

Legal Department

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November 7, 2008

VIA FEDERAL EXPRESS

James J. McNulty, Secretary
Pennsylvania Public Utility Commission
Commonwealth Keystone Building
400 North Street, 2nd floor
Harrisburg, PA 17120

**Re: Advance Notice of Proposed Rulemaking For Revision of 52 Pa. Code Chapter 57
Pertaining to Adding Neutral Connection Inspection and Maintenance Standards
for the Electric Distribution Companies - Docket No. L-2008-2044821**

Dear Mr. McNulty:

Enclosed are an original and fifteen copies of the Reply Comments of PECO Energy Company Regarding the Advance Notice of Proposed Rulemaking For Revision of 52 Pa. Code Chapter 57 Pertaining to Adding Neutral Connection Inspection and Maintenance Standards for the Electric Distribution Companies. Kindly file the original of record with your office and acknowledge same by time-stamping and returning the additional copy of this letter in the self-addressed stamped envelope provided.

Thank you for your assistance in this effort.

Sincerely,



Verdina Showell
Assistant General Counsel

VS/zyr

Enclosures

cc: Elizabeth Barnes, Esquire, Law Bureau

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

Advance Notice of Proposed Rulemaking :
For Revision of 52 Pa. Code Chapter 57 : Docket No. L-2008-2044821
Pertaining to adding Neutral Connection :
Inspection and Maintenance Standards for the :
Electric Distribution Companies :

Reply Comments of PECO Energy Company

PECO Energy Company (PECO) hereby submits Reply Comments at the above-captioned docket in response to the Comments filed by the Office of Consumer Advocate (OCA) who was responding to the Pennsylvania Public Utility Commission's (Commission) Request for Comments on the Electric Distribution Companies (EDCs) current practices governing the inspection, maintenance, repair and replacement of neutral connections and whether the Commission should establish standards governing neutral connections within 52 Pa. Code Chapter 57. The Proposed Order was issued by the Commission on July 21, 2008 and published in the Pennsylvania Bulletin on August 9, 2008. The OCA Comments were filed on October 8, 2008. Pursuant to the Order, Reply Comments were due November 7, 2008.

I. Introduction

In its Comments, the OCA takes the position that the EDCs' answers to technical questions regarding current maintenance practices will provide baseline data for any Commission action in this proceeding. The OCA defers to the EDCs on all responses with the exception of Questions 1 and 14. PECO will address the OCA's Comments to Questions 1 and 14.

II. Reply Comments:

In its Comments to Question 1, the OCA posits that the Commission should analyze the data submitted by the EDCs of their individual maintenance and inspection program to determine the need for neutral connections standards. PECO submits that the responses provided in this proceeding do not demonstrate a need for neutral connections inspection and maintenance standards. As reflected in PECO's Comments, the number of neutral connections related complaints is minimal in comparison to the millions of connections that exist in the PECO territory. Given the estimated costs¹ in excess of \$39 million dollars for PECO to implement a five-year inspection program, additional analysis and evaluation of the benefits to the customers is essential before proceeding with neutral connection program standards. This is of particular importance given that the number of service reliability complaints related to neutral connections as reported by PECO and other EDCs in this proceeding do not reveal that neutral connections failures are a systemic problem. While PECO does not separately track neutral connections failures, the Company addressed only 242 related service issues, which represented only 0.02% of the PECO's customer base. However, PECO believes that even if EDCs separately tracked neutral connections failures, it would not reveal a systemic problem with respect to neutral connections.

It should be noted that there are no industry standards for neutral connections because neutral connections failures are not recognized as a national problem. Moreover, it is widely accepted that, in most cases, neutral connections have a long shelf life of more than 20 years. For this reason, it would not be cost effective to impose mandatory standards to replace a workable connection. The costs of neutral connection replacements as well as the inconvenience to the customer would outweigh the intended benefit, if any, of improved service reliability.

In its Comments to Question 14, the OCA supports the adoption of automatic civil penalties for all reliability standards and problems, including neutral connections. PECO disagrees. As stated in its Comments, PECO recommended that the Commission refrain from imposing automatic penalties for reliability failures. The Commission should retain its flexibility

¹ See PECO's Response to Question 7 on page 10 of PECO's Comments.

to evaluate violations on a case-by-case basis to assess the existence and impact of emergent factors on the EDCs' ability to meet a particular standard. The responses provided in this proceeding clearly support a finding that neutral connections are not systemic problem in Pennsylvania. As stated in its Comments, PECO continues to believe that automatic civil penalties for neutral connections failures are not justified. Moreover, the OCA's position in support of automatic civil penalties is unfounded. As such, the Commission should reject the OCA's recommendation to implement automatic civil penalties for neutral connections failures.

III. Conclusion

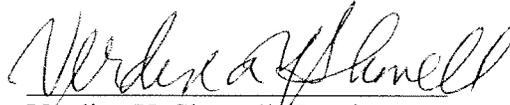
PECO agrees that reliability is an important issue. However, there is nothing in this proceeding to support the adoption of neutral connections inspection, maintenance, repair, or replacement standards as a means to improve service reliability. Rather, the information provided by PECO and other EDCs indicate that service issues related to neutral connections do not represent a systemic problem in Pennsylvania.

As an EDC, PECO is fully aware of its responsibility to respond to and address service complaints. However, as demonstrated by the responses provided in this proceeding, neutral connections failure complaints are minimal. Moreover, it is not cost effective to implement neutral connections standards, which do not address a systemic problem or improve service reliability.

PECO believes that that the Commission has available methods to monitor inspection and maintenance issues through existing regulatory tools such as reporting, audit, inquiry, and investigation processes. For the reasons stated in its Comments and Reply Comments, PECO

believes that neutral connection inspection, maintenance and replacement standards are unnecessary and should not be adopted.

Respectfully Submitted,



Verdina Y. Showell, Esquire

Pa. Atty. I.D. No. 70200

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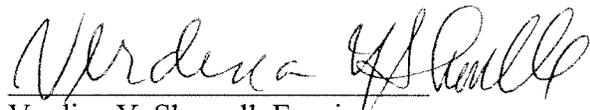
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November 7, 2008

CERTIFICATE OF SERVICE

I hereby certify that on this 7th day of November, 2008, the Reply Comments of PECO Energy Company regarding the Advance Notice of Proposed Rulemaking for Revision of 52 Pa. Code Chapter 57 pertaining to adding Neutral Connection Inspection and Maintenance Standards for the Electric Distribution Companies, have been served on the person listed below by means of electronic and first-class mail:

Elizabeth Barnes, Esquire
Pennsylvania Public Utility Commission
Law Bureau
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400 North Street
Harrisburg, PA 17120



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