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February 3, 2011

**Via Electronic Filing**

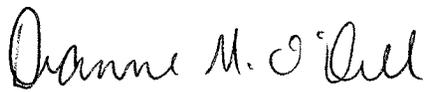
Rosemary Chiavetta, Secretary  
PA Public Utility Commission  
PO Box 3265  
Harrisburg, PA 17105-3265

Re: Petition of PECO Energy Company for Approval of its Smart Meter Technology  
Procurement and Installation Plan – Petition for Approval of PECO Energy Company's  
Initial Dynamic Pricing and Customer Acceptance Plan, Docket No. M-2009-2123944

Dear Secretary Chiavetta:

On behalf of Direct Energy Services, LLC ("Direct Energy") enclosed please find the original of its Reply Brief along with the electronic filing confirmation page with regard to the above-referenced matter. Copies have been served in accordance with the attached Certificate of Service.

Sincerely yours,



Deanne M. O'Dell, Esq.

DMO/lww

Enclosure

cc: Hon. Marlane Chestnut w/enc.  
Cert. of Service w/enc.

**CERTIFICATE OF SERVICE**

I hereby certify that this day I served a copy of Direct Energy's Reply Brief upon the persons listed below in the manner indicated in accordance with the requirements of 52 Pa. Code Section 1.54.

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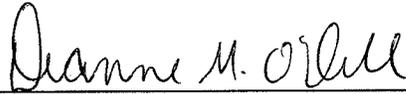
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Deanne M. O'Dell, Esq.

Dated: February 3, 2011

**BEFORE THE  
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

Petition of PECO Energy Company for :  
Approval of its Smart Meter Technology :  
Procurement and Installation Plan – Petition : Docket Number M-2009-2123944  
for Approval of PECO Energy Company’s :  
Initial Dynamic Pricing and Customer :  
Acceptance Plan :

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**REPLY BRIEF OF DIRECT ENERGY SERVICES, LLC**

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In this proceeding, PECO Energy Company (“PECO”) proposes to offer two different rates: critical peak pricing (“CPP”) and Time of Use (“TOU”) in furtherance of the requirements of Section 2807(5) of the Public Utility Code. 66 Pa. C.S. § 2807(5). On January 28, 2011, PECO filed a Joint Petition for Partial Settlement (“Joint Petition”) which addresses all issues not related to PECO’s recovery of development and implementation costs regarding PECO’s proposal pricing plans. Direct Energy does not oppose the settlement. The only issue remaining is whether the development and implementation costs of PECO’s plan should be collected from both shopping and non-shopping customers. The Office of Consumer Advocate (“OCA”) proposes that all customers, shopping and non-shopping customers, should pay these costs. PECO, the Office of Small Business Advocate (“OSBA”), and the Philadelphia Area Industrial Energy Users Group (“PAIEUG”) all filed Main Briefs in opposition to OCA’s proposal.

In its Main Brief, OCA does not present any justification to support adoption of its proposal. On the contrary, PECO’s proposal to recover costs from default service customers is consistent with the Commission’s recent determinations on this issue in other similar proceedings. PECO M.B. at 3. Moreover, as explained by PAIEUG, there is no evidence in this record to support OCA’s assertion that electricity generation suppliers (“EGS”) will somehow benefit by these pricing plans such that shopping customers should be required to pay for them.

PAIEUG M.B. at 4. In fact, as explained by OSBA, these programs are only available to non-shopping customers and OCA's proposal would result in requiring shopping customers to pay for programs in which they cannot participate. OSBA M.B. at 5.

For all of these reasons, Direct Energy does not support imposition of OCA's proposal and recommends that PECO's proposed recovery mechanism be adopted.

Respectfully submitted,



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