission in the April 2017 Secretarial Letter?

A. Yes. PECO expects that relatively few customers (compared to the number of customers who receive fixed-price default service) will enroll in the optional TOU default service in light of the customer participation experienced in the PECO TOU pilot described by Mr. Bisti in his testimony and based on the newness of this TOU rate. As Mr. Fisher explains, any effects of TOU default service on supplier prices should be small given the expected small level of participation relative to the overall default service customer base and the lack of revenue risk to suppliers (who will be paid the same price for a megawatt-hour of default service supply for customers on standard default service and those on TOU default service). To the extent more customers choose TOU default service and shift

[6] 66 Pa.C.S. §§ 2807(f)(5); *see also Dauphin Cty. Indus. Dev. Auth. v. Pa. P.U.C.*, 123 A.3d 1124, 1136 (Pa. Cmwlth. 2015) ("*DCIDA*") (holding that Act 129 does not authorize default service providers to delegate the obligation to offer TOU rates to customers with smart meters to EGSs); *Petition of PPL Elec. Utils. Corp. for Approval of a New Pilot Time-of-Use Program*, Docket Nos. P-2013-2389572 and M-2016-2578051 (Secretarial Letter issued Apr. 6, 2017) ("April 2017 Secretarial Letter") (proposing a TOU design for PPL Electric Utilities Corp. in accordance with the *DCIDA* decision and noting that the proposed TOU design "may provide future guidance to all EDCs" for incorporation into their own TOU proposals in their individual default service proceedings).

their usage to lower-priced periods, that could also reduce the overall cost of default service supply.

Procuring supply for all residential customers through a single RFP also avoids the administrative costs of conducting additional RFPs as well as the costs, complexity, and implementation time associated with modifying PECO's energy accounting IT system software to add two new customer procurement groups (Residential TOU and Small Commercial TOU) to the current three customer procurement groups.

29. Q. Please describe PECO's procurement strategy for the Consolidated Large C&I class under DSP V?

A. Under DSP V, PECO will continue the procurement design of DSP IV with no changes. Specifically, PECO will continue to procure all default supply for the Consolidated Large C&I class through spot-priced full requirements products, which will be procured annually in March for delivery starting June 1 of each year.

30. Q. Does PECO's DSP V procurement strategy for the Residential, Small Commercial and Consolidated Large C&I class include any long-term purchases?

A. Yes. All long-term (ten-year) Solar Tier I AEC purchase agreements totaling 8,000 Solar AECs annually will expire on or before May 31, 2021. As I describe later in my testimony, PECO is proposing to replace its existing ten-year Solar AEC contracts with new ten-year Solar AEC contracts. Similar to DSP IV, PECO would allocate separately procured Solar AECs across all three DSP V procurement classes.

31. Q. Will some of the full-requirements contracts PECO proposes for DSP V continue past May 31, 2025?

A. Yes. The extension of contracts beyond the term of a default service program is permitted by the Commission's regulations (52 Pa. Code § 54.186(b)(3)) and is consistent with the procurement design approved by the Commission in DSP II, DSP III and DSP IV. Laddering of contract delivery periods (which would result in some delivery periods extending beyond May 31, 2025) will better ensure that residential and small commercial customers are not fully exposed to wholesale price volatility associated with replacing large portions of default service supply over short periods.

VI. SUPPLY MASTER AGREEMENT

32. Q. Mr. McCawley, please describe the Supply Master Agreement ("SMA").

A. The SMA is a standardized generation supply contract that sets forth the rights and obligations of PECO and each generation supplier that successfully bids to serve a portion of PECO's default service load. Under the SMA, a supplier is obligated to supply full requirements service for a specified percentage of default service load assigned to that supplier through PECO's competitive procurement process, and PECO is obligated to pay for this supply. The SMA includes detailed provisions relating to billing, supplier credit requirements, default and termination, damages, indemnification, survival, and dispute resolution, in addition to customary provisions relating to representations and warranties by each party, as well as confidentiality and other obligations.

During DSP III, PECO utilized a new SMA developed through the uniform SMA stakeholder process envisioned by the Commission in the End State Order[7] in order to realize efficiencies and reduce expenses. That SMA was used again in DSP IV, with minor changes to facilitate competition and bidder participation. The uniform SMA has functioned well during DSP IV and has not resulted in litigation, defaults or other material disputes.

33. Q. Is PECO proposing to make any changes to the uniform SMA?

A. PECO is proposing one change to enable the Company to provide better information in its annual report to the Commission on default service. Under the Commission's regulations (52 Pa. Code § 54.39), PECO must report "[t]he percentage of total electricity supplied by each energy source, including a detailed breakdown of renewable resources as defined in section 2803 of the code (relating to definitions)."[8] PECO is proposing a provision in the SMA that will require each supplier to submit this information to PECO annually for the energy supplied under the SMA.

A copy of the SMA and a "blackline" version of the SMA showing proposed changes is attached as Exhibit JJM-4 and Exhibit JJM-5, respectively. As in DSP

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[7] *Investigation of Pennsylvania's Retail Elec. Mkt.: End State of Default Serv.*, Docket No. I-2011-2237952 (Order entered Feb. 15, 2013) ("End State Order"), pp. 34-35.

[8] *See also* 52 Pa. Code § 54.6 (requiring default service providers to file the annual licensing report required by Section 54.39 of the Commission's EGS licensing regulations that provides information on default supply generation sources).

IV, PECO is also requesting that the Commission approve the SMA as an affiliated interest agreement under the Public Utility Code to permit the participation of wholesale generation affiliates of PECO.

VII. INDEPENDENT EVALUATOR AND IMPLEMENTATION PLAN

34. Q. Has PECO selected an Independent Evaluator for DSP V?

A. Yes. In accordance with the Commission's regulations, PECO requests approval of NERA Economic Consulting, Inc. ("NERA") as the Independent Evaluator, which will manage and monitor the default service RFPs. The Independent Evaluator will conduct the RFPs in a fair and efficient manner and will also report the RFP results to the Commission. The Commission has approved NERA as the Independent Evaluator for each of PECO's default service programs since the beginning of default service. In 2019, PECO conducted a competitive solicitation for the DSP V Independent Evaluator services and, again, NERA was selected as the Independent Evaluator.

35. Q. Has PECO also prepared an implementation plan?

A. Yes. In conjunction with the Independent Evaluator, PECO has developed a competitive solicitation process, including a detailed set of rules and protocols for the Commission's review and approval that will govern the RFPs administered by NERA (the "RFP Rules"). PECO's solicitations under its prior DSPs have attracted between nine and thirteen suppliers qualified to bid. A copy of the RFP Rules for DSP V, which contains a number of appendices, is attached to my testimony as Exhibit JJM-6. The RFP Protocol, which describes how NERA will manage the RFP process and will communicate with all parties, is attached as Exhibit JJM-7. These rules have been updated for DSP V, but there have been no substantive changes to the rules used in DSP IV. A blackline showing all changes to the DSP IV RFP Rules and Protocol is attached as Exhibit JJM-8 and Exhibit JJM-9, respectively.

36. Q. Please describe the RFP process.

A. As in DSP IV, each RFP will be administered by NERA as the Independent Evaluator in accordance with the RFP Rules. NERA's role is to be the main point of contact with RFP bidders; to ensure that the RFP Rules, as approved by the Commission, are followed; to ensure that bidder qualifications are evaluated equitably and fairly; to evaluate bids on a price-only basis; and to present results to the Commission.

The multi-step RFP process includes a two-part bidder proposal process, an alternate guaranty process, and a bid submission date. Under Part 1 of the bidder proposal process, potential bidders submit required information that NERA uses to evaluate them for the next stage. Potential bidders who pass the Part 1 qualification may submit additional information and bidder collateral for Part 2, which is then used to certify them to submit bids. Under the alternative guaranty process, RFP bidders with corporate policies that preclude them from using the standard guaranty can request consideration by PECO for an alternate guaranty form.

On the bid submission date, qualified bidders may submit bids to provide default service supply for a procurement class, up to the load cap limits. NERA evaluates bids based on price and submits an RFP report to the Commission. NERA prepares documents for winning bidders that are used to execute the SMA and associated transaction confirmations for each RFP.

37. Q. Will PECO's competitive procurement solicitations continue to be open to all wholesale suppliers, including affiliates of PECO?

A. Yes. All interested suppliers that satisfy the uniform bidder qualification requirements will have an opportunity to participate in PECO's RFPs. The competitive solicitations process, which will be managed by the Independent Evaluator, is designed to ensure that PECO's generation affiliates do not receive an advantage over other bidders. The competitive solicitation process complies with the code of conduct established under 52 Pa. Code § 54.122.

38. Q. Will wholesale suppliers be subject to any limitation on the amount of supply they can serve?

A. Yes. As in DSP IV, all suppliers will be subject to a 50% load cap for each procurement class. This means that on any given day in the DSP V period, a supplier may supply up to but not more than 50% of the required supply for any procurement class. The load cap ensures that, for each procurement class, there will be at least two suppliers during any given period. This supplier diversification will mitigate the effects of any default by a single supplier.

39. Q. Is PECO seeking to begin procurement before June 1, 2021?

A. Yes. While some of the supply for residential and small commercial customer procurement classes required on June 1, 2021 will be provided by products procured under DSP IV and with terms that end during DSP V, PECO proposes to begin procurement activities for DSP V in February 2021.

40. Q. Does PECO propose that its affiliate, Exelon Generation Company, LLC ("Exelon Generation"), again be permitted to participate in its competitive procurements?

A. Yes. PECO's competitive bid process will continue to comply with the Commission's codes of conduct and includes protocols to ensure that Exelon Generation does not receive an advantage over other participants in the bidding process or any other aspect of PECO's default service implementation plan.

VIII. CONTINGENCY PLANS

41. Q. Is PECO proposing any changes to its contingency plans in the event it either does not obtain sufficient supply through its procurement process or experiences a supplier default?

A. No. PECO proposes to use the same contingency plans as those in DSP IV. PECO employs a contingency plan in the event it fails to obtain sufficient approved bids for all tranches of supply offered in a procurement or in the event that a supplier enters into a supply agreement and subsequently defaults on its obligations. In the event PECO fails to obtain approved bids for all offered tranches in a solicitation, the unfilled tranches will be included in PECO's next scheduled default supplier solicitation for that product. If necessary, PECO will supply any unserved portion of its default service load from the PJM-administered markets for energy, capacity and ancillary services. If the supplier default occurs within a reasonable time before a scheduled procurement, the load served by the defaulting supplier will be incorporated into that next procurement. Otherwise, PECO will file a plan with the Commission proposing alternative procurement options and a request for approval on an expedited basis.

IX. RATE DESIGN

42. Q. Is PECO proposing any revisions to its existing default service rate design as part of DSP V?

A. As described by Mr. Bisti in PECO Statement No. 2, PECO is proposing to continue to recover the costs of default service through its Generation Supply Adjustment rates in the same manner as approved by the Commission in DSP IV. For DSP V, PECO is proposing a new, optional TOU rate for the Residential and Small Commercial classes. Mr. Bisti discusses the details of PECO's proposed TOU product and rate design in his direct testimony.

X. AEPS COMPLIANCE

43. Q. Will PECO continue to satisfy its AEPS obligations with respect to sales to default service customers by requiring suppliers to transfer AECs to PECO?

A. Yes. The AEPS Act requires PECO and other default service providers to obtain specified percentages of electricity sold to retail customers from alternative energy sources, as measured by AECs and defined by the AEPS Act. Under the

SMA, PECO will continue to require each default service supplier to transfer Tier I and Tier II AECs to PECO corresponding to PECO's AEPS obligations associated with the amount of default service load served by that supplier.

44. Q. Has PECO separately procured Solar AECs?

A. Yes. In 2009, the Commission authorized PECO to conduct RFPs for Solar AECs that PECO would use to meet a portion of the requirements of the AEPS Act associated with the load of PECO customers receiving default service. PECO subsequently conducted a successful RFP and, upon approval of the Commission, entered into contracts for the annual delivery of 8,000 Solar AECs over a ten-year period. The Solar AECs from these contracts were applied to the AEPS requirements of all customer classes to reduce the number of Solar AECs that wholesale suppliers serving each customer class were required to transfer to PECO to meet the AEPS requirements associated with the default service supply provided by those suppliers. Each of these ten-year contracts is scheduled to expire on or before the end of DSP IV.

45. Q. Why is PECO seeking to enter into new long-term agreements for Solar AECs?

A. During DSP V, PECO's solar AEPS requirement will be 0.5% of its total default service retail load. In light of PECO's prior successful Solar AEC RFP, as well as decisions of the Commission that require Solar AECs to be generated by facilities located within the Commonwealth for compliance with Act 40 of 2017 ("Act 40"), PECO believes that continuing to obtain a portion of its Solar AEC requirements through long-term contracts can be an appropriate component of a "prudent mix" of supply contracts. In fact, the Commission's most recent AEPS report concludes that Act 40's new in-state requirement will lead to a situation in which future demand may exceed supply for AEPS compliance.[9] Continued (and even expanded) procurement of solar energy, especially local solar energy, is also consistent with the express policies of a variety of stakeholders in PECO's service territory, including the City of Philadelphia.

46. Q. Is PECO proposing to procure the same amount of Solar AECs in DSP V?

A. Given the increase in the Solar AEPS requirement since the long-term solar contracts were entered into ten years ago and potential future supply shortfalls, PECO is proposing to increase the total annual Solar AECs to be procured from 8,000 AECs to 16,000 AECs. This amount of Solar AECs would satisfy approximately 25% of PECO's increased solar AEPS requirements under DSP V. The remaining 75% of requirements will be met through AECs provided by wholesale suppliers to meet the AEPS requirements associated with the percentage of load served by each supplier.

Because the intrastate solar AEC market is still developing, PECO believes that the amount to be procured should be acquired over the first two years of the term of DSP V through two procurements each year (i.e., two annual solicitations for annual delivery of a total of 8,000 AECs each) instead of through a single RFP.

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[9] *See Alternative Energy Portfolio Standards Act: Compliance for Reporting Year 2018* (Dec. 2019), p. 46, available at http://www.puc.state.pa.us/Electric/pdf/AEPS/AEPS_Ann_Rpt_2018.pdf.

PECO is also proposing to procure up to half of each year's amount of Solar AECs from solar generating facilities located within its service territory.

47. Q. Why is PECO proposing to conduct solar procurements in 2021 and 2022 instead of throughout the DSP V term?

A. The federal solar investment tax credit ("ITC"), which can provide a tax credit of 26% of a taxpayer's cost of a solar project, is being reduced during 2020 and 2021. By timing PECO's procurements to coincide with this period in which the ITC is higher, PECO expects that, all else equal, the bids will be from projects that have benefited from lower costs associated with the ITC.

48. Q. Please describe the process PECO is proposing to obtain new solar AEC contracts.

A. PECO has updated its Solar AEC RFP (the "Solar RFP") previously approved by the Commission, and a copy of the Solar RFP is attached as Exhibit JJM-10. The Solar RFP includes two forms of an updated version of the Solar AEC Purchase and Sale Agreement previously approved by the Commission and used with each winning bidder in PECO's 2010 Solar AEC procurement. The Project Version of the Solar AEC Purchase and Sale Agreement will apply to bidders selling Solar AECs generated from individual solar PV systems, while the Aggregator Version will apply to entities who can aggregate Solar AECs from multiple parties.

As set forth in the Solar RFP, PECO will conduct a two-stage competitive procurement in the spring and summer of 2021 and 2022 for contracts that will deliver a total of 8,000 AECs annually each year. The first stage of the Solar RFP will consist of a competitive procurement where the winning bidders will be determined by the lowest Solar AEC prices offered. The second stage will be a Standard Offer to Purchase ("SOTP") Solar AECs at a competitive price determined by the first stage Solar RFP, with the requirement that the Solar AECs from stage two bidders come from solar generation resources located in the PECO service area.

For both the RFP stage and the SOTP stage, PECO will use a two-part bid process in which bidders are first qualified and then are permitted to submit a bid with an offer (including a price in $/Solar AEC for the first stage RFP) to deliver a bidder-determined specific amount of Solar AECs annually over the term of the Solar AEC Agreement. Bidders must offer to deliver a minimum of 200 Solar AECs annually. Bidders in the stage one RFP are thus motivated to submit competitively priced bids since they will be directly competing with other bidders solely on the basis of price. Each annual RFP and SOTP stage will be limited to procurement of a total of 8,000 Solar AECs (4,000 for each procurement).

All bidders must be owners of solar photovoltaic ("PV") systems, or own the rights to Solar AECs generated by such systems, and such systems must be physically located within Pennsylvania. Both existing solar PV systems that have achieved commercial operation and solar PV projects under development that will achieve commercial operation by May 31 of the year following the year of the effective date are eligible to participate. These include solar PV systems that are or will be directly connected to an electric utility's distribution (i.e., grid-connected systems) or transmission systems and solar PV systems that are or will be connected to an electric utility's distribution system pursuant to applicable net metering requirements (i.e., net-metered systems). All systems must be qualified as Tier I solar PV alternative energy systems, and all deliveries of Solar AECs to PECO must be made through the Generation Attribute Tracking System operated by PJM Environmental Information Services, Inc. Aggregators will be permitted to participate in both the RFP and SOTP.

The entire procurement process will be overseen by an independent RFP monitor ("RFP Monitor"), who will evaluate the bids and develop an opinion concerning the RFP process and results. This will include conducting a marketplace benchmarking analysis prior to the day that the RFP bids are opened. For each event, i.e., the stage one RFP and the stage two SOTP process, the RFP Monitor will then submit a confidential RFP report to the Commission that will include the RFP Monitor's opinion, price benchmarks and other analysis for Solar AECs bought and sold that qualify to meet Pennsylvania's AEPS requirements. The Commission will have a ten-day review period to evaluate the RFP report and results and decide whether to approve the RFP results and the Solar AEC prices obtained. PECO also has the right to reject bids, even after Commission approval, if it determines that the prices would impose unreasonably high costs on the Company's customers. If a bid is accepted and approved, the winning bidder will be required to enter into the Solar AEC Purchase and Sale Agreement with PECO. Upon approval of PECO's DSP V program, PECO will select a Solar AEC RFP Monitor and notify the Commission of its selection.

Upon completion of the first stage RFP each year, PECO will publish the average winning bid received in the RFP. This average winning bid price will be the price for the SOTP procurement stage. For the SOTP procurement, the RFP Monitor will accept bidder applications on a first-come, first-served basis and qualify each bidder. Once the RFP Monitor has a sufficient list of companies, or after 90 days (whichever comes first), the RFP Monitor will submit the list of bidders with their qualifications to the Commission for a ten-day review period. PECO will execute a purchase agreement with each qualified and approved bidder up to the numerical limit of Solar AECs for that procurement.

49. Q. Does PECO believe that the forms of Solar AEC Purchase and Sale Agreement (Project Version and Aggregator Version) include appropriate terms and conditions?

A. Yes. The agreement includes terms and conditions that are typical of solar renewable energy credit agreements, including provisions for default and termination and representations and warranties regarding the Solar AECs that will be delivered to PECO. Each agreement also requires semi-annual delivery of Solar AECs to reduce risk of a contract delivery issue at the end of an AEPS compliance period. Each contract also includes collateral provisions that require the Solar AEC suppliers to post security for their obligations, which declines over the course of the contract. As with the SMA, PECO is requesting that the Commission approve both forms of the Solar AEC Purchase and Sale Agreement as affiliated-interest agreements under the Public Utility Code to permit the participation of PECO affiliates in these procurements.

50. Q. How will PECO apply the AECs obtained through the new solar AEC contracts?

A. The AECs will be used to satisfy the AEPS requirements of all customer classes in the same manner as PECO has applied its separately procured AECs in its prior default service programs. AEC allocations will be calculated by PECO in proportion to the forecast of default service retail sales to each procurement group under PECO's tariff. PECO will track AEC allocations and actual retail sales and adjust future allocations accordingly. In order for default service supply bidders to adjust their prices accordingly for this reduction in their Solar AEC supply obligations under the SMA, PECO will provide bidders with a binding number of the Solar AECs that PECO will apply to supplier obligations as part of the default service RFP process and prior to submission of any bids. PECO will not transfer Solar AECs to suppliers, but rather the amount of Solar AECs that suppliers must transfer to PECO will be reduced by the amount of Solar AECs allocated to suppliers by PECO in the RFP.

51. Q. Does PECO have a contingency plan if any of its RFPs for Solar AECs are unsuccessful?

A. Yes. In the event that the 2021 Solar RFP or SOTP is unsuccessful or there is insufficient participant interest, the amount of Solar AECs not under contract will be added to the amount to be procured in the 2022 procurement process. If PECO is unable to obtain its full 16,000 Solar AECs after completing the 2021 and the 2022 procurements, any shortfall will be met by wholesale suppliers who are obligated to transfer enough Solar AECs to meet AEPS requirements for the percentage of default service load that they supply.

XI. COMPETITIVE ENHANCEMENTS

52. Q. Did PECO take steps to enhance retail competition during DSP IV?

A. Yes. As I described earlier, PECO continued its Standard Offer Program. In addition, PECO continued several other retail enhancements, including its purchase of EGS receivables program, accelerated (three-day) switching, account number lookup, and the choice-friendly customer bill presentment features.

53. Q. What is PECO proposing to enhance retail competition during DSP V?

A. As discussed by Ms. Reilly in her testimony, PECO proposes to continue its Standard Offer Program for the period from June 1, 2021 through May 31, 2025. In addition, Ms. Reilly discusses a new program to enhance retail competition by enabling residential CAP customers to shop for supply from EGSs.

XII. GENERATION SUPPLY ISSUES

54. Q. Please describe the determination that the Commission must make pursuant to Section 2807(e)(3.7)(iii) of the Competition Act.

A. Section 2807(e)(3.7)(iii) of the Competition Act requires the Commission to determine that neither the default service provider nor its affiliated interest has withheld from the market any generation supply in a manner that violates federal law.

55. Q. Has PECO withheld from the market any generation supply in violation of federal law?

A. No.

56. Q. Has any PECO affiliate withheld from the market any generation supply in violation of federal law?

A. No. The only PECO affiliate that owns generation supply is Exelon Generation. Under applicable codes of conduct of the Federal Energy Regulatory Commission, PECO does not discuss generation market-related issues with Exelon Generation. However, PECO can affirmatively state that there has been no determination by a court or regulatory agency of competent jurisdiction that Exelon Generation has withheld from the wholesale energy market any generation supply in a manner that violates federal law.

XIII. PEAK LOAD CONTRIBUTION ("PLC") AND NETWORK SERVICE PEAK LOAD ("NSPL")

57. Q. Please describe the current methodology for allocating wholesale capacity and transmission costs to default service customers reflected in Attachment M-2 (PECO Energy Company) to PJM's Open Access Transmission Tariff.

A. PJM establishes and publishes information, referred to as the five coincident peaks or "5CP," to aid PECO and EDCs in the calculation of PLC for capacity allocations to retail customer accounts and NSPL for transmission allocation to retail customer accounts (also known as "tickets"). The 5CPs are the five highest daily unrestricted PJM peak loads for each summer (June 1 through September 30).[10]

Using the 5CP data provided by PJM each year, each fall PECO calculates a PLC "ticket" representing the customer's allocation of PECO's share of PJM's weather-normalized peak load from the previous summer (June through September). For NSPL, each PECO customer's ticket represents the customer's allocation of peak actual metered zone load within the previous twelve months (November through October). PECO calculates both PLC and NSPL tickets by customer premise (physical location) annually and provides this information to EGSs in the Company's service territory.

PECO's PLC calculations apply a weather correction factor to each of the applicable five PJM coincident peak days to reflect an effective temperature of 99 degrees at the hour ending 1700. PECO also employs a scaling factor so that the sum of all its customer PLC tickets equals the PLC load target for the PECO transmission zone provided by PJM annually. PECO uses actual customer meter data to calculate PLC tickets on the applicable PJM peaks for all customers other than residential customers. For customers on each of PECO's residential rates, PECO determines the monthly annual consumption usage of each customer and assigns the customers to one of three strata for Rate R and three additional strata

[10] PJM defines "unrestricted load" as "hourly metered load data supplemented with estimated load drops for: 1) Curtailment of load for customers registered in the PJM emergency or preemergency program either as a Load Management resource (Demand Resource) or an Emergency – Energy Only resource, or customers registered to meet a Price Responsive Demand commitment for either the Reliability Pricing Model or the FRR Alternative; 2) Voltage Reductions implemented by PJM or an EDC; and 3) Significant losses of load." PJM's Questions on 5CP and Peak Load, *available at*: https://www.pjm.com/-/media/committees-groups/task-forces/scrstf/20160506/20160506-item-01b-faqs-for-5cps-and-peak-shaving.ashx.

for Rate RH. For each customer in each strata, PECO calculates a peak load contribution based on a load curve for each strata based on the days when the peak load coincident peaks occurred at PJM. The values derived for each strata are then used as the annual PLC calculation for that customer. PECO's PLC calculations employ the same weather correction assumptions and scaling factors to the customer group load shape that are used with the five PJM coincident peaks for summer weekdays.

58. Q. Is PECO proposing any changes to its current practice regarding PLC/NSPL calculations?

A. No. PECO reflects wholesale costs in default service rates based on PJM's 5CP methodology, which was established through a robust stakeholder process in the late 1990s. In that stakeholder process**,** PJM considered adoption of one, five or ten data points for PLC calculations. Based on stakeholder comments and recommendations, PJM determined that the 5CP methodology appropriately balances the risk to customers based on normal usage variations created by a single peak day with forecasting challenges, including more weather correction factors, posed by ten data points.

Over the last decade, PJM system peak hours have consistently occurred in the afternoon, with a median peak time of 4 p.m. to 5 p.m. PECO allocates the share of zone peak loads for capacity and transmission to retail customers using the hour ending at 5 p.m., thus mirroring PJM's well-tested 5CP methodology.

59. Q. In the January 2020 Secretarial Letter, the Commission asked EDCs to discuss the use of monthly summary usage data in calculating PLC tickets and why such data may be used instead of actual customer usage data. Can you please explain?

A. Yes. First, I would like to clarify that PECO uses monthly usage data only to group residential customers into strata for calculation of PLCs. The annual PLC value for those customers is then calculated using the actual PJM 5CP peak data and load curves as I have described, not account-level usage data.

At this time, PECO does not believe there is any reason to change the residential PLC methodology. The price paid by default service customers for generation service is based on dollar-per-megawatt-hour bids for full requirements service from winning wholesale suppliers, and those bids reflect the suppliers' costs for energy, capacity (based on the PLC calculations), ancillary services, and AEPS costs for the projected aggregate of residential customers. PECO also provides a detailed explanation of its PLC calculation methodology to EGSs each year.

In the event the Commission were to require PECO to use individual customer PLC data for all residential customers, PECO would first need to complete information technology ("IT") and related work. PECO anticipates that the requisite IT-related work needed to calculate account-specific residential PLCs could be substantially completed by the end of 2022 and is expected to cost approximately $1.5 million.

XIV. PROCEDURAL SCHEDULE AND NOTICE

60. Q. Mr. McCawley, please describe the procedural schedule PECO has proposed for this proceeding.

A. In accordance with the nine-month period for approval of a default service plan under the Public Utility Code, PECO proposes the following schedule for this proceeding:

March 13, 2020	Petition Filing
April 23, 2020	Prehearing Conference
June 4, 2020	Other Parties' Direct Testimony Due
June 25, 2020	Rebuttal Testimony Due
July 9, 2020	Surrebuttal Testimony Due
July 15-16, 2020	Oral Rejoinder Testimony and Hearings
August 6, 2020	Initial Briefs
August 25, 2020	Reply Briefs
October 6, 2020	Recommended Decision
December 3, 2020	Commission Order

61. Q. How will PECO provide notice to its customers of this filing?

A. PECO is providing extensive public notice of this filing to its customers. First, PECO will include a stand-alone bill insert in all customer bills over a 30-day period beginning on April 1, 2020. This standalone bill insert will notify customers of this filing, where they may obtain copies, and how they may participate in this proceeding by filing comments or complaints with the Commission. Second, PECO is publishing notices containing similar information in all of the major newspapers serving PECO's service territory. All notices will refer to PECO's website (www.peco.com/know) where a copy of the entire filing will be maintained. PECO is also serving copies of this filing on the Pennsylvania Office of Consumer Advocate, the Pennsylvania Office of Small Business Advocate, the Commission's Bureau of Investigation and Enforcement, the Coalition for Affordable Utility Services and Energy Efficiency in Pennsylvania, the Philadelphia Area Industrial Energy Users Group, PJM, the Retail Energy Supply Association, and all EGSs registered in PECO's service territory and is requesting that the Commission publish notice of this filing in the Pennsylvania Bulletin.

XV. CONCLUSION

62. Q. Does this conclude your direct testimony?

A. Yes.