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March 26, 2013

VIA E-FILING

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

Re: *Petition of PPL Electric Utilities Corporation for Approval of a Default Service Program and Procurement Plan for the Period June 1, 2013 through May 31, 2015*, Docket No. P-2012-2302074

Dear Secretary Chiavetta:

Enclosed for filing is the *Replies of FirstEnergy Solutions Corp. to Comments of the Office of Consumer Advocate on PPL Electric Utilities' Corporation's Revised Standard Offer Referral Program*. Copies of this document are being served in accordance with the attached Certificate of Service.

Very truly yours,



Brian J. Knipe

For BUCHANAN INGERSOLL & ROONEY, P.C.

BJK/kra

Enclosures

cc: The Honorable Susan D. Colwell (via email and regular mail)
Certificate of Service

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

Petition of PPL Electric Utilities Corporation : Docket No. P-2012-2302074
for Approval of a Default Service Program :
and Procurement Plan for the Period June 1, :
2013 through May 31, 2015 :

**REPLIES OF FIRSTENERGY SOLUTIONS CORP. TO COMMENTS
OF THE OFFICE OF CONSUMER ADVOCATE ON
PPL ELECTRIC UTILITIES CORPORATION'S
REVISED STANDARD OFFER REFERRAL PROGRAM**

FirstEnergy Solutions Corp. ("FES"), by its attorneys, hereby Replies to the Comments of the Office of Consumer Advocate ("OCA") on the Revised Retail Opt-In and Standard Offer Referral Programs ("Revised Program Filing") filed by PPL Electric Utilities Corporation ("PPL Electric"). PPL Electric, to facilitate the Commission's consideration of the Revised Program Filing, proposed that the Commission set a deadline of March 21, 2013 for parties to file comments on the Revised Program Filing, and a deadline of March 26, 2013 for parties to file replies to other parties' comments. FES submits these Replies in accordance with PPL Electric's proposed deadlines.

The OCA was the only party to file Comments on the Revised Program Filing. FES submits these Replies to the OCA's Comments.

I. INTRODUCTION

The OCA's Comments address PPL Electric's cost recovery proposals contained in the Revised Program Filing. As the OCA notes, the Commission recently issued a Tentative Order proposing to suspend the Retail Opt-In Programs filed in this and other electric distribution companies' ("EDC") default service proceedings, and directing that the schedules in collaboratives on EDCs' Retail Opt-In Programs be held in abeyance. Therefore, FES will not

address herein the OCA's Comments on PPL Electric's cost recovery proposal for the Retail Opt-In Program. Rather, FES will address the OCA's comments on PPL Electric's proposal to recover the costs of its Standard Offer Referral Program ("SOP").

II. REPLIES TO COMMENTS

The OCA's Belated Suggestion that PPL Electric Should Replace Its SOP with a Different SOP Design Lacks Legal or Analytical Support and Should Be Rejected.

The OCA's recommendation that PPL Electric consider adopting Duquesne Light Company's ("Duquesne Light") proposed SOP design, solely for the reason of alleged cost containment, is inappropriate at this late stage of this proceeding, not supported by Commission precedent or factual analysis, and should be rejected.¹ The OCA suggests that Duquesne Light's proposed SOP design "should be considered by PPL if PPL cannot find a third party dedicated team that would allow the program to operate within the \$30 capped charge for all costs of the program." OCA Comments at 5. The OCA suggests that Duquesne Light's program is superior because it "can be implemented and operated within" the cap, although this is not a requirement found in the Commission's Orders in either PPL Electric's proceeding or the Duquesne Light default service proceeding.

Putting aside the fact that the Commission has not yet approved Duquesne Light's SOP design, or even received comments on that program, the OCA's recommendation that PPL Electric adopt Duquesne Light's program design is based on no analysis suggesting that the program's design is most beneficial to the customers it is intended to serve or the suppliers who may participate, nor any analysis of whether it is consistent with previous Commission Orders or

¹ Duquesne Light filed its Revised Retail Market Enhancement Program Design and Cost-Recovery Proposal on March 12, 2013. In its filing, Duquesne Light proposed that Comments on its filing be due April 1, 2013 and Reply Comments on April 10, 2013. FES will address Duquesne Light's proposed program design and cost recovery in comments to be filed in accordance with that schedule, in that proceeding.

PPL Electric's operations. Rather, the OCA's support is based solely on its belief that there will be no need for cost recovery from anyone other than EGSs.

The OCA has never before proposed that PPL Electric adopt another EDC's SOP design, even though PPL Electric's default service proceeding has been ongoing for months. Even assuming it is appropriate to raise this proposal at this late stage of the proceeding, the OCA's Comments include no factual analysis to support its proposal, nor any analysis of any impacts of changing PPL Electric's SOP on other aspects of the program or on other PPL Electric operations. Duquesne Light designed its program to accommodate constraints particular to its operations, which are inapplicable to PPL Electric. Further, the OCA's recommendations are based on the flawed premise that "having an additional call center to explain the program and take an enrollment" constitutes "inefficiency." OCA Comments at 6. To the contrary, it is reasonable to expect that a customer is going to be transferred to a different call center group under any SOP design. The OCA's proposal omits any analysis of each EDC's particular operations, raises new questions at this late stage of the proceeding but attempts to answer none of them, and should be rejected.

Moreover, the OCA's recommendation that an SOP must be operated within the per-customer cap on costs recovered from EGSs lacks legal support, since the Commission's imposition of a monetary cap on EGS cost responsibility in this proceeding did not include the direction that default service customers pay no costs whatsoever. To the contrary, the January 24, 2013 Order clearly envisions that costs may exceed the amounts to be paid solely by EGSs, and PPL Electric has proposed a methodology for collecting those additional costs in accordance with the Commission's directive. Nothing in the record of this proceeding supports the OCA's contention that SOP programs must be designed so that default service customers bear no costs.

The OCA should not be permitted to re-litigate issues on which the Commission has already ruled in final Orders, in the subject proceeding and in other EDCs' default service proceedings

III. CONCLUSION

For the foregoing reasons, as well as those set forth in its Briefs and Exceptions, FirstEnergy Solutions Corp. requests that the Commission reject the OCA's recommendations and grant such further relief as the Commission deems appropriate.

Respectfully submitted,

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Dated: March 26, 2013

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BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION

Petition of PPL Electric Utilities :
Corporation for Approval of a Default :
Service Program and Procurement : No. P-2012-2302074
Plan for the Period June 1, 2013 :
Through May 31, 2015 :

CERTIFICATE OF SERVICE

I hereby certify that I have this day served a true copy of the foregoing document upon the parties, listed below, in accordance with the requirements of § 1.54 (relating to service by a party).

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