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April 10, 2013

**VIA E-FILING**

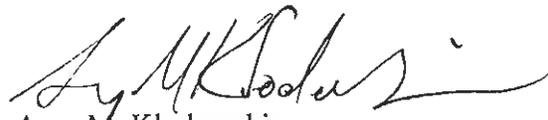
Rosemary Chiavetta, Secretary  
Pennsylvania Public Utility Commission  
Commonwealth Keystone Building  
400 North Street, 2<sup>nd</sup> Floor North  
Harrisburg, PA 17120

**RE: Petition of Duquesne Light Company for Approval of a Default Service Program  
For the Period of June 1, 2013 through May 31, 2015, Docket No. P-2012-2301664**

Dear Secretary Chiavetta:

On behalf of FirstEnergy Solutions Corp., I have enclosed for electronic filing the *Comments of FirstEnergy Solutions Corp.* Copies of these documents have been served in accordance with the attached Certificate of Service.

Very truly yours,



Amy M. Klodowski  
Attorney  
FirstEnergy Solutions Corp.

AMK:dml

Enclosures

cc: The Honorable Katrina L. Dunderdale (via email and regular mail, w/encls.)  
Certificate of Service

**BEFORE THE  
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

Petition Of Duquesne Light Company For : Docket No. P-2012-2301664  
Approval of Default Service Plan For The :  
Period June 1, 2013 Through May 31, 2015 :

**COMMENTS OF FIRSTENERGY SOLUTIONS CORP. ON  
DUQUESNE LIGHT COMPANY'S REVISED  
STANDARD OFFER PROGRAM DESIGN**

FirstEnergy Solutions Corp. ("FES"), by its attorneys, hereby files its Comments on the Revised Retail Market Enhancement Program Design and Cost-Recovery Proposal ("RME Filing") filed by Duquesne Light Company ("Duquesne Light") on March 11, 2013. In addition to the RME Filing, Duquesne Light filed its Revised Default Service Plan Compliance Filing in this proceeding on March 22, 2013 ("Revised Default Service Plan Filing"). On March 28, 2013, a Secretarial Letter was issued in which the Commission established deadlines for Comments and Reply Comments on both filings as April 10, 2013 and April 22, 2013, respectively. FES submits these Comments on Duquesne Light's Standard Offer Customer Referral Program ("Standard Offer Program")<sup>1</sup> in accordance with the schedule established in the Secretarial Letter.

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<sup>1</sup> Duquesne Light's March 11, 2013 RME Filing contains proposals concerning its Retail Opt-In Program ("Opt-In Program") and its Standard Offer Program. On March 14, 2013, the Commission issued a Tentative Order on Reconsideration in which it provided notice of its intent to postpone implementation of all electric distribution companies' ("EDC") Opt-In Programs. In the Revised Default Service Plan Filing made on March 22, 2013, Duquesne Light stated that it would postpone its Opt-In Program implementation if the Commission's Tentative Order became final. Revised Default Service Plan Filing ¶25. On April 4, 2013, the Commission issued a Final Order on Reconsideration in which it ordered the immediate postponement of the implementation of all EDCs' Opt-In Programs. In these Comments, FES will not address Duquesne Light's proposals contained in the RME Filing concerning the Opt-In Program, nor does FES have any comments regarding the Revised Default Service Plan Filing. Rather, FES will address Duquesne Light's proposals concerning the design and implementation of its Standard Offer Program as set forth in the RME Filing.

## I. INTRODUCTION

FES urges the Commission to reject the components of Duquesne Light's Standard Offer Program proposal that place substantial responsibility for administering the program upon EGSs. Those program components will create significant, and unintended, issues for EGSs which can only inhibit EGS participation in Duquesne Light's Standard Offer Program. In addition, FES takes issue with Duquesne Light's reporting requirements for the Standard Offer Program. The proposed requirements are much more detailed and burdensome than those proposed by any other EDCs for their programs, and FES submits they should be substantially modified as set forth below.

## II. COMMENTS

### A. **Duquesne Light's Proposal To Transfer Customers To EGSs and Make EGSs Responsible for Explaining the Standard Offer Program Creates A Number of Issues That Can Be Avoided If Duquesne Light Retains Its Original Proposal to Use a Choice Referral Team.**

Duquesne Light seeks to have suppliers bear most of the responsibility for explaining the Standard Offer Program to prospective customers, instead of having Duquesne Light's internal Choice Referral Team or a third party vendor explain the program to customers and provide enrollment reports to participating EGSs. Duquesne Light intends to simply transfer customers who indicate an interest in the program to a participating EGS, which is then expected to explain the terms of the Standard Offer Program and initiate the enrollment process with Duquesne Light. *Id.* ¶¶ 39-40, 46-47. Duquesne Light claims that this process is necessary to enable it to meet the Commission's ordered deadline of August 1, 2013 for starting the Standard Offer Program, and will "dramatically" reduce the cost of the program. *Id.* ¶¶ 45, 49.

FES believes that placing this responsibility on EGSs as Duquesne Light proposes will create substantial barriers to participation for suppliers. Once Duquesne Light has transferred a customer to a participating EGS, the customer may enroll with the EGS, for the Standard Offer or another product, immediately or perhaps at a later time. In the case of a delayed enrollment on a different product, the customer's enrollment with the EGS will more likely be due to the EGS's individual marketing efforts than the Standard Offer Program. Duquesne Light, however, will not know why the customer enrolled with the EGS, because its Standard Offer Program design shifts so many responsibilities to the EGSs and removes Duquesne Light from the process. Rather, Duquesne Light will simply assume that any enrollment of the customer within five days after the referral, even for another product, must have been the result of the Standard Offer Program, and assess the EGS the Standard Offer Program's Customer Acquisition Fee. *Id.*, Appendix F.

FES disagrees with this proposal. Customers who decide not to participate in the Standard Offer Program and terminate the transferred call, but later call back to sign up with the EGS, regardless of the offer, should not obligate the EGS to pay the Customer Acquisition fee for the enrollment. The purpose of the Standard Offer Programs is to increase shopping among customers who, for whatever reason, have not shopped in the past. If a customer transferred to an EGS through the Standard Offer Program declines the Standard Offer but continues to think about shopping, researches options and then takes the initiative to call back and enroll in another product, retail competition has been successful. However, the success should not be attributed to Duquesne Light's Standard Offer Program, and the EGS should not be charged the fee for acquiring the customer.

In addition, Duquesne Light proposes that participating EGSs will be charged the Customer Acquisition Fee based on the sum of: (a) the number of EDI transactions submitted by the EGS for the Standard Offer Program, plus (b) the number of EDI transactions for non-program enrollments corresponding to customers which Duquesne Light referred to the EGS at any time during the five business day period prior to the EDI transaction being submitted for the customer. *Id.*, Appendix D at 2, Appendix F. The information necessary to determine supplier costs is based on a report submitted by the EGS to Duquesne Light. If Duquesne Light used a predetermined rate code for enrollment, it could use the number of customers enrolled with these rate codes to calculate supplier invoices. Rather than impose burdensome reporting requirements on its Standard Offer Program participating suppliers, Duquesne Light should use predetermined rate codes to calculate supplier cost obligations for the program.

The above issues would not arise if Duquesne Light stayed with its original proposal to employ a Choice Referral Team, either in-house or contracted to a third party, to handle the Standard Offer Program customer calls. The Choice Referral Team would educate the referred customer about the program, and compile a daily list of enrollees allocated among participating EGSs and sent to participating EGSs each night. EGSs would then send Duquesne Light the EDI enrollment transaction. There is no apparent reason that Duquesne Light could not similarly employ a third party vendor for the purpose of handling customer referrals, rather than sending these customers to EGSs. The costs of the program might be higher than the simplified process that Duquesne Light proposes<sup>2</sup> but it would avoid any possible issues arising from EGSs selling products other than the Standard Offer Program product to referred customers.

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<sup>2</sup> In this regard, FES notes that the new proposed program design will involve substantially less EDC involvement than that in the PECO and MetEd/PN/PP/WP programs, and Duquesne Light's cost estimates for the program have been lowered from \$2.1 million per year (when the program design was similar to that of the other EDCs) to \$300,000-500,000 for the entire DSP VI time period. *Id.* ¶49. Duquesne is proposing to charge a per-customer fee

For the above reasons, FES respectfully requests that the Commission require Duquesne Light to revise its Standard Offer Program to use in-house personnel or employ a third-party vendor rather than EGSs as the responsible party to explain the program to customers and initiate enrollments. If the Commission decides that Duquesne Light's proposed program design should be approved, then the program rules must be revised to require payment of the Customer Acquisition Fee only if the referred customer signs up with the EGS during the initial transferred call, not if the customer signs up within five days of the call transfer.

**B. The EGS Tracking and Reporting Requirements Proposed by Duquesne Light Are Burdensome and Unreasonable**

Duquesne Light's proposed reporting requirements for suppliers participating in its Standard Offer Program are unduly burdensome and unreasonable. For each calendar month, Duquesne Light proposes that suppliers report all of the following:

- Number of calls transferred to the Standard Offer supplier from Duquesne Light under the Program;
- Number of EDI transactions for the Standard Offer Program;
- Number of EDI transactions for non-Standard Offer Program service corresponding to customers which Duquesne Light referred to the Standard Offer Program supplier at any time during the five-business-day period prior to the EDC transaction being submitted for the customer;
- Total number of customers being served under the Standard Offer Program;

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slightly lower than other EDCs to accommodate this difference. However, since Duquesne Light's cost estimate is approximately 75% lower than the previous estimate for a program similar to that of other EDCs, perhaps the EGS per-customer fee in Duquesne Light's territory should be similarly reduced, 75% lower than the \$30 per customer to \$7.50 per customer.

- Number of customers who switched off of the Standard Offer Program before the customer's Standard Offer Program period had expired;
- Number of customers whose Standard Offer Program period expired; and
- Number of such customers who did not make an affirmative service election for the period starting after the expiration of their Standard Offer Program period.

In addition to the issues raised above regarding the use of this supplier-provided report as a means to determine costs, and charging the Customer Acquisition Fee for all EDI transactions for non-standard offers submitted within a five-business-day period of the transferred call, FES believes these reporting requirements are excessive and unnecessary.

The Commission did not mandate any reporting requirement for EDCs' Standard Offer Programs in the Retail Markets Investigation Orders. MetEd, Penelec, Penn Power, West Penn Power and PPL Electric have no reporting requirements for suppliers participating in their Standard Offer Programs. PECO is the only other EDC requiring a monthly report from suppliers participating in its Standard Offer Program, and the amount of information it is requesting is much less burdensome than Duquesne Light's. The information PECO requests is as follows:

- Number of accounts that enrolled in the Standard Offer Program with service beginning that month;
- Number of accounts that dropped from the Standard Offer Program during the month, and of those accounts the number that dropped before their twelve-month Standard Offer Program period had concluded;

- Number of accounts retained in the Standard Offer Program by the supplier at the end of that month and as of the most recent date for which such information is available.

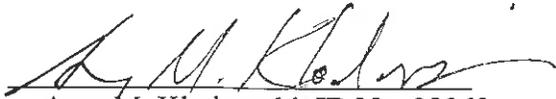
PECO requests a reasonable amount of information from participating suppliers. The amount of information Duquesne Light is requiring is not reasonable or necessary. If any reporting requirements are approved by the Commission as part of Duquesne Light's Standard Offer Program, they should be revised consistent with PECO's reporting requirements.

### **III. CONCLUSION**

For the foregoing reasons, FirstEnergy Solutions Corp. requests that the Commission (i) order Duquesne Light to use in-house personnel or employ a third party vendor to handle customer referral calls for its Standard Offer Program, rather than require EGSs to perform the tasks of explaining the program and initiating customer enrollments; (ii) reject Duquesne Light's proposal to charge a Customer Acquisition Fee for all referred customers who enroll in a non-Standard Offer product after the initial referral; (iii) direct Duquesne Light to revise its reporting requirements; (iv) direct that Duquesne Light Company's Standard Offer Program Rules be revised in accordance with the above recommendations; and (v) grant such further relief as the Commission deems appropriate.

Respectfully submitted,

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Dated: April 10, 2013

Attorneys for FirstEnergy Solutions Corp.

**BEFORE THE  
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

Petition of Duquesne Light Company :  
For Approval of Default Service Plan : Docket No. P-2012-2301664  
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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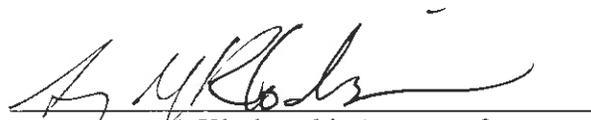
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