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March 25, 2014

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

VIA ELECTRONIC FILING

**RE: Investigation of Pennsylvania's Retail Electricity Market – Joint Electric
Distribution Company – Electric Generation Supplier Bill;
Docket No. M-2014-2401345**

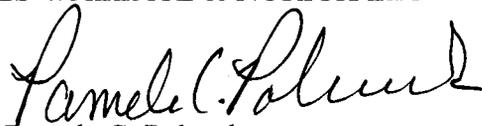
Dear Secretary Chiavetta:

Enclosed please find the Reply Comments of 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") regarding the above-referenced proceeding.

Very truly yours,

McNEES WALLACE & NURICK LLC

By


Pamela C. Polacek

Counsel to Industrial Customer Groups

PCP/sar
Enclosure

c: Certificate of Service

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CERTIFICATE OF SERVICE

I hereby certify that I have this day served a true copy of the foregoing document upon the participants listed below in accordance with the requirements of 52 Pa. Code § 1.54 (relating to service by a participant).

VIA FIRST CLASS MAIL

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Pamela C. Polacek

Counsel to Industrial Customer Groups

Dated this 25th day of March, 2014, at Harrisburg, Pennsylvania.

BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION

Investigation of Pennsylvania's : Docket No. M-2014-2401345
Retail Electricity Market: :
Joint Electric Distribution Company – :
Electric Generation Supplier Bill :

REPLY COMMENTS OF
INDUSTRIAL CUSTOMER GROUPS

I. INTRODUCTION

On February 6, 2014, the Pennsylvania Public Utility Commission ("PUC" or "Commission") issued a Tentative Order providing recommendations for a more supplier-oriented utility consolidated electric bill.¹ Specifically, the Tentative Order recommends the inclusion of electric generation suppliers' ("EGSs") logo on the bill; the expansion of bill messaging space allotted to EGSs; and the inclusion of a "Shopping Information Box." The Tentative Order proposes to allocate the costs associated with these recommendations to all distribution customers on a non-bypassable basis.

On March 10, 2014, 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

¹ *Investigation of Pennsylvania's Retail Electricity Market: Joint Electric Distribution Company – Electric Generation Supplier Bill*, Docket No. M-2014-2401345, Tentative Order (Feb. 6, 2014) ("Tentative Order").

Customer Alliance, and West Penn Power Industrial Intervenors (collectively, "Industrial Customer Groups") filed Comments. In addition to Industrial Customer Groups, the following parties filed Comments: Metropolitan Edison Company, Pennsylvania Electric Company, Pennsylvania Power Company and West Penn Power Company (collectively, "FE Companies"); Citizens' Electric Company of Lewisburg, PA and Wellsboro Electric Company (collectively, "Citizens' and Wellsboro"); UGI Utilities, Inc. – Electric Division; Duquesne Light Company; Pike County Light & Power Company; Office of Consumer Advocate ("OCA"); the Office of Small Business Advocate ("OSBA"); PPL Electric Utilities Corporation; the Energy Association of Pennsylvania; PECO Energy Company; FirstEnergy Solutions Corp. ("FES"); the Retail Energy Supply Association; Noble Americas Energy Solutions, LLC; the Pennsylvania Public Utility Law Project; Citizens for Pennsylvania's Future; the Pennsylvania Energy Marketers Coalition; the National Energy Marketers Association; Constellation NewEnergy, Inc.; Park Power, LLC; Ethical Electric, Inc.; and Citizen Power, Inc.

Pursuant to the procedural schedule established by the Commission in this proceeding, the Industrial Customer Groups hereby file these Reply Comments to respond to key issues necessitating further response. The Industrial Customer Groups' Reply Comments, however, will not respond to every argument contained in all other parties' Comments and, therefore, the Industrial Customer Groups' decision not to respond to certain arguments should not be construed as agreement with the positions of any party. To the extent that other parties raise issues not discussed herein that conflict with the Industrial Customer Groups' Comments, the Industrial Customer Groups continue to endorse their original positions.

II. REPLY COMMENTS

The Industrial Customer Groups generally agree with those Comments suggesting that the entities receiving the primary "benefit" of the Tentative Order's recommendations are EGSs. Specifically, the Industrial Customer Groups agree with the OSBA that including an EGS logo on an EDC bill is clearly an EGS marketing opportunity. Accordingly, EGSs, rather than ratepayers, should be responsible for 100% of the implementation costs. In addition, the Industrial Customers strongly oppose those Comments suggesting that all customers will realize a benefit from the Tentative Order's proposed recommendations and urge the Commission to exclude Large Commercial and Industrial ("C&I") customers from the associated cost recovery.

A. The Cost of Adding an EGS Logo to An EDC's Bill is Clearly an EGS Marketing Cost Appropriately Allocated to EGSs

As discussed in detail in their Comments, the Industrial Customer Groups strongly oppose the Commission's proposal to allocate the costs to implement the Tentative Order's recommendations to all customers on a non-bypassable basis.² The proposal to include EGS logos on EDCs' bills is properly viewed as a marketing opportunity for EGSs. As the OSBA correctly observes, "there is a distinguishable difference between marketing and non-marketing costs (*e.g.*, education). Marketing costs are common to any type of business endeavor, and are one of many categories of expense that equate to 'the cost of doing business.'"³ Moreover, as discussed in FES' Comments, an EGS's logo is a federally registered trademark which the EGS has the "exclusive right to use."⁴ While the Commission may afford EGSs the opportunity to

² Comments of Industrial Customer Groups at 2-4.

³ Initial Comments of the Office of Small Business Advocate at 1.

⁴ Comments of FirstEnergy Solutions Corp. at 1-2.

include their logos on EDC bills, it cannot require EGSs to do so.⁵ Accordingly, an EGS's decision to include its logo on an EDC's bill is appropriately viewed as a marketing tool to increase the EGS's brand recognition.

Although including an EGS logo on an EDC's bill may "increase customer awareness," the clear objective of EGS logo inclusion is to increase EGS brand recognition, not to educate consumers. This objective is further reinforced in light of the fact that an EGS may choose, but cannot be required, to include its logo on an EDC's bill. Given that the costs to implement EGS logos are clearly marketing costs, and that an EGS's decision to include its logo on an EDC bill is a marketing option, the Industrial Customer Groups urge the Commission to allocate all implementation costs to EGSs. In the alternative, the Industrial Customer Groups reiterate their request that Large C&I customers be excluded from the associated recovery as they are familiar with their EGSs and will not benefit from the "strengthened relationships" the Commission envisions.

B. Large C&I Customers Receive No Benefit From the Proposed Expansion of EGS Messaging Space and Shopping Information Box

The Industrial Customer Groups strongly oppose those Comments suggesting that the proposed expansion of the EGS bill messaging space and Shopping Information Box will benefit all customers. Large C&I customers will not realize the envisioned "strengthened relationships" with their EGSs as a result of these changes. As discussed in the Industrial Customer Groups' Comments, EGSs serving the Large C&I customers regularly communicate with current and prospective customers through numerous means, including direct mailings, e-mail blasts, convening informational seminars, and exhibiting at trade shows. In addition, many Large C&I

⁵ See *id.* (citing 15 U.S.C. § 1057(b); *Park 'N Fly, Inc. v. Dollar Park and Fly, Inc.*, 469 U.S. 189 (1985)).

customers receive dual billing and therefore communicate with their EGS directly on a monthly basis. As such, expansion of the EGS bill messaging space for these customers constitutes a redundant cost.

While the Shopping Information Box may allow residential and/or small commercial customers to easily access EGS information, Large C&I customers require additional information to effectively communicate with their EGS, including the customer's capacity obligation, transmission obligation and losses. Even if the Shopping Information Box were expanded to include this information, Large C&I customers' familiarity with their EGS and high level of sophistication and experience in navigating the competitive retail electric market render the Shopping Information Box unnecessary.

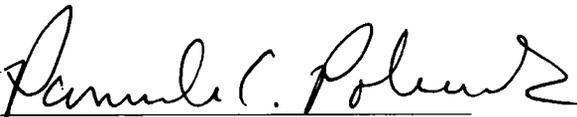
Finally, for customers with multiple accounts, the inclusion of this additional information will complicate consolidated billing for Large C&I customers. Given the negligible benefit Large C&I customers will receive from both the proposed expansion of the EGS messaging space and the Shopping Information Box, the Industrial Customer Groups urge the Commission to exclude Large C&I customers from the associated cost recovery.

III. CONCLUSION

WHEREFORE, 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 Reply Comments.

Respectfully submitted,

McNEES WALLACE & NURICK LLC

By 

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Dated: March 25, 2014