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June 25, 2013

VIA E-FILING

Rosemary Chiavetta, Secretary
Pennsylvania Public Utility Commission
Commonwealth Keystone Building
400 North Street
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:

I am writing on behalf of Metropolitan Edison Company (“Met-Ed”), Pennsylvania Electric Company (“Penelec”), Pennsylvania Power Company (“Penn Power”), and West Penn Power Company (“West Penn”; together, the “Companies”) regarding the Companies’ pending *Petition to Amend the Commission’s August 16, 2012 Order and the November 8, 2012 Secretarial Letter Approving Default Service Procurement Bidding Rules* filed on February 28, 2013, in the above-referenced proceedings (the “Petition”).

As set forth in the Petition, the Companies have requested that the Commission clarify that suppliers of default service for the Companies’ industrial customers will be paid the winning prices bid in the Companies’ hourly-priced default service supply auction, in addition to a variable “spot price” established by PJM Interconnection, Inc. (“PJM”) and a fixed adder to cover the cost of ancillary services and other supply components, and adopt revised bidding rules that reflect the same clarification. The Companies have sought this clarification in light of the Commission’s rejection of the results of their January 2013 procurement of default service supply for industrial customers.

As the January 2013 procurement of default service supply was the only scheduled procurement for industrial customers during the June 1, 2013-May 31, 2015 term of the Companies’ approved default service plans, the Companies proposed, in their February 28, 2013 filing, to conduct a

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second, replacement procurement at the same time as their next procurement of default service supply, which is scheduled for September 2013.¹ Supply for default service industrial customers procured in the September procurement would be delivered beginning December 1, 2013. During the period between June 1, 2013 and December 1, 2013, the Companies proposed to procure supply for default service industrial customers directly from PJM.

On March 20, 2013, the Met-Ed Industrial Users Group, the Penelec Industrial Customer Alliance, the Penn Power Users Group, and the West Penn Power Industrial Intervenors (collectively, the “Industrial Customer Groups”) filed an answer supporting the Companies’ Petition. The Retail Energy Supply Association (“RESA”) also filed an answer on March 20, 2013, in which it did not object to the Companies’ clarification of the procurement rules but opposed the Companies’ proposal to procure supply directly from PJM during the June-December 2013 period and requested that the Commission direct FirstEnergy to conduct a procurement solely for industrial default service supply as soon as possible. On April 9, 2013, the Companies filed a reply to RESA’s answer, addressing various procurement alternatives RESA affirmatively sought for which there is no evidentiary basis in this proceeding.

Because the Companies’ Petition was pending on June 1, 2013 (and remains pending), the Companies began procuring supply directly from PJM for default service industrial customers on June 1, 2013 in accordance with the contingency provisions of their approved default service plans.

On June 11, 2013, RESA filed a letter in the above-referenced dockets asking the Commission to rule immediately on the Companies’ February 28, 2013 Petition, reiterating its request for a separate solicitation for industrial default service supply and its opposition to the Companies’ procurement of default service supply directly from PJM. In response, the Industrial Customer Groups filed a letter on June 19, 2013, opposing RESA’s request for an “immediate solicitation” and setting forth their concerns with such an expedited solicitation, including the risk of inadequate supplier participation.

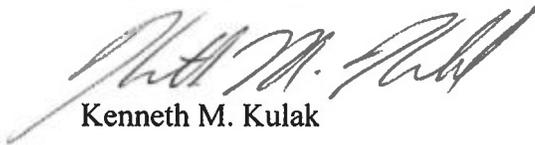
In light of the letters submitted by RESA and the Industrial Customer Groups, the Companies wish to inform the Commission that the Independent Evaluator has already commenced preparations for the September 2013 procurement for commercial default service supply. The initial bidders’ meeting will be held on July 22, 2013 to ensure adequate time for supplier education and participation in the default service supply auction, which is scheduled for September 9, 2013, and announcements and advertising to the supplier community with these dates will be starting shortly.

¹ In the Petition, the Companies stated that the scheduled September 2013 procurement would obtain supply for both residential and commercial customers. In fact, the September 2013 procurement is planned to procure supply only for commercial customers pending resolution of the Petition. In the following procurement (January 2014), the Companies will procure supply for both residential and commercial default service customers.

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The Companies and the Independent Evaluator do not believe that sufficient time remains to prepare and conduct a separate procurement for industrial default service supply that will be likely to be successful prior to the scheduled September 2013 procurement. As set forth in the Petition, the Companies believe that their proposal to incorporate a procurement for industrial default service supply in the scheduled September 2013 procurement remains the best and most cost-effective resolution of the need to conduct a second procurement for industrial default service supply.

Very truly yours,

A handwritten signature in black ink, appearing to read "Kenneth M. Kulak", written over a light blue horizontal line.

Kenneth M. Kulak

c: Certificate of Service

**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	:	

CERTIFICATE OF SERVICE

I hereby certify and affirm that I have this day served copies of the foregoing
**Letter to Secretary Chiavetta on behalf of Metropolitan Edison Company,
Pennsylvania Electric Company, Pennsylvania Power Company and West Penn
Power Company** upon the following persons, in the matter specified below, in
accordance with the requirements of 52 Pa. Code § 1.54:

VIA ELECTRONIC MAIL AND FIRST CLASS MAIL

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Dated: June 25, 2013