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September 10, 2012

VIA HAND DELIVERY

Rosemary Chiavetta, Secretary
Pennsylvania Public Utility Commission
Commonwealth Keystone Building
400 North Street, Filing Room
Harrisburg, PA 17120

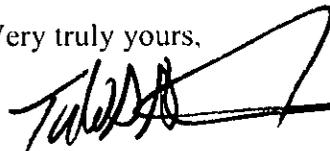
RE: Joint Petition of Metropolitan Edison Company, Pennsylvania Electric Company, Pennsylvania for Power Company and West Penn Power Company For Approval of their Default Service Programs, Docket Nos. P-2011-2273650; P-2011-2273668, P-2011-2273669, P-2011-2273670; **ANSWER OF DOMINION RETAIL, INC. TO PETITIONS FOR RECONSIDERATION AND/OR CLARIFICATION**

Dear Secretary Chiavetta:

Enclosed for filing with the Commission are the original and two (2) copies of Dominion Retail, Inc. d/b/a Dominion Energy Solutions Replies Answer to Petitions For Reconsideration and/or Clarification in the above-captioned docket. Copies of the Answer have been served in accordance with the attached Certificate of Service.

Thank you for your attention to this matter. If you have any questions related to this filing, please contact the undersigned.

Very truly yours,



Todd S. Stewart
Counsel for Dominion Retail, Inc.

TSS/alh
Enclosures

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**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

JOINT PETITION OF METROPOLITAN	:	
EDISON COMPANY, PENNSYLVANIA	:	Docket Nos. P-2011-2273650
ELECTRIC COMPANY, PENNSYLVANIA	:	P-2011-2273668
POWER COMPANY AND WEST PENN	:	P-2011-2273669
POWER COMPANY FOR APPROVAL OF	:	P-2011-2273670
THEIR DEFAULT SERVICE PROGRAMS	:	

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**ANSWER OF DOMINION RETAIL, INC.
TO PETITIONS FOR RECONSIDERATION
AND/OR CLARIFICATION**

NOW COMES, Dominion Retail, Inc. d/b/a Dominion Energy Solutions (“DES”), a party in the above-captioned matter, and hereby Answers the Petitions for Reconsideration and/or Clarification submitted by various parties in response to the Pennsylvania Public Utility Commission’s (“Commission”) August 16, 2012 Order in the above-captioned matter (“Order”). That Order resolves the Default Service Plans for the four Pennsylvania utility affiliates of the First Energy Company: Metropolitan Edison Company (“MetEd”), Pennsylvania Electric Company (“Penelec”), Pennsylvania Power Company (“Penn Power”), and West Penn Power Company (“West Penn”)(collectively the “First Energy Companies” or “Companies”).

I. BACKGROUND AND INTRODUCTION

On or about August 31, 2012, as required by 66 Pa. C.S. § 703(g) and the Commission's regulations at 52 Pa. Code § 5.572, a number of parties petitioned the Commission for Clarification and/or Reconsideration of the Commission's Order. Those parties include the Office of Small Business Advocate ("OSBA"), the Office of Consumer Advocate ("OCA"), Constellation Energy Commodities Group, Inc., Constellation New Energy, Inc., Exelon Generation Company, LLC, and Exelon Energy Company ("Exelon Generation"), the FirstEnergy Companies, the Coalition for Affordable Utility Services and Energy Efficiency in Pennsylvania ("CAUSE-PA"), and the Retail Energy Supply Association ("RESA"). Despite the apparent diversity of petitioners seeking clarification and/or reconsideration, the list of issues for which they have sought Commission reconsideration is fairly narrow and includes:

a) whether Small Commercial and Industrial (C&I) customers should be included within the Retail Opt-In Auction ("ROI") Program approved by the Commission and the appropriate definition for said customers (OSBA);

b) whether the five percent (5%) discount that the Commission referred to in its Order for the ROI was intended to be a five percent (5%) discount off of the Price to Compare ("PTC") as of June 1, 2013 (OCA);

c) whether all customers participating in the ROI aggregation program will receive the same price for the eight (8) month component of that program and if not, the means by which prices for that eight (8) month period will be set (OCA);

d) whether the Order is "final" with regard to the First Energy Companies procurement plan, such that the Companies can be reasonably secure in beginning the procurement process outlined in those procurement plans (First Energy Companies);

e) the inclusion of the recovery of generation deactivation charges as a non-market base transmission service charge through First Energy's Default Services Support Rider (Exelon Generation);

f) the inclusion of CAP Customers in competitive enhancements programs (CAUSE-PA);

g) whether the EGS' are required to change their price for the Customer Referral Program at each time during the one (1) year program that the PTC changes;

h) whether customers will be equally allocated to participating EGS' in the ROI;

i) the means by which prices are to be set for the eight (8) month period of the ROI (RESA); and,

j) whether the consultative process by which the Companies develop their proposals to the Commission, as required by the Order, should include the OCA and other interested stakeholders.

II. ANSWER

With regard to the issues raised by the OSBA, CAUSE-PA, and the First Energy Companies (Items a, d, e & f), DES offers no opinion and offers no response in this pleading. With regard to the remaining issues, those raised by the Petitions of OCA and RESA (Items b, c, g, h, i & j), however, DES hereby Answers the Petitions of the respective Parties as stated more fully below:

1. DES is a licensed electric generation supplier ("EGS") and provides service to customers in the service territories of the larger electric distribution companies ("EDC") across Pennsylvania, including those of the four First Energy Companies. DES was an active participant in the litigation of the Default Service Plans at issue in this case and provided testimony of a single witness, Thomas J. Butler.

A. The ROI Issues

2. On August 16, 2012, the Commission issued the Order in the above-captioned matter which substantially revised its prior position on one of the several market enhancements it had discussed in its prior orders on the subject, namely the *Retail Markets Investigation, Intermediate Work Plan*; Docket No. 1-2011-2237952 (Order entered March 2, 2012)(“*IWP Order*”). As originally conceived, and proposed in the *IWP Order*, the Retail Opt-In program (“ROI”) was an auction that would have limited the number of suppliers that would be able to participate in the program by means of having suppliers bid-in the discount at which they would be willing to provide service to customers, until all tranches were filled. The First Energy Companies had proposed to use a descending clock auction for this purpose while other suppliers had proposed a sealed bid RFP process. The First Energy Companies had proposed that the ROI product would be a twelve (12) month contract at a price that was at least 5% less than the PTC in effect at the time of the auction.

3. In its August 16 Order, the Commission eliminated the auction process for assigning customers to suppliers and instead converted the ROI into an aggregation-type program where any eligible supplier volunteering to serve customers in the ROI would be allocated a share of the customers that elect to participate. Moreover, rather than a fixed-price twelve (12) month contract at a discount established through an auction program, the Commission required that the ROI product would be comprised of two parts: a four (4) month component at a five percent (5%) discount off of the PTC as of the date of enrollment; followed by an eight (8) month component, with the terms and conditions of that eight (8) month component being reviewed by the Commission. Customers who remain in the program for the initial four months also receive a \$50 rebate from their assigned supplier. As the OCA correctly points out in its Petition, however, the Order does not establish any mechanism for review of the

price, or any limitations on the price for the eight (8) month period. In fact, both the OCA and RESA address this issue, albeit with opposing viewpoints. RESA also raises a concern that customers may not be equally allocated as between suppliers participating in the program absent clarification of that point.

4. DES shares the concern raised by the OCA and RESA with regard to the lack of certainty created by the eight (8) month component of the ROI program established by the Commission's August 16, 2012 Order. DES also is concerned with the additional related issue raised by the inclusion of the \$50 rebate, because the participating suppliers will, for the most part, be un-vetted and will not have been "screened" by an auction process. In particular, DES is concerned with the ability of suppliers to pay the fifty dollar (\$50) bonus at the conclusion of the initial four (4) month period and the negative impact of even a single supplier being unable to pay. Without some means of establishing financial responsibility, suppliers could approach the four month transition of the program and be incapable due to insufficient capitalization, of paying customers the fifty dollar (\$50) rebate to which they would otherwise be entitled. DES also shares the concerns of the OCA and RESA with regard to the lack of definition for the eight (8) month component of the ROI product.

5. As a consequence of these concerns, DES suggests the following as potential clarifications of the Commission's Order as it concerns the ROI. As a threshold matter, the Commission must establish a creditworthiness standard for EGS' participating in the ROI program by having participating suppliers guarantee through the posting of cash collateral, that they are able to pay the total of the fifty dollar (\$50) bonuses for the customers that will be assigned to them. With regard to the pricing of the service for the eight (8) month component, one could assume that the Commission did not intend that the price be at any specific discount from the PTC, because in differentiating the eight (8) month component, it did not require such a

discount. It would appear, therefore, that the Commission did not intend to regulate the price. If indeed it is the Commission's intention to not establish the actual price or some minimum discount for the eight (8) month component, which is acceptable to DES, DES nonetheless believes that it is critical that the Commission require suppliers to inform customers of that price when customers are first assigned to them. The same price information should also be posted in a specially delineated area of the Commission's website for the duration of the ROI program, so that those prices are transparent to the market. If the Commission instead prefers a set price, to which DES would not object, DES would prefer that the Commission simply cap the price. A reasonable cap would be that prices for the eight (8) month component be no higher than the PTC in effect at the time when the eight (8) month component begins. Under the circumstances, suppliers could reasonably be expected to ensure that the price did not exceed the price to compare for the entire eight (8) month period, although DES does not advocate for that result.

6. The purpose of the credit requirements should be obvious - to ensure that customers receive their rebates and at the same time make sure that that Electric Choice in general and the Commission and EDC's in particular, do not become embroiled in a customer service nightmare. The purpose for the notice to customers and publication of the prices is to ensure transparency both to customers and the market. With prices posted on the Commission's website, literally the whole world will be able to view the prices those customers would be charged by the suppliers for that eight (8) month period, and if the prices are higher than the market would otherwise provide, would allow other marketers the opportunity to move in and make customers better offers. Transparency allows the market to discipline the prices.

B. Starting Dates for ROI Discount

7. The OCA raises the concern that the Order is ambiguous because it requires the discount for the ROI to begin on the date of enrollment rather than at the start of the program,

since there may be variations in enrollment dates and it appears that the Commission intended that all customers receive the same initial discount. DES agrees with the point that there could be some ambiguity with enrollment dates that could lead to two discounts being charged. DES supports the OCA interpretation that the PTC as of June 1, 2013 should be used.

C. Allocations of ROI Customers

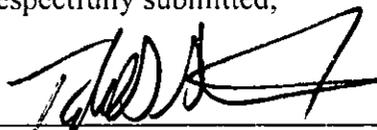
8. Finally, with regard to RESA's concerns over the allocation of customers in the ROI, DES believes that if a supplier intends to participate, it must take a full customer share. That is, all qualified suppliers should be allocated customers on an equivalent basis. Suppliers should not be able to volunteer to take fewer customers or more. The reason is simple, to allow otherwise could confuse the allocation and cost expectations of the other suppliers which creates uncertainty and may keep some suppliers out of the program.

D. Standard Offer

9. RESA has expressed concern over the possibility of a price change during the term of the standard offer referral program ("SOR") - whether the product is a guaranteed 7% savings over the 12 month contract period or a 7% discount from the PTC in effect at the time of enrollment. DES believes that it would be inappropriate for the suppliers to be required to change their price at each of the four PTC changes during the 1 year term, which would result in a guaranteed seven percent (7%) savings for the life of the program. Rather, DES believes that the appropriate resolution of RESA's request for clarification of this issue is for the Commission to clarify that the SOR product is a twelve (12) month fixed price contract, at a price that is at least seven percent (7%) less than the PTC at the time the customer begins service, meaning that suppliers are not required to change their price to reflect a guaranteed seven percent (7%) discount over each subsequent PTC change during the life of the one (1) year contract.

With these clarifications, DES respectfully submits that the Commission's Order should be otherwise implemented as initially entered.

Respectfully submitted,



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Dated: September 10, 2012

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CERTIFICATE OF SERVICE

I hereby certify that I have this day served a true copy of the foregoing document upon the parties, listed below, in the manner indicated below, and in accordance with the requirements of 52 P.A. Code §1.54 (relating to service by a party).

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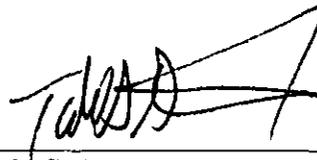
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Dated this 10th day of September, 2012