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June 19, 2013

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

**VIA ELECTRONIC FILING**

**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 - Petition to Amend the Commission's August 16, 2012 Order and November 8, 2012 Secretarial Letter Approving Default Service Procurement Bidding Rules; Docket Nos: P-2011-2273650, P-2011-2273668, P-2011-2273669, and P-2011-2273670**

Dear Secretary Chiavetta:

On June 11, 2013, the Retail Energy Supply Association ("RESA") submitted a letter to the Pennsylvania Public Utility Commission ("PUC" or "Commission") at the above-referenced docket regarding the hourly priced default service option offered by the Metropolitan Edison Company ("Met-Ed"), Pennsylvania Electric Company ("Penelec"), Pennsylvania Power Company ("Penn Power"), and West Penn Power ("West Penn") Company (collectively, the "Companies"). Specifically, RESA requested that the Commission make a determination with respect to the Companies' above-referenced Petition filed on February 28, 2013, and direct an "immediate" competitive procurement of the Companies' hourly default service product. For the reasons set forth herein, the Met-Ed Industrial Users Group ("MEIUG"), the Penelec Industrial Customer Alliance ("PICA"), the Penn Power Users Group ("PPUG"), and the West Penn Power Industrial Intervenors ("WPPII") (collectively, the "Industrial Customer Groups") oppose RESA's proposed resolution of the Companies' Petition as inconsistent with the public interest.

By way of background, and as the Commission is aware, the Companies' industrial procurement was rejected by the Commission on January 16, 2013. In response to this Commission decision, the Companies filed a Petition requesting, among other things, that they be permitted to provide "in-house" hourly priced default service until September 2013, when another competitive procurement could be held for industrial customers. In response to this Petition, the Industrial Customer Groups and RESA submitted Answers on March 20, 2013. The Industrial Customer Groups supported the Companies' proposed interim in-house default service for industrial customers as just, reasonable, and consistent with Commission precedent. RESA opposed the Petition, arguing that a competitive procurement should be held as soon as possible. The Commission has not yet ruled upon the Companies' Petition. In its June 11, 2013, letter, RESA once again requested that the Companies conduct a competitive procurement and requested that the solicitation occur "immediately."

The Industrial Customer Groups oppose RESA's suggested "immediate solicitation." A rushed competitive procurement, as proposed by RESA, would be unjust, unreasonable, and contrary to the

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public interest. The Electricity Generation Choice and Competition Act ("Competition Act") provides that the transition from default to competitive service should occur in a "fair and orderly" fashion. *See* 66 Pa. C.S. § 2802(13). Despite this directive, RESA proposes a hurried procurement without consideration of the adverse impacts on suppliers and customers alike.

An expedited competitive procurement fails to give appropriate notice to the market. Such limited notice could lead to fewer bids by suppliers, who may be unable to prepare bids in sufficient time to participate. In addition, those suppliers who do participate may submit bids with higher risk premiums due to the limited time constraints to evaluate all of the costs for serving industrial customers receiving default service. A short timeframe for competitive procurement would similarly harm the Companies' customers, who have the right to know the "price to compare" before receiving a new default service product. If an expedited solicitation were to occur, an industrial customer on default service now would effectively be prevented from comparing the updated default service pricing with available market options and securing new supply before the new default service pricing were to go into effect. Finally, if the next competitive procurement fails due to a hurried timeline and lack of bidder participation, industrial customers, by no fault of their own, would be subject to the costs of two failed procurements.

Contrary to RESA's recommendation, to the extent the Commission directs a competitive procurement, such a procurement should occur in a fair and orderly fashion. *See* 66 Pa. C.S. § 2802(13). Customers and suppliers must be provided with adequate advance notice to evaluate their participation, which would facilitate sufficient bidder and customer interest. In addition, a more extended timeframe for a competitive procurement would increase the likelihood that the procurement is successful and ensure competitive, and presumably lower, costs for default service customers. For all the foregoing reasons, and consistent with the Competition Act, the Industrial Customer Groups urge the Commission to reject RESA's proposal for an expedited competitive procurement for the Companies' industrial customers receiving default service.

As shown by the attached Certificate of Service, all parties to the above-referenced proceeding are being duly served with this letter. Please date stamp the extra copy of this letter and kindly return for our filing purposes. Thank you.

Very truly yours,

McNEES WALLACE & NURICK LLC

By 

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Counsel to Met-Ed Industrial Users Group,  
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West Penn Power Industrial Intervenors

c: Certificate of Service

## CERTIFICATE OF SERVICE

I hereby certify that I am this day serving a true copy of the foregoing document upon the participants listed below in accordance with the requirements of 52 Pa. Code Section 1.54 (relating to service by a participant).

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Dated this 19<sup>th</sup> day of June, 2013, at Harrisburg, Pennsylvania