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December 31, 2014

**BY E-FILING**

Rosemary Ciavetta, Secretary  
Pennsylvania Public Utility Commission  
Commonwealth Keystone Building  
400 North Street, 2<sup>nd</sup> Floor North  
Harrisburg, PA 17105-3265

**Re: *Petition of Duquesne Light Company  
For a Default Service Plan for the Period June 1, 2015 through May  
31, 2017 - Docket No. P-2014-2418242***

Dear Ms. Ciavetta:

On November 24, 2014, the Retail Energy Supply Association attempted to submit, via the Commission's e-filing system, Reply Exceptions in the above-referenced proceeding, and thought it had done so successfully. On that same day, RESA transmitted the Reply Exceptions by e-mail and hard copies to all parties on the service list in this case. The Reply Exceptions, with the Certificate of Service, are attached as Exhibit 1.

We recently discovered that the Reply Exceptions and Certificate of Service do not appear in the online case jacket. Upon further analysis, we were able to determine that the Reply Exceptions were uploaded to the Commission's website but apparently the e-filing was not completed. By copy of this letter, I respectfully request that the Commission accept the attached filing effective November 24, 2014 or, in the alternative, accept it out of time. No party was prejudiced, as everyone on the service list received the document timely. We apologize for this error and for any inconvenience it may have caused the Commission.

Please feel free to contact me with any questions.

Sincerely,

A handwritten signature in blue ink that reads 'Brian R. Greene'.

Brian R Greene

Enclosures

c: Service List

**BEFORE THE  
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

Petition of Duquesne Light Company  
for approval of Default Service Plan for \* P-2014-2418242  
the Period June 1, 2015 through May \*  
31, 2017 \*

**CERTIFICATE OF SERVICE**

I certify that true and correct copies of the foregoing Letter have been served upon the following persons, via email, 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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Dated: December 31, 2014



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November 24, 2014

**BY E-FILING**

Rosemary Ciavetta, Secretary  
Pennsylvania Public Utility Commission  
Commonwealth Keystone Building  
400 North Street, 2<sup>nd</sup> 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, 2015 through May  
31, 2017 - Docket No. P-2014-2418242***

Dear Ms. Ciavetta:

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

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

Sincerely,

A handwritten signature in blue ink that reads 'Brian R. Greene'.

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 the : Docket No. P-2014-2418242  
Period June 1, 2015 through May 31, 2017 :

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**REPLY EXCEPTIONS OF  
RETAIL ENERGY SUPPLY ASSOCIATION**

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Date: November 24, 2014

Attorneys for Retail Energy Supply Association

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## I. INTRODUCTION

On November 14, 2014, the Retail Energy Supply Association (“RESA”)<sup>1</sup> filed Exceptions to the October 28, 2014, Recommended Decision (“RD”) of Administrative Law Judge (“ALJ”) Katrina L. Dunderdale. RESA explained why the Commission should reject the ALJ’s recommendations regarding the appropriate default service portfolios for Duquesne Light Company’s (“Duquesne’s”) Small C&I, Medium C&I, and Large C&I customers, and instead approve RESA’s recommended portfolios for each customer class. RESA’s recommended portfolios are the only recommendations in this proceeding that are consistent with the Electricity Generation Customer Choice and Competition Act (“Competition Act”)<sup>2</sup> and the Commission’s policy directives designed to produce a robust competitive retail electric market in the Duquesne service territory.

In addition to recommendations regarding the appropriate make-up of default service portfolios for the different classes, RESA also recommended that the Commission require Duquesne to assume the cost responsibility for various non-market based charges (“NMB Charges”).<sup>3</sup> RESA explained that the Commission, with this modification in cost responsibility, has before it an excellent opportunity to ensure that all customers pay only the actual costs –

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<sup>1</sup> RESA’s members include: AEP Energy, Inc.; Champion Energy Services, LLC; Consolidated Edison Solutions, Inc.; Constellation NewEnergy, Inc.; Direct Energy Services, LLC; GDF SUEZ Energy Resources NA, Inc.; Homefield Energy; IDT Energy, Inc.; Integrys Energy Services, Inc.; Interstate Gas Supply, Inc. dba IGS Energy; Just Energy; Liberty Power; MC Squared Energy Services, LLC; Mint Energy, LLC; NextEra Energy Services; Noble Americas Energy Solutions LLC; NRG Energy, Inc.; PPL EnergyPlus, LLC; Stream Energy; TransCanada Power Marketing Ltd. and TriEagle Energy, L.P. The comments expressed in this filing represent only those of RESA as an organization and not necessarily the views of each particular RESA member.

<sup>2</sup> 66 Pa. C.S. § 2801 *et. seq.*

<sup>3</sup> These charges include: (1) Transmission Enhancement charges (a/k/a Regional Transmission Expansion Plan “RTEP”) and Expansion Cost Recovery charges (collectively, “TEC/ECRC”); (2) Generation Deactivation/Reliability Must Run (“RMR”) charges for which charges are set after the approval of PECO’s Revised DSP III by the Commission; and, (3) Network Integration Transmission Services (“NITS”).

nothing more and nothing less – that all load serving entities (“LSEs”) are assessed in the wholesale market.

Duquesne was the only other party in this proceeding to submit Exceptions. Duquesne, like RESA, was unclear of the ALJ’s recommendation concerning the Medium C&I default service procurement plan.<sup>4</sup> Specifically, Duquesne and RESA recognize that there is confusion as to whether the ALJ recommended approval of Duquesne’s proposed procurement plan for Medium C&I, which consists of non-laddered 3-month wholesale supply contracts, or whether the ALJ recommended continued use of the current non-laddered 6-month procurement contracts. RESA agrees with Duquesne that it appears that the ALJ recommended 3-month contracts. While Duquesne seeks “confirmation” that it is to use 3-month procurements in DSP VII for Medium C&I customers consistent with the RD, RESA has recommended a different approach.

RESA explained in its Exceptions that hourly-priced default service is appropriate for customers above 100 kW peak demand up to the Medium C&I ceiling of 300 kW.<sup>5</sup> These customers all have interval meters, and hourly-priced default service is consistent with applicable law and the Commission’s directives as set forth in the *End State Order*.

RESA files this Reply in response to Duquesne’s Exceptions.

## **II. REPLY TO EXCEPTION OF DUQUESNE REGARDING THE APPROPRIATE MEDIUM C&I DEFAULT SERVICE PROCUREMENT MODEL**

As Duquesne notes, the ALJ concluded that “the Company’s plan already increases the market responsiveness of default service rates by moving from six-month to three-month procurements” and that “a large portion of Medium C&I customers have already switched to a

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<sup>4</sup> Duquesne Exceptions at 1 (filed Nov. 14, 2014).

<sup>5</sup> Under RESA’s proposal, Duquesne would procure 3-month supply contracts to provide default service to customers between 25 kW and 100 kW.

competitive supplier.”<sup>6</sup> While the ALJ seemingly relies on these comments in support of 3-month supply contracts, RESA explained in its Exceptions that (1) hourly pricing, as opposed to 3-month or 6-month contracts, is consistent with the Commission’s *End State Order* for Medium C&I customers, and (2) the Medium C&I shopping statistics support hourly-priced service for this customer class.

First, the *End State Order* was clear that “in the next round of default service plans that begin on June 1, 2015, we expect that EDCs will offer only hourly LMP to medium and large C&I customers with interval meters.”<sup>7</sup> The ALJ’s recommendation for either 3-month or 6-month contracts (whichever the case may be) for interval metered Medium C&I customers is inconsistent with this directive. RESA explained in its Exceptions that hourly-priced default service is consistent with the Competition Act and that nothing in the *End State Order* prohibits the movement of Medium C&I customers to the hourly priced procurement group or requires the Commission to wait for legislative changes. In fact, the Commission has already adopted a plan by PPL Electric Utilities Corporation to transition to hourly default service for customers down to the 100 kW peak demand threshold.<sup>8</sup>

Second, the ALJ’s and Duquesne’s reliance on Medium C&I shopping statistics is misplaced and actually supports the implementation of hourly-priced service. Even assuming that a high percentage of Medium C&I customers or load have shopped, this would support

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<sup>6</sup> Duquesne Exceptions at 1-2 (quoting the RD at 25, 26).

<sup>7</sup> *End State Order* at 29. The Commission directed that EDCs continue to move these customers to the hourly pricing group “as interval meters are deployed.” *Id.* at 31-32.

<sup>8</sup> See *Petition of PPL Electric Utilities Corporation For Approval of a Default Service Program and Procurement Plan*, Docket No. P-2012-2302074, Slip Op. pp. 62-63 (Opinion and Order entered July 24, 2013); see also *Petition of PPL Electric Utilities Corporation for Approval of a Default Service Program and Procurement Plan for the Period June 1, 2015 through May 31, 2017*, Docket No. P-2014-2417907, PPL Main Brief at 12-15 (filed Sept. 12, 2014)(proposing to implement the plan in the Opinion and Order entered July 24, 2013).

RESA's conclusion that these customers are generally well-equipped and educated to manage their commodity costs in an hourly-priced default service environment. To the extent the approximate 384 customers with demand between 100 kW and 300 kW that remain on default service desire a stable price, they will have the ability to select that option from the competitive market. As explained by the Commission, reducing the peak demand threshold for C&I customers is a "natural progression for the retail marketplace and . . . having EDCs offer hourly [locational marginal price] to these accounts will put EGSs on a level playing field for competing not only with the PTC but with each other."<sup>9</sup>

In sum, the reasons on which Duquesne relies to support its argument that the ALJ intended to recommend 3-month wholesale supply contracts for Medium C&I customers actually support RESA's position that the appropriate default service structure for customer with peak demands between 100 kW to 300 kW is an hourly-priced service.

### III. CONCLUSION

For the reasons set forth in RESA's Exceptions and above, RESA respectfully requests that the Commission:

1. Approve the partial settlement agreement in this matter;
2. Grant RESA's exceptions; and
3. Issue an order accepting in part and rejecting in part the ALJ's October 28, 2014, Recommended Decision, consistent with RESA's recommendations and proposals in its Exceptions and herein.

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<sup>9</sup> *End State Order* at 38-39.

Respectfully submitted,



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