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March 22, 2013

Via Electronic Filing

Rosemary Chiavetta, Secretary
PA Public Utility Commission
PO Box 3265
Harrisburg, PA 17105-3265

Re: Petition of PECO Energy Company for Approval of its Smart Meter Universal
Deployment Plan, Docket No. M-2009-2123944

Dear Secretary Chiavetta:

Enclosed for electronic filing please find Direct Energy Services, LLC's Prehearing Memorandum with regard to the above-referenced matter. Copies are being served in accordance with the attached Certificate of Service.

Sincerely,

Edward G. Lanza

Enclosure

cc: Hon. Angela Jones w/enc.
Cert. of Service w/enc.

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**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

Petition of PECO Energy Company for :
Approval of its Smart Meter Universal : Docket No. M-2009-2123944
Deployment Plan :

**PREHEARING MEMORANDUM
OF DIRECT ENERGY SERVICES, LLC**

Pursuant to 52 Pa. Code §§ 5.72-5.75 and the Prehearing Conference Order issued by Administrative Law Judge Angela T. Jones on February 26, 2013, Direct Energy Services, LLC (“Direct Energy”) submits this Prehearing Memorandum.

I. REPRESENTATION

Direct Energy’s attorneys in this matter are:

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Direct Energy agrees to accept electronic service to all attorneys listed above to be followed up with one hard copy of the documents served.

II. PRESENTLY IDENTIFIED ISSUES

On January 18, 2013, PECO filed its Smart Meter Petition seeking Commission approval of its Smart Meter Deployment Plan which details how PECO proposes to deploy smart meters in its service territory. PECO’s proposed smart meter deployment plan may have a material

effect on competitive development in the PECO service territory. Specifically, the implementation of smart meters will enhance the ability of PECO to provide EGSs customer information necessary for EGSs to offer a competitive generation price.

PECO's proposed cyber security and data privacy policies should not be designed to inhibit the ability of Direct Energy to access important customer information. In fact, the Commission has specifically directed the capabilities that the smart meters are required to accommodate with regard to providing historical interval usage data via Electronic Data Interchange ("EDI").¹ The Commission has directed PECO to incorporate meter-level interval usage data capabilities within their smart meter plans. Both of these issues address the ability of Direct Energy to have access to important customer information. Direct Energy needs timely and reliable access to the usage data of PECO's current customers so that it can accurately price alternate supply service and make a competitive offer to the customer. Delayed access to this information or receiving information that is not accurate may discourage competitors from coming into the market and could lead to confusion for customers if the EGS is either delayed or inaccurate in the price it offers only due to issues related to the underlying data.

The Commission's action in this proceeding will impact how Direct Energy is able to compete in this market. Importantly, the data access issues identified above will impact the ability of Direct Energy to have access to important customer information. Direct Energy needs timely and reliable access to the usage data of PECO's current customers so that it can accurately price alternate supply service and make a competitive offer to the customer. Delayed access to this information or receiving information that is not accurate may discourage competitors from

¹ See *Smart Meter Procurement and Installation*, Docket No. M-2009-2092655, Final Order entered December 6, 2012.

coming into the market and could lead to confusion for customers if the EGS is either delayed or inaccurate in the price it offers only due to issues related to the underlying data.

Additionally, PECO plans to implement the necessary customer and usage data integration with Dynamic Pricing vendors to enable new Dynamic Pricing rates for customers. Such processes must be carefully implemented to ensure that all customers – whether they receive PECO’s default service or competitive supply – have equal access to the benefits of dynamic pricing programs.

Direct Energy has identified the following issues that should be examined in this proceeding:

- Ensuring that the smart meters deployed will be capable of providing timely and reliable access to the usage data of PECO’s current customers;
- Ensuring that a flexible range of billing options are available;
- Whether the Company’s overall smart meter deployment plan is consistent with the Commission’s regulations and the Public Utility Code.
- Whether the Company’s smart meter deployment plan is reasonably structured and sufficient to achieve applicable legal and regulatory goals and enhance the development of a competitive market.

Direct Energy reserves the right to address other issues identified through its continued review and analysis of the filing or raised by other parties.

III. WITNESSES

Direct Energy continues to evaluate whether to present witnesses in this proceeding and reserves the right to present a witness as may be necessary depending on the course of the proceeding. Direct Energy will provide the Presiding Officer as well as the other parties in this matter reasonable notice if necessary.

IV. LITIGATION AND DISCOVERY RULES

Direct Energy is amenable to working with the other parties to adopt a reasonable litigation schedule and/or necessary modifications to the Commission's discovery rules.

V. SETTLEMENT

Direct Energy is willing to participate in settlement discussions with any party to narrow the issues in this matter.

Respectfully submitted,



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Date: March 22, 2013

Attorneys for Direct Energy Services, LLC

CERTIFICATE OF SERVICE

I hereby certify that I have this day served a true copy of the Prehearing Memorandum of Direct Energy Services, LLC upon the participants listed below in accordance with the requirements of § 1.54 (relating to service by a participant).

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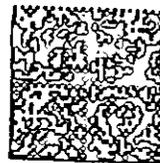
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