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December 10, 2012

Via Electronic Filing

Rosemary Chiavetta, Secretary
Pennsylvania Public Utility Commission
Commonwealth Keystone Building
400 North Street, 2nd Floor
Harrisburg, PA 17120

**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:

Enclosed please find the Comments of Washington Gas Energy Services, Inc. ("WGES") on the First Energy Companies' Revised Default Service Plan Retail Market Enhancement Programs.

Copies of these Comments have been served in accordance with the attached Certificate of Service. If you have any questions, please do not hesitate to contact me. Thank you.

Best Regards,

STEVENS & LEE


Michael A. Gruin

cc: Certificate of Service

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A PROFESSIONAL CORPORATION

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

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

COMMENTS OF WASHINGTON GAS ENERGY SERVICES, INC.
ON
REVISED DEFAULT SERVICE PLAN RETAIL MARKET ENHANCEMENTS
PROGRAM

I. Introduction

Washington Gas Energy Services, Inc. (“WGES”), by and through its counsel, Stevens & Lee, P.C., hereby files these Comments on the First Energy Companies’ Revised Default Service Plan Retail Market Enhancement Programs (“Revised Plan”). WGES was afforded Intervenor status in the proceeding by Order dated December 22, 2012, and WGES actively participated in the collaborative process regarding the Companies’ Retail Market Enhancements (“RME”). As explained below, WGES believes that the proposed design of the Opt-In Aggregation Program and Standard Offer Customer Referral Program will make those Programs cost-prohibitive for most EGSs, and that if the Programs are implemented as currently proposed, few, if any, EGSs will participate in the Programs.

II. Opt-In Aggregation Program

As WGES has stated in previous comments filed with the Commission in the Retail Markets Investigation, an Opt-In Customer Aggregation Program can be an effective way to overcome the inertia of non-shopping customers and get more customers to participate in the marketplace. However, WGES believes that there are significant flaws in the Companies' Revised Opt-In Aggregation Program proposal, and offers the following comments on the Program.

WGES believes that the Companies' proposal is unnecessarily cumbersome and complicated. In the view of WGES, full EGS marketing materials do not need to be included in the initial mailing to customers. The Commission's August 16th Order does not require that the Eligible Customers receive notification of specific EGSs' offer terms prior to deciding whether to "opt-in". Because the basic provisions of all of the EGS offers will be substantially similar and will be fully reviewed by the Commission prior to being offered to customers, WGES believes that it would be more efficient and effective to send the same initial mailer to all Eligible Customers to inform them that there is a special one-time offer available to them. The mailing would state that by opting-in to this Program, the customer would receive a guaranteed 5% discount from the utility's price for 4 months, plus a \$50 bonus, followed by a fixed priced for 8 months that can be cancelled at any time with no penalty. If the customer wishes to participate, then the customer would simply return a postage paid tear-off form to the EDC. The EDC would then assign responding customers randomly to EGSs until any applicable caps are reached (i.e., either Program caps or EGS designated participation caps). Then, each EGS would send its fixed-price offer terms to the responding customers and complete the enrollment.

The Companies' proposal creates unnecessary inefficiencies by allocating Eligible Customers to participating EGSs prior to the initial customer notification mailings, and by requiring the chosen EGSs' full marketing materials to be mailed to all eligible customers before the opt-in decision is made. The Companies' proposal adds too many variables and makes EGSs pay for multiple overly detailed mailings. By contrast, allocating customers to EGSs after Eligible Customers have opted-in would avoid the need to send multiple separate EGS offer packages to different tranches of Eligible Customers, and it would also require EGSs to mail offer terms only to customers who have affirmatively chosen to Opt-in.

WGES also believes that the Program should be modified so that customers are informed of the fixed-rate price sometime during the third month of their service contract. This would allow for much simpler offer packets to customers up front, and would cut down on the ability for non-participating EGSs to attempt to match participating EGSs' offers without actually participating in the program.

III. Standard Offer Referral Program

Similarly, WGES is concerned that the Companies' Revised Standard Offer Referral Program will result in costs that will deter significant EGS participation. With respect to cost recovery, the proposed change from a flat \$100,000 per EGS charge, to a charge per-customer-enrolled is as an improvement. However, EGSs will be hesitant to participate if the cost per-referred-customer is so high that it does not make economic sense to participate in the program. This is especially true if a customer is considered "enrolled" when in reality a customer is only "referred for enrollment", as the Company's proposal seems to indicate. In order for the Program to be attractive to EGSs, WGES believes that the Companies need to greatly minimize the cost associated with customer referrals, and to only charge EGSs for customers actually

enrolled. It is unclear at this time whether the Companies intend to administer the Referral Program in-house, or utilize third-party contractors to do so. Minimizing cost should be the primary consideration for this decision, and third-party contractors should only be utilized if that choice will result in lower costs for participating EGSs.

IV. Conclusion

WGES thanks the Commission for the opportunity to present these comments and would be pleased to address any questions the Commission may have.

Respectfully Submitted,

Dated: December 10, 2012

STEVENS & LEE

By: _____


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PENNSYLVANIA PUBLIC UTILITY COMMISSION**

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 Pennsylvania Electric Company, Pennsylvania : P-2011-2273650
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 For Approval of Their Default Service Programs : P-2011-2273669
 : P-2011-2273670

CERTIFICATE OF SERVICE

I hereby certify that I have this day served by First Class U.S. Mail and Electronic Mail a true and correct copy of the foregoing Comments upon the parties listed below, in accordance with the requirements of § 1.54 (relating to service by a party).

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