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April 22, 2013

BY FED EX AND EMAIL

Rosemary Ciavetta, Secretary
Pennsylvania Public Utility Commission
Commonwealth Keystone Building
400 North Street, 2nd Floor North
P. O. Box 3265
Harrisburg, PA 17105-3265

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

Dear Ms Ciavetta:

Enclosed for filing in the above referenced matter please find the Retail Energy Supply Association's Reply Comments. Copies have been provided pursuant the attached Certificate of Service.

Please feel free to contact me should you have any questions.

Sincerely,



Brian R. Greene

BRG/wcd
Enclosures

c: Service List (see Certificate of Service)

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

Petition of Duquesne Light Company
for approval of Default Service Plan for * P-2012-2301664
the Period June 1, 2013 through May *
31, 2015 *

CERTIFICATE OF SERVICE

I hereby certify that true and correct copies of the Retail Energy Supply Association's Reply Comments have been served upon the following persons, in the manner indicated, in accordance with the requirements of § 1.54 (relating to service by a participant).

VIA E-MAIL AND FIRST CLASS MAIL

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Brian R. Greene

Dated: April 22, 2013

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

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

**REPLY COMMENTS OF THE
RETAIL ENERGY SUPPLY ASSOCIATION**

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Date: April 22, 2013

Attorneys for Retail Energy Supply Association

I. INTRODUCTION

On April 10, 2013, the Retail Energy Supply Association (“RESA”),¹ by counsel, submitted comments in response to Duquesne Light Company’s (“Duquesne’s”) Revised Retail Market Enhancement Program Design and Cost-Recovery Manual (“Revised RME Plan”) and also Duquesne’s Revised Default Service Plan Compliance Filing (“Revised DS Plan”). Other parties, including the Office of Consumer advocate (“OCA”), First Energy Solutions Corporation (“FES”), and Citizen Power, Inc. (“Citizen Power”) also filed comments. RESA submits these reply comments to reiterate its initial points relating to the enrollment process and cost recovery of Duquesne’s revised standard offer referral program (“SO Program”).

II. RESA’S REPLY COMMENTS

In its comments, RESA recommended that the Commission reject Duquesne’s revised SO Program. RESA maintains that the revised enrollment process will likely result in a negative experience for customers who are interested in the SO Program, which defeats the purpose and intent of the program and frustrates its goals of furthering the competitive market. RESA also maintains that Duquesne’s revised SO Program cost recovery is not reasonable because it imposes a high customer acquisition cost (given the scope of Duquesne’s revised program) and, at the same time shifts costs and responsibilities from Duquesne to participating EGSs. These substantial changes to the SO Program decrease the appeal of the program to many EGSs who would otherwise participate.

¹ RESA’s members include: Champion Energy Services, LLC; ConEdison Solutions; Constellation NewEnergy, Inc.; Direct Energy Services, LLC; GDF SUEZ Energy Resources NA, Inc.; Hess Corporation; Homefield Energy; IDT Energy, Inc.; Integrys Energy Services, Inc.; Just Energy; Liberty Power; MC Squared Energy Services, LLC; Mint Energy, LLC; NextEra Energy Services; Noble Americas Energy Solutions LLC; NRG, Inc.; PPL EnergyPlus, LLC; 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.

RESA disagrees with OCA's argument that Duquesne's revised SO Program represents an improvement over the SO Program that was litigated in this proceeding. *See* OCA Comments at 6-7. The revised SO Program shifts enrollment responsibilities – and, therefore, costs – to participating EGSs. These EGSs will be required to train their customer service representatives (“CSRs”) about the SO Program in a manner that would not have been necessary under the program as initially proposed. Further, such training would be above and beyond the current level of an EGS's CSR training because the SO product would be a new program and a new product for each participating EGS. OCA's argument that the revised SO Program would not require additional work on the part of the participating EGS to enroll a customer is incorrect. Shifting these enrollment responsibilities to EGSs, with only a minor decrease in costs, is a substantial modification to the SO Program.

RESA agrees with FES's recommendation on pages 4-5 of its comments that the Commission require Duquesne to use in-house personnel or employ a third-party vendor rather than EGSs to explain the SO program to customers and initiate enrollment. FES's recommendation is consistent with RESA's position that there likely are other ways to decrease the costs of the SO program rather than the wholesale and unfortunate changes proposed by Duquesne. *See* RESA Comments at 5.

Finally, cost recovery remains an issue for the Commission's consideration. RESA has recommended that the Commission implement a cost recovery mechanism consistent with the Commission's February 14, 2013 Order in the *Petition of PECO Energy Company for Approval of its Default Service Program II*, Case No. P-2012-2283641 (“*PECO Order*”) at p. 13. At the same time, RESA presented an alternative recommendation that would allow the revised SO Program to become effective with certain conditions. *See* RESA Comments at 7. If the

Commission were to adopt RESA's alternative proposal, it would be reasonable to also adopt FES's proposal to cap the participating EGSs' per-customer fee at \$7.50 per customer. See FES Comments at 4-5, fn. 2. FES's proposed \$7.50 customer cap represents a rational relationship between the initial \$30 fee and the subsequent shift in costs and responsibilities from Duquesne to participating EGSs. If overall program costs are reduced by 75%, then participating EGSs' costs should be reduced by that amount as well.

III. CONCLUSION

RESA respectfully requests that the Commission deny Duquesne's revised SO Program and require Duquesne to implement the program as approved in the *January 25 Order*, with cost recovery consistent with that recently approved in the *PECO Order*. If the Commission is inclined to approve the revised SO Program, RESA recommends that it do so consistent with its alternative proposal set forth in its initial comments and above.

Respectfully submitted,



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