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June 1, 2010

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

VIA HAND DELIVERY

RE: Proposed Policy Statement Regarding Default Service and Retail Electric Markets; Docket No. M-2009-2140580

Dear Secretary Chiavetta:

Please find enclosed for filing with the Pennsylvania Public Utility Commission ("PUC" or "Commission") an original and fifteen (15) copies of the Comments of the Industrial Energy Consumers of Pennsylvania ("IECPA"), Duquesne Industrial Intervenors ("DII"), Met-Ed Industrial Users Group ("MEIUG"), Penelec Industrial Customer Coalition ("PICA"), Penn Power Users Group ("PPUG"), Philadelphia Area Industrial Energy Users Group ("PAIEUG"), PP&L Industrial Customers Alliance ("PPLICA"), and West Penn Power Industrial Intervenors ("WPPII") (collectively, "Industrial Customer Groups") in the above-referenced proceeding.

Please date stamp the extra copy of this transmittal letter and Comments, and kindly return them to our messenger for our filing purposes.

Very truly yours,

McNEES WALLACE & NURICK LLC

By
Carl J. Zwick

Counsel to the Industrial Customer Groups

CJZ/sds
Enclosures
c: Elizabeth Barnes, Assistant Counsel, Law Bureau (via E-mail)

BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION

Proposed Policy Statement Regarding Default Service and Retail Electric Markets	: : :	Docket No. M-2009-2140580

COMMENTS OF THE INDUSTRIAL CUSTOMER GROUPS

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Dated: June 1, 2010

I. INTRODUCTION

On January 19, 2010, in accordance with Act 129 of 2008 ("Act 129"), the Pennsylvania Public Utility Commission ("PUC" or "Commission") issued its proposed Policy Statement to recommend changes to the Commission's guidelines regarding default service and retail electric markets to reflect the default service procurement provisions of Act 129. *See Proposed Policy Statement Regarding Default Service and Retail Electric Markets*, Docket No. M-2009-2140580 (Order entered January 19, 2010) ("Proposed Policy Statement").

The Industrial Energy Consumers of Pennsylvania ("IECPA"), Duquesne Industrial Intervenors ("DII"), Met-Ed Industrial Users Group ("MEIUG"), Penelec Industrial Customer Alliance ("PICA"), Penn Power Users Group ("PPUG"), Philadelphia Area Industrial Energy Users Group ("PAIEUG"), PP&L Industrial Customer Alliance ("PPLICA"), and West Penn Power Industrial Intervenors ("WPPII"), (collectively, "Industrial Customer Groups") submit these Comments to address their preliminary position and concerns regarding the Commission's proposed changes to its default service policy statement.[1]

IECPA is a 24 member *ad hoc* group of energy intensive industrial customers of electricity and natural gas. More than 41,000 Pennsylvanians are employed by IECPA member companies, which use significant amounts of electricity and natural gas in their operations. DII, MEIUG, PICA, PAIEUG, PPLICA, and WPPII are all *ad hoc* groups of commercial, institutional, and industrial customers of electricity that participate in various proceedings before this Commission. The Industrial Customer Groups submit these

[1] The Industrial Customer Groups' failure to address a specific proposed policy statement does not represent the Industrial Customer Groups' support for, or acquiescence to, such proposal. The Industrial Customer Groups are only addressing primary areas of concern in these Comments.

Comments to explain how certain changes recommended in the Commission's Proposed Policy Statement will affect large customers. Because many of the proposed changes to the default service policy statement mirror the statutory language of Act 129, however, the Industrial Customer Groups will only address those provisions that are not required by Act 129 and that raise concern for large customers.

II. COMMENTS

A. Proposed 52 Pa. Code § 69.1805 – Allowing DSPs to provide only hourly priced service to Large Commercial and Industrial ("C&I") customers contravenes Act 129's "prudent mix" of products standard in 66 Pa. C.S. § 2807(e)(3.2).

The Commission currently requires that a default service provider ("DSP") make "[h]ourly priced or monthly-priced service" available to the Large C&I customer class. *See* Proposed 52 Pa. Code § 69.1805(3). In its Proposed Policy Statement, the Commission does not intend to revise this provision to require DSPs to offer a product in addition to hourly priced service to Large C&I customers. *See id.* By giving DSPs the option of providing only hourly priced service to Large C&I customers, the Commission is necessarily only requiring DSPs to procure electricity for the Large C&I class through one method, namely, spot market purchases. If only one type of product is used, there is no "mix." Because, by definition, a "prudent mix" of contracts requires more than one type of contract to be included in a DSP's procurement portfolio for each customer class, Section 69.1805(3) does not meet the "prudent mix" standard mandated by Act 129. Section 69.1805 should be revised to ensure that the offerings for the Large C&I class meet the "prudent mix" standard.

III. CONCLUSION

WHEREFORE, the Industrial Energy Consumers of Pennsylvania, Duquesne Industrial Intervenors, Met-Ed Industrial Users Group, Penelec Industrial Customer Alliance, Penn Power Users Group, Philadelphia Area Industrial Energy Users Group, PP&L Industrial Customer Alliance, and West Penn Power Industrial Intervenors respectfully request that the Pennsylvania Public Utility Commission consider and adopt, as appropriate, the foregoing Comments.

Respectfully submitted,

McNEES WALLACE & NURICK LLC

By _____

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Dated: June 1, 2010