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September 22, 2010

VIA MESSENGER

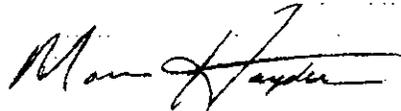
Rosemary Chiavetta, Secretary
Pennsylvania Public Utility Commission
Commonwealth Keystone Building
400 North Street, 2nd Floor North
Harrisburg, PA 17120

Re: *Reports on Rate Ready Billing Platforms,*
Docket No. M-2010-2189433

Dear Secretary Chiavetta:

Enclosed for filing are an original and three (3) copies of the *Comments of FirstEnergy Solutions Corp.* These Comments are submitted in accordance with the Secretarial Letter dated August 23, 2010 in the above referenced proceeding. Also enclosed is an additional copy of the Comments, to be date stamped and returned to our messenger. Please call me if you have any questions.

Very truly yours,



Enclosures

cc: Retail Markets Working Group (via e-mail ra-RMWG@state.pa.us, w/enclos)

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**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

Reports on Rate Ready Billing Platforms

Docket No. M-2010-2189433

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**COMMENTS OF
FIRSTENERGY SOLUTIONS CORP.**

I. INTRODUCTION

By Secretarial Letter dated August 23, 2010, the Pennsylvania Public Utility Commission (“Commission”) issued a Rate Ready Report of the Retail Markets Working Group (“RMWG”) and a Rate Ready Report of Commission Staff for comments by interested parties. FirstEnergy Solutions Corp. (“FES”) appreciates this opportunity to file comments and will direct its comments to the Rate Ready Report which the RMWG filed with the Commission on July 23, 2010. The RMWG Rate Ready Report stated at the outset that its purpose was to provide insight to the Commission on the needs of Electric Generation Suppliers (“EGSs”) for a uniform statewide rate ready billing platform as well as to evaluate the system capabilities of Electric Distribution Companies (“EDCs”) to conform to a uniform standard.¹ As explained further below, FES believes there is a definite EGS need for a uniform statewide rate ready billing platform and an opportunity for EDCs to conform to a uniform standard.

II. COMMENTS REGARDING THE RMWG RATE READY REPORT

A. Response to EGS Poll Questions: Lack of Uniformity Across All Existing Rate Ready Platforms Hinders FES Operations in Pennsylvania

The RMWG polled EGSs on the necessity of rate ready billing to their business plans as well as the importance of uniformity across EDC rate ready platforms. The RMWG asked EGSs to consider three questions: (1) the importance of having rate ready billing available in all EDC

¹ RMWG Rate Ready Report p. 1.

service territories, (2) the negative impact on the supplier if rate ready billing were unavailable in some service territories, and (3) the extent to which lack of uniformity among EDC rate ready platforms would hinder the supplier's operations. As an initial matter, FES wishes to respond to Questions 1 and 3.

With respect to Question 1, the FES Pennsylvania business plan does contemplate the use of a rate ready billing platform in every EDC service territory. It would not be prudent for FES to exclude such a consideration from its business model as an EGS in Pennsylvania. A rate ready billing platform allows for more flexibility in what products FES can offer customers, with the overall benefit to the customers as increased electric choice options.

Regarding Question 3, FES agrees with Constellation and Direct Energy that the degree of uniformity across billing systems is a factor in an EGS's decision to do business in any given state or EDC service territory.² The lack of uniformity across all existing rate ready platforms hinders FES operations by confusing customers and making it more difficult to comply with the spirit of electric choice in Pennsylvania. In fact, if systems differ to such an extent that EGSs would be required to invest in system upgrades to enter a particular territory, they may determine that it is not cost effective to do so.³

The RMWG's discussion of the EGS poll notes comments provided by PECO and PPL with which FES disagrees. PECO submitted that the lack of participation in the EGS poll may be an indicator that implementation and/or uniformity of rate ready platforms are not entirely necessary.⁴ FES believes PECO is speculating and should not make such unsubstantiated correlations. Also, PPL contended that there has been no justification for the necessity of rate

² RMWG Rate Ready Report p. 3.

³ RMWG Rate Ready Report p. 3.

⁴ RMWG Rate Ready Report p. 3.

ready platforms.⁵ To the contrary, FES believes there is clearly a justification for the necessity of rate ready platforms, as evidenced by parties' expressions of need and interest in rate ready platforms in Pennsylvania, in connection with the Commission's decision making and subsequent commentary.

B. FES Prefers the Rate Code Model Requirements for Communicating EGS Pricing to an EDC on a Rate Ready Platform.

The Rate Code Model is a system with which FES is comfortable, and a process FES has used and is currently using. Although FES prefers the Rate Code Model, FES identifies with the efficiencies of the price driven approach cited by ConEd Solutions, *i.e.*, that the price driven approach requires no preprogramming of rates, is less burdensome for the company, and is more adaptable to market price changes over time.⁶ As such, FES is open to further discussion regarding each model.

C. EDCs Should Be Required to Offer a “Percent Off Default Service Rates” Option

A “percent off default service rates” option provides an incentive to Pennsylvania customers to participate in electric choice and promotes the spirit of Act 129. FES believes such an option is so integral to promoting electric choice in Pennsylvania that its exclusion from rate codes will stifle customer incentives to shop. The “percent off” option appeals to customers because inherent saving is built into the concept: even as market rates fluctuate, customers will always enjoy some level of savings. It also appeals to suppliers because it is viewed as consumer

⁵ RMWG Rate Ready Report p. 3.

⁶ RMWG Rate Ready Report p. 5.

friendly and gives suppliers another option to offer customers savings. Thus, it is beneficial to both suppliers and customers in allowing additional flexibility in electric choice.

However, Duquesne Light argued that an EDC should not be required to spend additional time and money to develop and implement a “percent off default service” option, implying that the implementation is burdensome. FES disagrees with Duquesne’s position because the benefits outweigh the costs. FES believes that since the “percent off” option promotes the general welfare of an EDC’s customer base, the EDC should embrace the opportunity to provide such an electric choice option, consistent with the policies of Pennsylvania. FES believes that EDCs in Pennsylvania should view the “percent off” as a chance to better serve the public.

D. FES Strongly Agrees with Direct Energy’s Budget Billing Recommendations.

The RMWG’s discussion of budget billing noted Direct Energy’s recommendation that an EDC offering budget billing for its own charges will automatically include EGS charges in their budget bill process.⁷ Direct Energy also suggested that the EDC should pay the EGS based on actual energy charges rather than budget charges and that the EDC should manage the budget billing calculations and the periodic true-ups.⁸ FES strongly agrees with both of Direct Energy’s recommendations.

An EDC that offers budget billing for its own charges should automatically include EGS charges in their budget billing process.⁹ FES believes the inclusion of EGS charges will help all parties — suppliers, customers, and EDCs — optimize the incentives of budget billing programs.

⁷ RMWG Rate Ready Report p. 21.

⁸ RMWG Rate Ready Report p. 21.

⁹ RMWG Rate Ready Report p. 21.

As the RMWG observed in the Rate Ready Report, "[a] rate ready platform should simplify the process of calculating budget bills for both EDC and EGS charges."¹⁰

Additionally, payments to EGSs from EDCs based on actual energy charges rather than budget charges, in conjunction with budget billing calculations and periodic true ups, will help advocate financial efficiencies among participants engaged in budget billing. PECO is a good example of an EDC that currently pays EGSs their actual energy charges in all cases, regardless of whether the account associated with the payment is on budget billing.¹¹

III. CONCLUSION

FES thanks the Commission for the opportunity to submit these Comments in response to the RMWG Rate Ready Report. FES believes there is an EGS need for a uniform statewide rate ready billing platform, and an opportunity for EDCs to conform to a uniform standard. A uniform rate ready billing platform will encourage suppliers to enter the market, thereby increasing customer options for electric choice.

¹⁰ RMWG Rate Ready Report p. 21 (emphasis added).

¹¹ RMWG Rate Ready Report p. 21.