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May 1, 2013

Via Electronic Filing

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

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 for electronic filing please find the Retail Energy Supply Association's ("RESA")
Reply Comments with regard to the above-referenced matter. Copies to be served in accordance
with the attached Certificate of Service.

Sincerely,

A handwritten signature in cursive script that reads "Deanne M. O'Dell".

Deanne M. O'Dell

DMO/jls
Enclosure

cc: Hon. Elizabeth H. Barnes w/enc.
Office of Special Assistance w/enc.
Cert. of Service w/enc.

CERTIFICATE OF SERVICE

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

Via Email & First Class Mail Only

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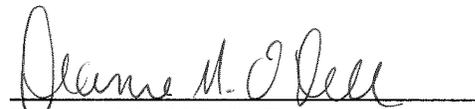
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* Indicates that I do not have a record of
receiving an Executed Protective Order
Agreement

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

Joint Petition of Metropolitan Edison 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 P-2011-2273670
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**RETAIL ENERGY SUPPLY ASSOCIATION REPLY COMMENTS
TO REVISED DEFAULT SERVICE PLAN
RETAIL MARKET ENHANCEMENT PROGRAMS**

I. INTRODUCTION

The Retail Energy Supply Association (“RESA”)¹ submits these Reply Comments in response to comments filed by the Office of Consumer Advocate (“OCA”) regarding the Second Revised Default Service Plan Retail Market Enhancement Programs (“Second Revised Default Service Plan”) filed on April 18, 2013 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”). OCA’s efforts to stop implementation of the Standard Offer Customer Referral Program (“CRP”) because it continues to disagree with the Commission’s cost allocation decision should be rejected. The Commission has recognized since 2007 – as set forth in its Default Service Policy

¹ RESA’s members include: Champion Energy Services, LLC; ConEdison *Solutions*; Constellation NewEnergy, Inc.; Direct Energy Services, LLC; GDF SUEZ Energy Resources NA, Inc.; Hess Corporation; Homefield Energy; IDT Energy, Inc.; Integrys Energy Services, Inc.; Just Energy; Liberty Power; MC Squared Energy Services, LLC; Mint Energy, LLC; NextEra Energy Services; Noble Americas Energy Solutions LLC; NRG, Inc.; PPL EnergyPlus, LLC; 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.

Guidelines that “the public interest would be served by consideration of customer referral programs.”² With expeditious approval of the Second Revised Default Service Plan (which has been well vetted by all stakeholders several times), implementation of this program can finally move forward.

II. REPLY TO OCA COMMENTS

In its April 26, 2013 comments, OCA recommends that the Commission not approve the Second Revised Default Service Plan “until further efforts to design a program within the \$30 per enrolled customer cap for participating EGSs can occur.”³ OCA also opposes FirstEnergy’s proposal to recover the projected amount of \$8.58 per customer enrolled through a non-bypassable surcharge.⁴ Much time and effort has been spent in this proceeding (and others) regarding the appropriate and reasonable way to allocate the costs of the retail market enhancement programs. The Commission resolved the issue in its February 15, 2013 Order. In doing so, the Commission took into consideration all the competing interests and directed a reasonable resolution which requires electric generation suppliers (“EGSs”) to pay up to a defined capped with all customers sharing any remaining costs. Allocating a reasonable portion of the costs of the CRP to all consumers is appropriate and reasonable because the program benefits all stakeholders, especially default customers who are the targets of the programs. As the Commission has already found:

² 52 Pa Code § 69.1815.

³ OCA Comments at 8. OCA claims that less cost programs can be designed and cites to the proposals of PPL and Duquesne OCA Comments at 7-8. RESA supports PPL’s proposed CRP program but opposes Duquesne’s proposed CRP program because Duquesne substantially seeks to dramatically revise its enrollment process which, coupled with its proposed cost recovery, presents significant problems that will hinder the success of the program. See *Petition of Duquesne Light Company*, Docket No. P-2012-2301664, RESA Comments dated April 10, 2013 at 2-6.

⁴ OCA Comments at 8-9.

It is also clear that these programs have the potential to benefit all residential and small commercial customers who avail themselves of the myriad of EGS offers. Specifically, these programs are mainly targeted at default service customers, yet it is also true that all customer groups can participate – even if they are already shopping. Moreover, these programs are designed to enhance the competitive market, from which all customers will benefit over time.⁵

The Commission also offered EDCs the option as to the mechanism they would use to collect the program costs exceeding the established EGS cap: (1) a non-bypassable surcharge; or, (2) shared with fifty percent from the Purchase of Receivables (“POR”) discount and fifty percent from default service customers.⁶ Both mechanisms allocate the costs above the EGS cap to all customers though through different mechanisms notwithstanding OCA’s claim that FirstEnergy’s chosen mechanism should be rejected.⁷

In sum, OCA’s rehashing of these issues here – with the goal of stopping implementation of the CRP – must be rejected as nothing more than an attempt to re litigate an already decided issue. RESA urges the Commission to expeditiously approve the Second Revised Default Service Plan so as to provide the certainty and final closure necessary to move forward with implementing the CRP.

⁵ Order entered February 15, 2013 at 14-15.

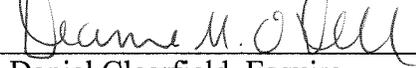
⁶ *Id* at 14.

⁷ In RESA’s viewpoint, the use of the POR discount mechanism is more problematic for the following reasons: (1) it violates the principle of cost recovery following cost causation; (2) utilizing POR would result in the unintended consequence of exempting those suppliers who do their own billing (through dual billing) and could encourage those utilizing POR to no longer do so because they are receiving less value for their purchased account; and, (3) any purchase of receivables-based assessment would unfairly and disproportionately assess competitive suppliers based on market share.

III. CONCLUSION

For all the reasons discussed above, RESA respectfully requests that the Commission expeditiously approve FirstEnergy's Second Revised Default Service Plan so that implementation of the Standard Offer Customer Referral Program can commence.

Respectfully submitted,



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