

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

Petition Of PECO Energy Company For :
Approval Of Its Default Service Program : Docket No. P-2012-2283641

**PREHEARING MEMORANDUM OF
DIRECT ENERGY SERVICES, LLC**

Pursuant to 52 Pa. Code §§ 5.72-5.75 and the Prehearing Conference Order dated May 16, 2013, in the above-referenced proceeding, Direct Energy Services, LLC (“Direct Energy”) submits this Prehearing Memorandum.

I. REPRESENTATION

Direct Energy’s attorneys in this matter are:

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Direct Energy agrees to accept electronic service to all attorneys listed above to be followed up with one hard copy of the documents served.

II. PRESENTLY IDENTIFIED ISSUES

Direct Energy is primarily concerned with ensuring that PECO’s Shopping Plan complies with the Commission’s directive that Customer Assistance Program (“CAP”) customers have the opportunity to purchase electricity from an Electric Generation Supplier (“EGS”) of their choice, and that they are able to participate in the Retail Market Enhancement programs approved by the

Commission for PECO, so that *all* customers have the ability to avail themselves of the full benefits of retail electric competition.

At this time, Direct Energy continues to evaluate its position on PECO's CAP Shopping Plan and will refine its position based on further study of any proposals, review of discovery and additional input from other parties. Preliminarily, Direct Energy has identified a number of issues of concern. For example, PECO proposes to impose an improper requirement that participating EGSs charge CAP customers a price at or below the PECO Price to Compare ("PTC"). Also, PECO proposes to reconcile the Generation Supply Adjustment ("GSA") on an annual basis for residential customers. Lastly, Direct Energy is interested in a full review of PECO's proposed cost recovery approach for its CAP Shopping Plan. PECO's proposals may be inconsistent with the Commission's goal of extending the benefits of competition to CAP customers, and therefore, the same should be closely examined.

Direct Energy reserves the right to address other issues identified through its continued review and analysis of any filing or issues raised by other parties.

III. WITNESSES

At this time, Direct Energy has not determined whether evidentiary hearings will be necessary or appropriate in this matter. Direct Energy is still evaluating whether or not to present testimony in this case. Direct Energy reserves the right to present a witness as may be necessary depending on the course of the proceeding and will provide the Presiding Officer as well as the other parties in this matter reasonable notice if necessary. Direct Energy also reserves its right to add additional witnesses or change the identity of its witnesses at any time upon appropriate notice to the Presiding Officer and the parties.

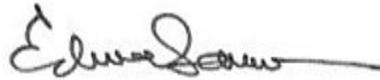
IV. LITIGATION SCHEDULE AND DISCOVERY RULES

Direct Energy is in agreement with the litigation schedule and the discovery modifications agreed to by PECO in this matter. Direct Energy is amenable to working with the Presiding Office and other parties to adopt an alternative litigation schedule and/or further modifications to the Commission's discovery rules.

V. SETTLEMENT

Direct Energy is willing to participate in settlement discussions with any party to narrow or resolve any issues in this matter.

Respectfully submitted,



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Date: May 23, 2013

Attorneys for Direct Energy Services, LLC

CERTIFICATE OF SERVICE

I hereby certify that I have this day served a true copy of the Prehearing Memorandum of Direct Energy Services, LLC upon the participants listed below in accordance with the requirements of § 1.54 (relating to service by a participant).

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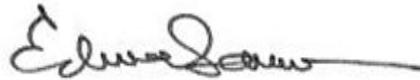
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