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November 13, 2012

**Via Electronic Filing**

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

Re: Petition of PECO Energy Company for Approval of  
Its Default Service Program; Docket No. P-2012-2283641

Dear Secretary Chiavetta:

On behalf of the Retail Energy Supply Association ("RESA") enclosed please find its Answer to PECO's Petition for Clarification and Reconsideration of the Commission's Order Entered October 12, 2012 which has been filed electronically.

Sincerely,



Deanne M. O'Dell

DMO/lww  
Enclosure

cc: Hon. Dennis Buckley, ALJ w/enc.  
Cert. of Service w/enc.

## CERTIFICATE OF SERVICE

I hereby certify that I have this day served a true copy of RESA's Answer to PECO's Petition for Clarification and Reconsideration of the Commission Order Entered October 12, 2012 upon the participants listed below in accordance with the requirements of § 1.54 (relating to service by a participant).

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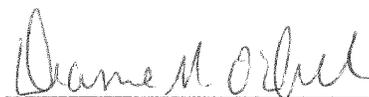
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Date: November 13, 2012

A handwritten signature in cursive script, appearing to read "Deanne M. O'Dell".

Deanne M. O'Dell, Esquire

**BEFORE THE  
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

Petition of PECO Energy Company for : Docket No. P-2012-2283641  
Approval of Its Default Service Program :  
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**RETAIL ENERGY SUPPLY ASSOCIATION’S ANSWER TO PECO’S  
PETITION FOR CLARIFICATION AND RECONSIDERATION OF THE  
COMMISSION’S ORDER ENTERED OCTOBER 12, 2012**

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Pursuant to 52 Pa. Code § 5.572(e), the Retail Energy Supply Association (“RESA”)<sup>1</sup> submits this Answer to the Petition for Clarification and Reconsideration of the Commission’s Order entered October 12, 2012 (“*PECO Default Service Order*”) filed by PECO Energy Company (“PECO”) on October 31, 2012. The *PECO Default Service Order* adjudicated the exceptions regarding the Recommended Decision (“RD”) of Administrative Law Judge (“ALJ”) Dennis J. Buckley issued August 29, 2012 which addressed the default service plan submitted by PECO on January 13, 2012. The Order covers a variety of topics related to default service procurement issues as well as retail market enhancement initiatives. RESA has been an active participant in this proceeding. PECO and the Coalition for Affordable Utility Services and Energy Efficiency in Pennsylvania (“CAUSE-PA”), Tenants Union Representative Network (“TURN”) and Action Alliance of Senior Citizens of Greater Philadelphia filed petitions for clarification and/or reconsideration. RESA’s answer here is limited to two of the issues raised by PECO in its Petition.

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<sup>1</sup> RESA’s members include: Champion Energy Services, LLC; ConEdison *Solutions*; Constellation NewEnergy, Inc.; Direct Energy Services, LLC; Energetix, Inc.; Energy Plus Holdings LLC; Exelon Energy Company; GDF SUEZ Energy Resources NA, Inc.; Green Mountain Energy Company; Hess Corporation; Integrys Energy Services, Inc.; Just Energy; Liberty Power; MC Squared Energy Services, LLC; Mint Energy, LLC; NextEra Energy Services; Noble Americas Energy Solutions LLC; PPL EnergyPlus, LLC; Reliant; 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..

PECO seeks, *inter alia*, clarification that the costs of the retail markets enhancement programs are to be recovered "from EGSs only - not customers" and clarification as to whether the EGSs' terms and conditions for the last 8 months of the aggregation program must be filed with the Commission prior to the mailing of the initial customer offer letter or 45 days before the expiration of the 4-month introductory product.<sup>2</sup> According to PECO, clarification of these two points is appropriate and, without such clarification, the collaborative process directed by the Commission will be "unnecessarily complicated," "unlikely to reach full agreement," and inappropriately "focused."<sup>3</sup>

RESA recommends that PECO's request for clarification on these two issues be denied. The Commission's intent is clear that it wants the parties to try to resolve these issues. RESA supports this approach because the chance of implementing successful programs will be significantly increased if the programs are designed through the agreement of all affected stakeholders. RESA acknowledges that the issues involved are not simple and may not be easily resolved, however, many of the affected stakeholders have already invested significant time and effort in analyzing the issues and RESA believes that, at this point, the best course is for the Commission to permit this process to continue. If the parties are unable to reach a mutual resolution of the issues, then at that point the Commission will have the opportunity to provide direction and guidance. RESA submits that such a result is consistent with the Commission's own pronouncements.

In the *PECO Default Service Order*, the Commission made abundantly clear its preference that the collaborative process address these issues. Regarding cost recovery, the

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<sup>2</sup> PECO Petition at 10-11, 13-14.

<sup>3</sup> PECO Petition at 11, 14.

Commission noted that resolution “is particularly important, as [it is] the cornerstone to the success of these programs.”<sup>4</sup> Because of this, the Commission specifically chose to hold the issue “in abeyance pending the outcome of negotiations among the Parties.”<sup>5</sup> PECO’s request that the Commission issue an order limiting how the cost recovery mechanisms can be designed is unnecessary at this point since it may foreclose the ability of parties to reach a negotiated settlement that factors into it all the interrelated issues. Thus, rather than grant PECO’s petition, RESA submits that the better outcome would be for the Commission to make clear that parties are permitted to exercise flexibility in resolving this issue.

Likewise, regarding issues related to the opt-in aggregation program design, the Commission recognized that it was directing a program that “differed” from the auction proposal submitted by PECO and, therefore, certain implementation issues would need to be modified.<sup>6</sup> As such, the Commission specifically directed “PECO, EGSs and other interested Parties” to file updated proposals regarding various implementation design issues.<sup>7</sup> As to the one issue PECO specifically identified in its Petition – the timing of EGSs’ filings regarding the last eight months of the opt-in aggregation program – the Commission has already issued an order in the FirstEnergy default service proceeding addressing this issue. Specifically, in response to the direct request of Washington Gas Energy Services, Inc. (“WGES”), the Commission ordered that “the terms and conditions of the EGS offerings shall be submitted to the Commission *no later than* forty-five days before the offers are extended to potential customers” and that the implementation details regarding this issue were to be developed as part of the collaborative

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<sup>4</sup> *PECO Default Service Order* at 148.

<sup>5</sup> *PECO Default Service Order* at 149.

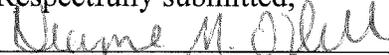
<sup>6</sup> *PECO Default Service Order* at 91.

<sup>7</sup> *PECO Default Service Order* at 91.

process<sup>8</sup> Like PECO's request regarding cost recovery, its request for clarification on this one issue regarding the overall program design is unnecessary at this point since it may foreclose the ability of parties to reach a negotiated settlement of the issue – a settlement which would more comprehensively address all the interrelated issues.

In conclusion, RESA submits that denying PECO's request for clarification on these two requests is consistent with the Commission's clearly expressed desire for the parties to work together to try to mutually resolve these – and all the other interrelated – issues regarding the retail market enhancement programs and cost recovery. RESA is concerned that any other result could have a negative impact on the current and on-going discussions among stakeholders. Rather than stymie the progress made to date, RESA believes that the best course of action is for the Commission to await the reports that the parties are required to file. At that point, the Commission will be able to assess – at the same time – all of the interrelated design and cost recovery issues in one package and make an informed decision about the best way to proceed with retail market enhancement programs for the benefit of Pennsylvania consumers.

Respectfully submitted,



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Date: November 13, 2012

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<sup>8</sup> *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, et. al, Amended Opinion and Order entered October 11, 2012 at 19.