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September 8, 2009

Via Electronic Filing

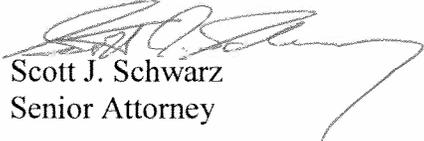
James J. McNulty, Jr., Secretary
Pennsylvania Public Utility Commission
P.O. Box 3265
Harrisburg, PA 17105-3265

Re: Petition of PECO Energy Company for Approval of its Act 129 Energy Efficiency and Conservation Plan and Expedited Approval of its Compact Florescent Lamp Program
Docket No. M-2009-2093215

Dear Secretary McNulty:

Enclosed for filing in the above-captioned matter please find the Reply Brief of the City of Philadelphia, along with an electronic filing confirmation page and a Certificate of Service showing that copies of the enclosed document have been served upon parties of record.

Very truly yours,


Scott J. Schwarz
Senior Attorney

Enclosure

cc: All Parties on the Certificate of Service w/enc.

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

Petition of PECO Energy Company for :
Approval of its Act 129 Energy Efficiency :
and Conservation Plan and Expedited : Docket No. M-2009-2093215
Approval of its Compact Fluorescent :
Lamp Program :

**REPLY BRIEF OF
THE CITY OF PHILADELPHIA**

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Dated: September 8, 2009

I. INTRODUCTION

On August 28, 2009, PECO Energy Company (PECO), the City of Philadelphia (City or Philadelphia), and numerous other intervening parties filed Main Briefs in this matter. The City is filing this Reply Brief in accordance with Prehearing Order #1, which requires the filing of reply briefs by September 8, 2009.

II. ARGUMENT

PECO's Main Brief refers to the City's objection to the cost allocation mechanism for the municipal lighting surcharge, and in particular the surcharge in the proposed new SL-P Rate for Philadelphia street lighting. PECO suggests that its decision to assign the surcharge to the fixed distribution charge instead of the variable energy charge is appropriate because the City is the only customer on the SL-P Rate and assigning the cost to the fixed distribution charge helps to ensure more known recovery. This explanation ignores the goal of Act 129, which is to encourage the customers of Electric Distribution Companies to reduce their electric consumption. As the City explained in its Main Brief and testimony, a surcharge on the variable energy charge rather than the fixed distribution charge would be more consistent with Act 129 because it would provide a greater financial incentive for PECO's municipal street lighting customers to conserve energy. (City Main Brief at 19; Philadelphia St. 2 at 10.)

PECO's proposed ordering paragraph on tariffs in its Main Brief also requires clarification. PECO requests that the Commission's Order include the following paragraph: "PECO's proposed tariff provisions to implement the Plan and fully recover PECO's costs incurred in the implementation and operation of its Plan through an Energy Efficiency Program Charge as set forth in the Plan are approved." (PECO Main Brief at

52.) This ordering paragraph, if adopted by the Commission, could create some confusion given the fact that during the course of these proceedings PECO acknowledged that it had incorrectly calculated Rates SL-P, TL and AL, as filed with the Plan, and submitted an exhibit with new proposed tariffs for these rates. (PECO's Main Brief at 44, footnote 15; PECO Ex RAS-5; Tr. 188-189). These new tariff were admitted into the record as Exhibit RAS-5, but they do not appear in the docket of this proceeding at this time. For the reasons stated in its Main Brief, the City believes the Commission should closely scrutinize the municipal lighting surcharges and consider eliminating municipal lighting as a separate customer class for purposes of cost allocation. If the Honorable Administrative Law Judge elects to recommend approval of PECO's proposed new tariffs, then the ordering paragraph should clearly provide that any approval of Rates SL-P, TL and AL applies to the corrected rates as shown in Exhibit RAS-5, rather than the initial rates filed with the Plan and attached to the PECO's Petition.

PECO's Main Brief covers several other issues and recommendations of interest to the City, including proposals for additional improvements to the Plan, shareholder participation, and calculation of energy savings. The City's Main Brief addressed the arguments of PECO and other parties on these issues, and therefore, no reply is necessary.

III. CONCLUSION

For the reasons set forth in the City's Main Brief and in this Reply Brief, the City generally supports the Plan's eighteen energy efficiency and demand reduction programs, but recommends that PECO and the Commission closely scrutinize the proposed surcharges for municipal lighting and consider eliminating municipal lighting as a

separate customer class for purposes of this proceeding. If the Honorable Administrative Law Judge elects to recommend approval of PECO's proposed new tariffs, then the ordering paragraph should specify that any approval of Rates SL-P, TL and AL applies to the corrected rates as shown in Exhibit RAS-5.

Respectfully submitted,

The City of Philadelphia



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Lamp Program :

CERTIFICATE OF SERVICE

I hereby certify that I am serving true and correct copies of the Reply Brief of the City of Philadelphia, by e-mail (one copy) and first-class mail (two copies), upon the individuals listed below, in accordance with the requirements of 52 Pa Code § 1.54 (relating to service by parties) and the Pre-Hearing Order dated July 30, 2009.

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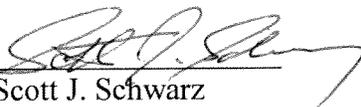
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