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July 9, 2012

Via Electronic Filing

Rosemary Chiavetta, Secretary
PA Public Utility Commission
PO Box 3265
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Re: Joint Petition of Metropolitan Edison Company, Pennsylvania Electric Company,
Pennsylvania Power Company and West Penn Power Company for Approval of Their
Default Service Programs, Docket Nos. P-2011-2273650, P-2011-2273668,
P-2011-2273669 and P-2011-2273670

Dear Secretary Chiavetta:

On behalf of the Retail Energy Supply Association ("RESA") enclosed for filing please find the original of its Reply Exceptions along with the electronic filing confirmation page with regard to the above-referenced matter. Copies being served in accordance with the attached Certificate of Service.

Sincerely,

A handwritten signature in black ink that reads "Deanne M. O'Dell". The signature is written in a cursive, flowing style.

Deanne M. O'Dell

DMO/lww
Enclosure

cc: Hon. Elizabeth H. Barnes w/enc.
Office of Special Assistants (CD only)
Cert. of Service w/enc.

CERTIFICATE OF SERVICE

I hereby certify that this day I served a copy of RESA's Reply Exceptions 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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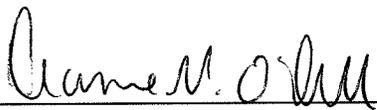
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Dated: July 9, 2012

* Indicates that I do not have a record of
receiving an Executed Protective Order
Agreement

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

Joint Petition of Metropolitan Edison	:	Docket Nos.	P-2011-2273650
Company, Pennsylvania Electric Company,	:		P-2011-2273668
Pennsylvania Power Company and West Penn	:		P-2011-2273669
Power Company For Approval of Their	:		P-2011-2273670
Default Service Programs	:		

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RETAIL ENERGY SUPPLY ASSOCIATION**

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I. INTRODUCTION

The Retail Energy Supply Association (“RESA”)¹ submits these Reply Exceptions to respond to several issues raised by the Office of Consumer Advocate (“OCA”) in its Exceptions. As explained more fully in RESA’s Exceptions, the proposed default service procurement plan and competitive retail market enhancements offered by Metropolitan Edison Company (“Met-Ed”), Pennsylvania Electric Company (“Penelec”), Pennsylvania Power Company (“Penn Power”), and West Penn Power Company (“West Penn”) (collectively the “Companies” or “FirstEnergy”) must be modified, consistent with RESA’s recommendations, to be compliant with the Electricity Generation Customer Choice and Competition Act (“Competition Act”)² and to have a reasonable chance of successfully accomplishing its intended goal of creating a more and robust competitive market. The contrary views of other parties, as set forth in their exceptions, must be rejected for all the reasons already addressed by RESA in its main brief, reply brief, and exceptions – all of which are incorporated herein by reference.

As explained further below, RESA recommends that the Commission reject OCA’s recommended proposed changes to the default service procurement plans for FirstEnergy as such modifications will not result in default service plans that meet the requirements of the Competition Act. Moreover, RESA recommends that the Commission reject many of the modifications OCA proposes for the competitive retail market enhancement initiatives because

¹ RESA’s members include: Champion Energy Services, LLC; ConEdison *Solutions*; Constellation NewEnergy, Inc.; Direct Energy Services, LLC; Energetix, Inc.; Energy Plus Holdings LLC; Exelon Energy Company; GDF SUEZ Energy Resources NA, Inc.; Green Mountain Energy Company; Hess Corporation; Integrys Energy Services, Inc.; Just Energy; Liberty Power; MC Squared Energy Services, LLC; Mint Energy, LLC; NextEra Energy Services; Noble Americas Energy Solutions LLC; PPL EnergyPlus, LLC; Reliant; Stream Energy; TransCanada Power Marketing Ltd. and TriEagle Energy, L.P.. The comments expressed in this filing represent the position of RESA as an organization but may not represent the views of any particular member of RESA.

² 66 Pa. C.S. § 2801, et. seq.

these proposals will degrade the likelihood that these initiatives will successfully achieve their goal of moving default service customers to the competitive retail market. Finally, RESA recommends that the Commission reject the exceptions of the Met-Ed Industrial Users Group, the Penelec Industrial Customer Alliance, Penn Power Users Group and West Penn Power Industrial Intervenors (collectively, “Industrials”) objecting to the correct recommendation of the Administrative Law Judge (“ALJ”) to adopt the Companies’ proposal to collect non-market based transmission costs from all customers via the non-bypassable Default Service Support Rider (“DSSR”).

II. REPLY TO THE EXCEPTIONS OF OCA

A. OCA’s Exception Numbers 1, 2, 3 and 6 Regarding Procurement Plan Design Changes To Accommodate The Retail Opt-In Auction Must Be Rejected

While OCA does correctly note that the Administrative Law Judge (“ALJ”) erred in not modifying the Companies’ proposed default service procurement plans, OCA is incorrect in advocating that the Commission should adopt OCA’s proposed changes. More specifically, in Exception Number 3, OCA incorrectly argues that achieving “rate stability” requires that the wholesale supply contracts extend beyond May 31, 2015.³ In Exception Numbers 1, 2 and 6, OCA incorrectly advocates the continued use of block and spot purchases and the “holding back” of 20% of the default service load to supply the opt-in auction to allegedly minimize any potential negative impact the opt-in auction may have on the risk premiums that will be included in the default service procurement supply contracts.⁴ All of these recommendations are flawed and must be rejected.

³ OCA Exceptions at 19-22.

⁴ OCA Exceptions at 11-19, 25-28.

1. There Is No Evidence To Support Continuing Block and Spot Purchases or Holding Back 20% Of The Default Service Load For The Opt-In Auction Which Is Inconsistent With The Commission’s Directives Regarding Customer Participation Caps

In Exception Number 1, OCA objects to the ALJ’s rejection of its proposal to continue the block and spot purchases (which the Companies’ correctly recommend ending) as a way to, among other things, address the integration of the retail opt-in auction.⁵ In Exception Number 2, OCA claims that the ALJ “failed to address the risks created in her recommended residential default service procurement plan by the retail opt-in auction.”⁶ In related Exception Number 6, OCA claims that the ALJ erred by not adopting OCA’s recommended 20% participation cap for the opt-in auction program.⁷ These three interrelated proposals, according to OCA, are needed to address the alleged “risk” to wholesale default service suppliers that default service customers will participate in the retail opt-in auction (because they will be encouraged to do so by the competitive retail market initiatives). OCA claims that failure to mitigate this alleged “risk” will lead to “unnecessary risk premiums and costs to default service prices contrary to the requirements of the Act.”⁸ There are several serious flaws with this position.

First, even if OCA were correct in its risk assessment, sequencing the opt-in auction to occur prior to all or some of the wholesale supply auctions would significantly reduce or eliminate any risk premium intended to address this concern.⁹ Moreover, whether or not having more customers shop would have a material effect on wholesale default service prices, customers will receive far greater benefits over time from the competitive pricing and value added service

⁵ OCA Exceptions at 11-14.

⁶ OCA Exceptions at 14-19.

⁷ OCA Exceptions at 25-28.

⁸ OCA Exceptions at 14-15.

⁹ RESA St. No. 2-R at 18.

and products that come from more robust retail competition.¹⁰ That is exactly what the Commission is looking to achieve in the Retail Markets Investigation (“RMI”).¹¹ Limiting customer migration away from default service in order to prevent some unsubstantiated concern about potential incremental impact on default service pricing is directly contrary to the Commission’s focus on decreasing the primacy of utility default service, which will benefit all customers in the long run.

Second, OCA ignores the fact that its proposed continuation of block and spot purchases imposes additional risk on all customers and is inconsistent with establishing default service rates in a manner that promotes the development of a robust sustainable competitive retail market because the underlying design of the procurement plan is not reasonably tailored to achieve a market responsive default service rate.¹² The Companies provided testimony showing that the cost of block-and-spot supply for the FirstEnergy Companies has been higher than the costs of full requirements contracts.¹³ The Companies also expressed concern¹³ that the use of forward block purchases may leave them with excess power if there is a decrease in electricity demand. This would, in turn, force the Companies to sell the excess power into the market at times when prices are relatively depressed, resulting in higher, unanticipated costs for customers.¹⁴ These unnecessary and potentially costly risks are not consistent with the Competition Act and the goals of this proceeding.

¹⁰ RESA St. No. 2-R at 35-36.

¹¹ *Investigation of Pennsylvania Retail Electricity Market*, Docket No. I-2011-2237952, Opinion and Order entered April 29, 2011.

¹² RESA St. No. 1-R at 4.

¹³ Met-Ed/Penelec/Penn Power/West Penn St. No. 6-R at 3.

¹⁴ RESA St. No. 2-R at 3-4.

Finally, the imposition of a 20% customer participation cap for the retail opt-in auction is inconsistent with the Commission's *Intermediate Work Plan Final Order* wherein the Commission determined that no more than 50% of an electric distribution company's ("EDC's") default service customer base may participate in the retail opt-in auction.¹⁵ OCA has not articulated any compelling reason to diverge from the Commission's 50% standard.¹⁶ In choosing a 50% total participation cap, the Commission stated that it does not wish to impose a lower cap that "may lead to the rejection of customers wishing to participate."¹⁷ OCA's position focuses almost exclusively on making sure the opt-in auction is not too successful in getting customers into the competitive market for fear that wholesale suppliers will perceive a market where most customers are shopping as "more risky" and, therefore, include a material risk premium.¹⁸ This, however, is not a valid basis on which to structure these market-opening policies.¹⁹ Indeed, default service is just that – an option of last resort if customers – for whatever reason – do not shop. Holding back the number of customers who could participate in the opt-in auction in favor of "preserving" default service is no different than imposing an arbitrary cap on the amount of shopping that will be permitted or imposing limits on any other steps that would reduce customer load, such as self-supply. Any of those steps are plainly inconsistent with the policies of the Commonwealth, and so is OCA's proposal here. It would be antithetical to the goal of developing robustly competitive retail markets to limit the ability of

¹⁵ *Investigation of Pennsylvania's Retail Electricity Market: Intermediate Work Plan*, Docket No. I-2011-2237952, Tentative Order entered March 2, 2012 ("*Intermediate Work Plan Final Order*") at 60.

¹⁶ RESA St. No. 2-R at 18-19.

¹⁷ *Intermediate Work Plan Final Order* at 59.

¹⁸ OCA St. No. 1 at 30; RESA St. No. 2-R at 18.

¹⁹ RESA St. No. 2-R at 18.

customers to participate in the competitive market – through the Opt-In Auction or otherwise.

OCA's arguments must be rejected.

2. Extending Wholesale Supply Contracts Beyond May 31, 2015 Is Inconsistent With The Commission's Directives And Is Not Required To Achieve "Rate Stability"

In Exception Number 3, OCA claims that ending default service supplies on May 31, 2015 (which is when the default service procurement plan term ends), "unnecessarily exposes residential customers to possible price spikes" and such a "hard stop" should not be implemented.²⁰ RESA does not support the use of any default service contracts, regardless of the term, that extend beyond the expiration date of the default service plan term.²¹ In its *Default Service Order*, the Commission recommended "that EDCs file plans limiting or eliminating the existence of short-term energy contracts extending past the end date of the upcoming default service plan time period; and ... that EDCs limit the proportion of long-term contracts that make up their default service plan energy portfolios, and consider using already existing long-term contracts from previous or presently effective default service plans."²² The ALJ was correct in adopting FirstEnergy's plan to not include any such contracts in its filing and the recommendations of OCA to implement them must be rejected because doing so may undermine the efforts and progress of the Commission in the RMI proceeding to implement its Long Term Work Plan to restructure default service as it exists today.²³

²⁰ OCA Exceptions at 21-22.

²¹ RESA St. No. 1-R at 3.

²² *Investigation of Pennsylvania's Retail Electricity Market: Recommendations Regarding Upcoming Default Service Plans*, Docket No. I-2011-2237952, Final Order entered December 16, 2011 at 19.

²³ RESA Main Brief ("MB") at 23-24.

B. OCA's Exception Number 5 Recommending Adoption Of An Annual Reconciliation Of Default Service Costs Must Be Rejected

In Exception Number 5, OCA claims that the ALJ erred in not recommending that the Companies' current quarterly reconciliation mechanism be changed to an annual period because, according to OCA, such change would "promote a better atmosphere for shopping as it will create a more stable and predictable" Price-to-Compare ("PTC").²⁴ RESA strongly disagrees with this position and the Commission must reject it for several reasons.

First, as a legal matter, creating a "stable and predictable PTC" is not a statutory requirement set forth in the Competition Act. Rather, as discussed more thoroughly in RESA's Exception Number 1, the Competition Act requires the Companies, as default service providers, to acquire electric energy through a "prudent mix"²⁵ of resources that must be designed: (i) to provide adequate and reliable service; (ii) to provide the least cost to customers over time; and, (iii) to achieve these results through competitive processes which includes auctions, requests for proposals and/or bilateral agreements.²⁶ While the Preamble to Act 129 is cited by OCA in support of its flawed view that price stability must be achieved at all costs, the Commission has already correctly rejected this view when it approved the default service procurement plan proposed by Pike Count Light & Power Company ("PCL&P").²⁷ Therefore, OCA's claim that the quest for "rate stability" requires changing the Companies' current reconciliation mechanism from quarterly to annually is legally incorrect.

²⁴ OCA Exceptions at 22-25.

²⁵ 66 Pa. C.S. § 2807(e)(3.2).

²⁶ 66 Pa. C.S. §§ 2807(e)(3.1).

²⁷ *Petition of Pike County Light & Power Company for Approval of Its Default Service Implementation Plan*, Docket No. P-2011-2252042, Opinion and Order entered May 24, 2012 ("PCL&P 2012 Default Service Order"). On June 22, 2012, OCA filed an appeal of this order to the Commonwealth Court. *Irwin A. Popowsky v. Pennsylvania Public Utility Commission*, Case No. 1179 C.D. 2012.

Second, OCA's conclusion that an annual reconciliation mechanism would be a "better atmosphere for shopping" is directly contrary to the evidence in the record making clear that OCA's proposal will send inaccurate price signals to customers and may distort customer shopping decisions because the actual default service "cost" will not be passed on to consumers in a timely way.²⁸ Customers will not be seeing the true cost of energy on a contemporaneous basis, thus distorting their perception of the market price of energy. Rather, the bottom-line amount paid by customers will be based, at least in part, on a year's worth of reconciliation data (which includes interest payments on carrying costs and/or unrealized credits to customers) rather than the current price of energy. Thus, and contrary to OCA's advocacy, the end result of adopting OCA's proposal will be to stymie competitive retail market development. By making the reconciliation adjustment period longer than quarterly, OCA will be further divorcing the actual default service rates from the initial period where the over/under recovery occurred. Default rates need to reflect costs on a current basis to ensure that a functioning competitive retail market can develop. The Commission recognized this by requiring all of the costs incurred for providing default service to be recovered through a default service rate schedule.²⁹

In sum, if default service rates do not accurately track changes in market prices over time and include all the costs of providing default service, then the default service rate will become out-of-market. This creates at best, intermittent opportunities for competitive suppliers to attract customers. Such a "boom-bust" market design is not sustainable therefore denying customers the ability to access the myriad value-added products and services, renewable options, and savings opportunities that are present when there are many competitive suppliers participating in

²⁸ RESA Reply Brief ("RB") at 19-20.

²⁹ 52 Pa. Code § 54.187(a).

a robust competitive retail market. The contrary result is in direct contravention of the purposes of the Competition Act and cannot be accepted.

C. OCA’s Exception Number 11 Claiming That Customers Calling With A High Bill Complaint Should Be Excluded From Receiving Information About The Customer Referral Program Should Be Rejected

In Exception Number 11, OCA mistakenly claims that the ALJ erred by not limited the customer referral program to “new customers, those customers moving within the EDC service territory, and those who specifically inquire about customer choice or the Referral Program.”³⁰ According to OCA’s theory, such limitations are appropriate to “offset any perceived bias in favor of default service” and “to minimize program costs.”³¹ As OCA’s proposed limitations are not consistent with the *Intermediate Work Plan Final Order* and nothing in the record supports their adoption, the ALJ was correct to not recommend implementation of this proposal.

The Commission already concluded in the *Intermediate Work Plan Final Order* that calls to the EDC for high bill issues are appropriate contacts for which EDCs can inform customers about the customer referral program. The Commission also preemptively addressed any concerns with including these callers in the program by directing that the referral program can be discussed “only and explicitly after the customer’s [high bill] concerns [are] satisfied.”³² OCA has presented nothing to justify a deviation from this directive. OCA’s apparent claim is that permitting high bill customers to be informed about the customer referral program detracts away from the effectiveness of a New/Moving Customer Referral Program to inform new and moving customers about competitive options. This argument makes no sense. Customers calling with

³⁰ OCA Exceptions at 34-35.

³¹ OCA Exceptions at 35.

³² *Intermediate Work Plan Final Order* at 32 (emphasis added).

high bill complaints are likely those customers that can most directly benefit from becoming informed about competitive offers and choosing to participate in the customer referral program. To exclude these customers from participation in this program is illogical. The ALJ rightly rejected OCA's attempt to limit the customer referral program and, therefore, OCA's Exception Number 11 should be denied.

D. OCA's Exception Numbers 7 and 10 To Require Electric Generation Suppliers ("EGSs") To Provide "Guaranteed Savings" Throughout The Entire Term Of The Retail Opt-In Auction And Customer Referral Program Should Be Rejected

In Exception Numbers 7 and 10, OCA seeks to achieve the same goal – ensuring that customers participating in either the opt-in auction or the customer referral program receive a price from the EGS that is guaranteed to be lower than the PTC during the entire term of the program. According to OCA, as set forth in Exception Number 10, the customer referral program should be a four month term and for every month of that term the EGS should be required to offer a price that is 7% off the PTC.³³ For the reasons set forth in RESA's Exception Number 16, RESA does not support requiring EGSs participating in the customer referral program to offer a price that is always 7% off the then-effective PTC for an entire one year service term.³⁴ Such a result is consistent with the Commission conclusion in the *Intermediate Work Plan Final Order* that customers participating in the retail opt-in auction will “achieve savings at the time of the auction” but not necessarily throughout the auction term.³⁵ There is no reason to require a different standard for the referral program.

³³ OCA Exceptions at 33-34.

³⁴ RESA Exceptions at 41-42.

³⁵ *Intermediate Work Plan Final Order* at 50.

Further, while shortening the term of the referral program to four months may address OCA's concern if the PTC remains the same for the four months during that customer's participation, the Commission would also need to address the impact a shorter program term would have on the notice requirements that EGSs are required to provide customers prior to the end of a contract. Also, even if the program term were shortened, the Commission still must not – consistent with the discussion in the preceding section – implement a requirement that all customers in the referral program at the end of that four month term who do nothing else be automatically returned to default service.

Regarding the opt-in auction, OCA's view, as explained in Exception Number 7, is that EGSs should be required to maintain the same level of discount through the program term even if the PTC changes in that time period.³⁶ Contrary to OCA's opinion, the ALJ correctly adopted FirstEnergy's proposal that auction product be for a fixed price at least 5% below the PTC on the day of the auction which is consistent with the *Intermediate Work Plan Final Order*.³⁷ Requiring EGSs to commit to a long-term discount price without knowing how the PTC may change during the four quarters of the program may discourage EGSs from participating in the auction. Coupled with a default service procurement structure that is not reasonably calculated to result in market-reflective default service pricing could lead to an unsuccessful program. This is because EGSs are less able to predict the PTC and, therefore, may conclude that they cannot take the risk of committing to some unknown and unknowable discount; thus, they will simply not participate. Moreover, there is nothing unusual about permitting the use of introductory prices which are

³⁶ OCA Exceptions at 29.

³⁷ RESA RB at 34-36; *Intermediate Work Plan Final Order* at 50, 70 (“There is always the possibility that the fixed-rate may exceed the default rate at some point, but the bonus payment the customer received will help ameliorate this concern. Additionally, the customer is free to shop for another supplier or return to default service without penalty...”)

very common in other markets, such as wireless telephone and cable service.³⁸ Customers are well aware that the price they will receive after the discount period is over will reflect “regular” prices. No one expects to receive an introductory discount forever.

The ALJ was correct to not recommend adopting OCA’s proposals on these issues and, therefore, OCA’s Exceptions Numbers 7 and 10 must be denied.

E. OCA’s Exception Numbers 8 and 12 Recommending The Handling of EGS Customers At The End Of The Retail Opt-In Auction And Customer Referral Program Terms Must Be Rejected

In Exception Number 8, OCA claims that the ALJ erred by not adopting its proposal that EGSs be required to provide retail opt-in auction customers, who do not do not affirmatively respond to end-of-program notices, a fixed-price, month-to-month product.³⁹ Similarly, OCA argues, in Exception 12, that customers participating in the standard offer customer referral program who fail to respond to end-of-term notices should be automatically returned to default service.⁴⁰ OCA’s recommendations on both of these issues, which attempt to regulate an EGS’ pricing relationship with its customer at the end of these programs, must be rejected.

First, any questions about the product customers will have at the end of the opt-in auction program are most appropriately addressed by adequately informing the customers about the program term and what will happen upon expiration at the time they make their choice to participate.⁴¹ Nothing in this record supports requiring EGSs to offer customers acquired through the retail opt-in auction terms different than what they are permitted to offer to their customers today pursuant to the Commission’s regulations and guidelines – a month-to-month,

³⁸ RESA St. No. 2 at 29.

³⁹ OCA Exceptions at 31-32.

⁴⁰ OCA Exceptions at 35-36.

⁴¹ RESA St. No. 2-R.

no early termination fee product. On the contrary, the Commission already concluded in the *Intermediate Work Plan Final Order* that customers in the referral program – who do not make another choice – are to remain with the selected EGS on a month-to-month basis without any termination penalty or fee.⁴² There is no reason to implement a different standard for customers participating in the opt-in auction. OCA has presented no compelling reason to treat customers acquired through a voluntary opt-in retail auction any differently from customers who actively select an EGS or participate in the customer referral program and, therefore, no clarification of the ALJ’s recommendation on this point is necessary.

Second, and even more disconcerting, is OCA’s flawed argument that the ALJ erred in not requiring customers participating in the customer referral program (again on a totally voluntary basis) to be automatically transferred back to default service if they do nothing at the end of the program term. The Commission has already correctly and definitively rejected the concept of “automatically” transferring an EGS’s customers back to default service at the end of a Commission approved retail market enhancement program as such a result would completely undermine the entire program.⁴³ In the *Intermediate Work Plan Final Order*, the Commission specifically rejected forcing customers back to default service who choose to participate in the opt-in auction and take no further action.⁴⁴ There is no reason to create a different standard for customers voluntarily choosing to participate in the retail-opt in auction. To be frank, the ALJ was correct to not recommend adoption of OCA’s proposals on this issue and no explanation was necessary.

⁴² *Intermediate Work Plan Final Order* at 32.

⁴³ *Petition for Pike County Light & Power Company for Expedited Approval of Its Default Service Implementation Plan*, Docket No. P-2008-2044561, Opinion and Order entered July 26, 2010.

⁴⁴ *Intermediate Work Plan Final Order* at 73-75.

III. REPLY TO THE EXCEPTIONS OF INDUSTRIALS

In Exception Numbers 1-6, the Industrials oppose the ALJ's recommendation that the Commission adopt the Companies' proposal to collect non-market based ("NMB") transmission costs and generation deactivation charges from all customers through the non-bypassable Default Service Support Riders ("DSSR").⁴⁵ These exceptions should be denied.

Transmission charges and generation deactivation charges are not market-based charges. This is important because it means that these costs cannot be reasonably predicted or hedged. While the Network Integration Transmission Service ("NITS") charges generally represent a mostly known administrative charge assessed to Load Service Entities ("LSEs") by PJM, they are still not market-based charges but are cost-of service based charges that benefit all load. If the EDC does not assume responsibility for these charges, then EGSs are required to try to calculate the amount of these charges and factor them into the prices they offer customers. The result of this process would create an unfair competitive advantage for the EDC's default service over EGS-provided competitive service and leads to distorted pricing signals to customers. Thus, the ALJ was correct to recommend adopting FirstEnergy's proposal that its EDCs assume responsibility for all of these charges and pass on their costs to all distribution customers as a reasonable way to level the playing field for all suppliers and provide appropriate price signals for customers. This is because all customers will be paying the "pass through" costs of transmission regardless of whether they are default customers or customers of an EGS. This will also ensure that the costs paid by these customers for these charges are the actual costs and not a supplier's estimate of the charge which may ultimately be higher or lower than the actual charge. Since neither wholesale default service suppliers nor EGSs have any reasonable control or ability

⁴⁵ Industrials Exceptions 1-24.

to predict these charges, all customers should benefit over the longer term by shifting the cost responsibility back to the EDC which will reduce the risk premiums associated with these charges that consumers would be required to pay.

IV. CONCLUSION

For the reasons set forth above, RESA respectfully requests that the Commission grant its exceptions and issue a consistent decision which substantially rejects the ALJ's June 15, 2012 Recommended Decision.

Respectfully submitted,



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