BEFORE
THE PUBLIC UTILITIES COMMISSION OF OHIO

In the Matter of the Application of Ohio Edison Company, The Cleveland Electric Illuminating Company and The Toledo Edison Company for Authority to Provide for a Standard Service Offer Pursuant to R.C. § 4928.143 in the Form of an Electric Security Plan.	))))))	Case Nos. 12-1230-EL-SSO

APPLICATION FOR REHEARING OF
THE RETAIL ENERGY SUPPLY ASSOCIATION,
DIRECT ENERGY SERVICES, LLC AND DIRECT ENERGY BUSINESS, LLC

Pursuant to Section 4903.10, Revised Code and Rule 4901-1-35 of the Ohio Administrative Code, The Retail Energy Supply Association ("RESA") and Direct Energy Services, LLC/Direct Energy Business LLC ("Direct Energy") respectfully file this application for rehearing alleging that the Commission's July 18, 2012 Opinion and Order in this matter is unreasonable and unlawful in the following respects:

1. The Commission unreasonably and unlawfully adopted Rider AER which distorts price signals and defers unnecessary carrying costs;

2. The Commission unreasonably and unlawfully adopted the provision of the Stipulation that allows FirstEnergy to award a wholesale bilateral contract to provide power for the PIPP customer load outside the public auction;

3. The Commission unreasonably and unlawfully failed to confirm the EDI enhancements in the Fein Letter and did not address RESA witness Bennett's recommended additional web-based enhancements to FirstEnergy's EDI System;

4. The Commission unreasonably and unlawfully concluded that there was no record in this proceeding demonstrating that the absence of the purchase of receivables has inhibited competition;

5. The Commission unreasonably and unlawfully concluded that there is no record that circumstances have changed since the adoption of the WPS Energy Services Stipulation to justify abrogating that stipulation; and

6. The Commission unreasonably and unlawfully failed to address the RESA/Direct recommendation that FirstEnergy be ordered to file a report in a new Docket regarding the steps necessary to implement supplier consolidated billing with shut-off capability.

The reasons offered in support of this Application for Rehearing are set forth in the accompanying Memorandum in Support.

WHEREFORE, RESA and Direct Energy respectfully request that the Commission grant rehearing on each of these six grounds.

Respectfully submitted,

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MEMORANDUM IN SUPPORT

I. The Commission unreasonably and unlawfully adopted Rider AER which distorts price signals and defers unnecessary carrying costs.

FirstEnergy proposed to extend the recovery period for renewable energy credits over the life of the proposed ESP 3 in order to lower the short term renewable energy charge that otherwise would be in place for customers related to compliance with Ohio's alternative energy mandates. In ESP 2, FirstEnergy procured renewable energy credits in the market by auction, bilateral agreement, or by RFPs[1]. The only deferral or delay in charging standard service customers for the required renewable energy credits was for the timing differences between when the costs are expensed and when the revenues are collected.[2] Under the Stipulation, Rider AER is ostensibly proposed for the expressed purpose of deferring the cost of the renewable energy credits to "smooth out" the cost of the renewable energy credits over a broader period of time.[3]

RESA Exhibit 1 and the direct testimony of Teresa Ringenbach demonstrated that the ESP proposal would more than just smooth out costs - it would artificially depress the price in

[1] Request for Proposals
[2] TR. I, 251-252.
[3] TR. I, 253.

the near term between 56% and 65%[4] of what it otherwise would be without this special treatment in the near term. FirstEnergy witness Ridman conceded that the monthly Rider AER charge for 1,000 kWh per month residential customer from Ohio Edison would be reduced from $3.36 for renewable energy credits to $1.18 under the proposed ESP.[5] Because the Commission did not modify the stipulation, it unreasonably and unlawfully made FirstEnergy's price to compare artificially low when comparing it to CRES provider offers and therefore artificially dampens shopping.

The Commission also rejects RESA's assertion that the Stipulation would artificially dampen shopping on the grounds that "CRES providers are not prohibited from seeking to extend the period for recovery of alternative energy compliance costs to lower their own prices."[6] This rationale is incorrect. FirstEnergy has a base of default customers over which to spread Rider AER costs in the future so as to guarantee their eventual cost recovery. CRES providers do not have that luxury. The Commission's decision ignores this very fundamental difference that places FirstEnergy on an entirely different playing field than CRES providers. Further, using such a strategy is made more difficult by the fact that FirstEnergy does not have a purchase of receivables program to generally ameliorate uncollectible cost risk. Any hypothetical smoothing of costs contemplated by the Opinion and Order would be done at a higher risk of recovery that is intolerable to a CRES provider and would possibly trigger the undesirable need to use a material change provision in customers' contract terms and conditions to effectuate such a strategy. Under these conditions alternative energy compliance costs must be recovered from CRES provider customers as they are incurred in order to ensure recovery of

[4] The artificial decrease differs between the three FirstEnergy operating companies with Ohio Edison having the largest decrease at 65% and Toledo Edison the smallest at 56%.
[5] RESA Exhibit 1; TR. I, 255.
[6] Opinion and Order at 35.

those costs. The Commission should reject the "smoothing out" of Rider AER inasmuch as it violates Section 4928.02, Revised Code, as well as unreasonably depresses the price to compare and inhibits shopping.

The unreasonable and unlawful adoption of Rider AER hurts customers in two ways. For shopping customers it skew the price signals for the renewable energy portion of the electrical service and for standard service customers it subjects them to unnecessary carrying costs. The $2.18 amount per month deferred in the case of Ohio Edison residential customers would be subject to a 7% per month carrying charge.[7] FirstEnergy intends to recover these deferred costs, include carrying charges from subsequent customers via the rider.[8]

The Commission's adoption of Rider AER unreasonably and unlawfully ignores the fact that tomorrow's standard service customers will be charged for today's standard service customers' costs for renewable energy credits plus 7% carrying charges. Viewed over the full ESP 3 time period, Rider AER unreasonably and unlawfully raises the cost of compliance with the renewable energy requirements.

The deferral also unreasonably and unlawfully divides cost causation from cost responsibility. By deferring REC cost for several years, standard service customers who move into the service area after 2012 or 2013 will be paying for the cost of RECs required during those years. The Commission's adoption of Rider AER creates a present discount that will be reversed in the future (after 2012 or 2013) when there may be fewer residential customers to pick up the deferred amount plus interest. Similarly, customers who do not use the RECs being deferred in 2012 or 2013 because they were shopping, but returned to standard service, will pay for 2012 and 2013 RECs a second time. The Commission's adoption of the deferral component of Rider

[7] TR. I, 255.
[8] TR. I, 257.

AER is unreasonable and unlawful under Section 4928.02, Revised Code, because of the skewing of price signals, the excessive carrying charges, and the mismatch of timing that requires that future customers pay for today's costs of RECs.

II. The Commission unreasonably and unlawfully adopted the provision of the Stipulation that allows FirstEnergy to award a wholesale bilateral contract to provide power for the PIPP customer load outside the public auction.

At page 56 of its Opinion and Order, the Commission unreasonable and unlawfully rejected arguments that FirstEnergy Solutions should not have been given the sole opportunity to bid on this load by simply citing the ESP 2 case, Opinion and Order, August 25, 2010 at 33. The Commission also noted that the Ohio Department of Development continued to retain its authority to competitively shop the aggregated PIPP load if a better price could be obtained. The Commission merely concluded that as in ESP 2, the 6% discount to be provided to PIPP customers represented the minimum discount during the proposed ESP 3 and a better price could be obtained by ODOD through a competitive bid. This analysis is unreasonable and unlawful.

Awarding a non-bid wholesale contract for the PIPP customers load is at odds with a competitive marketplace and runs contrary to the important policies and principles in Ohio's Energy Policy. Instead of adopting that portion of the Stipulation which allowed FirstEnergy to automatically assign the wholesale PIPP load to an affiliate, the Commission should have ordered that the PIPP load be auctioned either as part of the general auction and let the PIPP load bring the entire cost down or separately to achieve the largest possible benefit from the market for PIPP customers. Because the proposed new PIPP assignment covered in the Stipulation does not begin until June, 2014 for the period through May, 2016, there was plenty of time for the Commission to organize an auction for this load and test whether a 6% discount is in fact the lowest offer available. The Commission should grant rehearing on this issue.

III. The Commission unreasonably and unlawfully failed to confirm the EDI enhancements in the Fein Letter and did not address RESA witness Bennett's recommended additional web-based enhancements to FirstEnergy's EDI System.

In its Opinion and Order the Commission adopted the modified version of the Application. Presumably, this included the enhancements to FirstEnergy's EDI system detailed in the letter to Exelon Generation LLC which was admitted into evidence FirstEnergy Exhibit 7 as part of the revised testimony of David Fein. This letter indicated that FirstEnergy would agree to adopt certain EDI standards which will match the best practices used in surrounding markets and will lead to increased market efficiencies and more CRES provider market entry in Ohio. On rehearing the Commission should specifically state that the EDI enhancements covered in the Fein letter are requirements under the Opinion and Order.

In addition to the EDI changes, Mr. Bennett recommended that FirstEnergy's supplier website be upgraded to allow data to be automatically downloaded or "scraped." Allowing suppliers to access customer information through a secure web portal will allow for even a faster delivery of the data needed in order for suppliers to generate an offer, as there is at least a 24 hour lag when utilizing the EDI option. FirstEnergy provides today simply a secure webpage in which suppliers login to retrieve or download either the Eligibility List or interval data files. While this seems like a reasonable effort to produce customer information for suppliers, it is lacking as far as the original concept intended for a "web-based system". The original intent was for FirstEnergy to create a secure web-based system in which the suppliers could access customer information one customer at a time using the same customer number a supplier would utilize for enrollment purposes (the 20 digit customer number). The data provided through this system should display all relevant customer information a supplier would need to generate an offer. Such information should mimic what first energy provides by the Eligibility List (with slight modifications) which is updated as much as FirstEnergy updates the internal customer

record in the database, in a format that remains static. In addition to the various types of information that are already identified in Attachment C to the Stipulation in this case, RESA witness Bennett recommended that the system provide access to network system peak load contribution ("NSPLC") values PLC/NSPL effective dates, and the addition of a PIPP indicator.[9]

The record also reflects that in Illinois, Commonwealth Edison Utility provides a web-based system to enter a customer number and have the CRES receipt provider receive a screen output of all the customer information that can be scraped into the CRES provider system.[10] This web-based system allows for faster pricing of customers and takes the utility employees out of the mix by keeping the sales negotiation confidential between the customer and supplier. Mr. Bennett recommended that the Eligibility List currently available in the FirstEnergy Ohio website would need to have that customer number which would be similar to how FirstEnergy provides that customer number in the Eligibility List in its Pennsylvania Electric Distribution Utilities.[11]

FirstEnergy's concern that it would be unable to provide account numbers on eligibility lists without violating Rule 4901:1-10-24(E)(1) of the Ohio Administrative Code is misplaced as CRES providers will be given the customer number from their customer in compliance with that rule. With that customer number, the CRES suppliers are asking for a web-based system that will allow them to have access to integrated customer information for that particular customer, as opposed to all customers, so that it can access information and respond to the customer's request that an offer be made.

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[9] RESA Ex. 2 at 5. Note the PLC and NSPL information is available to CRES providers, but not in the web-based format.
[10] TR.II, 82-83.
[11] TR. II, 82.

The Commission unreasonably and unlawfully failed to ask itself whether Mr. Bennett's recommendations were consistent with the policy of this state. In today's electric market for open access states (such as Ohio), both web and EDI data provision are the norm. Standardization by Ohio's electric distribution utilities with progressive systems in other states makes it easier for more CRES providers to enter the Ohio market and for both domestic and new entrants to offer value products and services to retail customers. CRES providers, who have developed systems that interface with the web, EDI or both to manage customer data in other jurisdictions, will find it easier to expand into FirstEnergy EDU service territories. If the data provided is complete and uses industry standard data formats, CRES providers will have to make fewer modifications to their existing systems and can build new systems that are also usable in many competitive states. This will reduce costs and make the market more competitive with more CRES providers entering and investing in Ohio markets in the FirstEnergy service area. A more competitive market with more CRES providers will almost certainly lead to more product innovation and downward pressure on customer prices for competitive services.[12]

The Commission should not only address but also adopt Mr. Bennett's recommendations that go beyond the Fein letter and are certainly consistent with the policy of this state as set forth in Section 4928.02, Revised Code. The Commission should grant rehearing, address this issue and adopt Mr. Bennett's recommendations.

IV. The Commission unreasonably and unlawfully concluded that there was no record in this proceeding demonstrating that the absence of the purchase of receivables has inhibited competition.

Both Interstate Gas Supply ("IGS") and RESA/Direct Energy argued that the Commission should modify the stipulation to include a Purchase of Receivables ("POR") program. In its July 18, 2012 Opinion and Order, the Commission rejected those arguments.

[12] RESA Ex. 2 at 5.

The Commission stated at page 41 of its Opinion and Order "there is no record in this proceeding demonstrating that the absence of the purchase of receivables has inhibited competition." The Commission's statement is incorrect on two counts. First, the Commission has employed the wrong standard. The standard is not whether the absence of a POR has inhibited competition. The standard is whether the proposed POR program is consistent with the policy objective "to ensure the availability of the unbundled and comparable retail electric service that provides consumers with the supplier, price, terms, conditions and quality options they elect to meet their perspective needs." See Section 4928.02(B), Revised Code. The Commission has a duty not only to filter out those proposals that inhibit competition, but also to adopt and promote those policies that do promote competition.

The policy of this state requires more than just shopping -- it requires that consumers be provided with real choices. These real choices consist of choice of supplier along with product choices including contracts of different price, term, and special conditions. Further, the General Assembly required that the Commission enforce subsection B and take action to ensure customers have a diverse set of supplies and suppliers. Today, especially for residential customers, there are few choices in the Companies' service territories. As more fully detailed in the initial RESA/Direct Energy brief, ninety-six percent (96%) of all residential shopping in the FirstEnergy service area is done *via* governmental aggregation groups. Further, there is virtually only one product and with the exception of the Village of Swanton (population 3,627[13]) there is only one supplier for all governmental aggregated residential customers. Finally, the one product is a small discount off the standard service price. Simply put, for virtually all FirstEnergy residential customers today, products actually provided to customers consist of the

[13] US Census Bureau 2009 – As presented on Google.

standard service offer, or, if they are lucky enough to live in an aggregated community, the standard service offer minus a few percent[14].

For residential customers who want to shop, there are simply few suppliers to choose from. There are only five CRES providers posting offerings on the Apples-to-Apples chart for Cleveland Electric Illuminating, Toledo Edison and Ohio Edison. By comparison, the smaller electric distribution utility, Duke Energy Ohio, alone has eleven offers – more than twice as many active offers.

Contrary to the Commission's statement at page 41 of its July 18, 2012 Opinion and Order, the record does demonstrate the reason for this disparity. The reason for this disparity was addressed by the joint testimony of RESA (the trade association of retail energy suppliers with 22 members) and Direct Energy as well as IGS -- it is the lack of a POR program. As demonstrated in Ms. Ringenbach's testimony, the lack of a POR program is a major barrier to more CRES providers entering the residential market. Implementing a POR program would remedy CRES providers issues with: 1) the payment allocation policy of FirstEnergy; 2) lack of CRES billing information; and 3) practical inability to quickly stop supplying customers who are not paying[15].

Ms. Ringenbach explained that there is a significant difference in the number of suppliers actively soliciting residential customers in service territories with purchase of receivables programs when compared to the FirstEnergy Ohio service territories. She testified as follows:

> "A single comparison of public websites including the Ohio Apples to Apples chart, Pluginillinois.org, and Papowerswitch.com on May 18 showed the following. In Ohio according to the Apples to Apples chart, there were five suppliers making residential offers in AEP and FirstEnergy and six in DP&L. None of these utilities have purchase of

[14] NOPEC/NOAC Exhibit 1 at 10.
[15] RESA Exhibit 3 at 5-6.

> receivables. However, in Duke where a purchase of receivables program is in place the number of suppliers more than doubles to eleven.
>
> This fact is also proven by similar offer sites in Illinois and Pennsylvania. In Illinois behind ComEd which is also a PJM utility with POR the number of suppliers making residential offers more than triples to eighteen. In Pennsylvania, behind the two largest utilities with POR the number is nearly 7 times greater than that of Ohio non POR utilities. PPL has 34 suppliers making residential offers and PECO has 38 suppliers making offers.
>
> In Ohio the major gas utilities including the East Ohio Gas Company, Columbia Gas of Ohio, Vectren Energy Delivery Ohio and Duke Energy Ohio are all utilities offering consolidated billing with an offer to buy the receivable. Duke Energy Ohio does this for both natural gas and electricity. Natural gas in Ohio has more than two decades of robust retail marketing. POR plans have played a large part of the development of the natural gas market. The major beneficiary of the purchase of receivables program have been the retail customers. Customers with payment problems have only a single creditor seeking collection. In addition, the creditor has the complete payment records so when collecting there is less confusion from the consumer perspective on how the payments they did make were applied. Customers without payment problems also benefit from increased competition for gas supply which is robust in Ohio with many suppliers each offering plans and programs…
>
> [i]n Ohio today, Duke Energy Ohio has a purchase of receivables plan that is modeled off the gas program. Purchase of receivables are also offered in other competitive states. In fact all of the FirstEnergy electric distribution companies in Pennsylvania offer POR programs as well as the FirstEnergy electric distribution company in Maryland and New Jersey… Other competitive states with the purchase of receivables include Illinois, New York, New Jersey, Pennsylvania and Maryland. POR programs in other electric service territories have led to significant increases in the number of competitive suppliers and competitive offers to customers.[16]

When the Commission stated that there was no record in this proceeding demonstrating that the absence of the purchase of receivables has inhibited competition, it was incorrect. The standard is not whether a proposal inhibits competition but whether the proposed POR program will be consistent with the policy objective to "ensure the availability and unbundled and

[16] RESA Ex. 3, 5-7.

comparable retail electric service that provides consumers with the supplier, price, terms, conditions and quality options they elect to meet their respective needs." The Commission cannot ignore the undisputed testimony of Ms. Ringenbach. The record demonstrates why the adoption of a purchase of receivables program will be consistent with the policy of this state and should be implemented. The Commission should grant rehearing and modify the stipulation by directing the implementation of a POR program.

V. The Commission unreasonably and unlawfully concluded that there is no record that circumstances have changed since the adoption of the WPS Energy Services Stipulation to justify abrogating that stipulation.

At page 41 of its July 18, 2012 Opinion and Order, the Commission noted that it had previously addressed the question of purchase of receivables of FirstEnergy's territories citing In Re WPS Energy Services, Inc. and Green Mountain Energy Company v. FirstEnergy Corp., et al., Case No. 02-1944-EL-CSS (WPS Energy). The Commission stated that in WPS Energy, two marketers filed a complaint against the Companies for failing to offer a purchase of receivables program. On August 6, 2003, the Commission adopted a stipulation resolving the Case (IGS. Ex. 1a at 13.) In the stipulation, the Commission approved the modification of the partial payment posting priority set forth in Commission rules, the marketers agreed to dismiss their complaints, and the Commission approved a waiver of any obligation of the Companies to purchase accounts receivable.

The Commission went on to state that there is no record that circumstances have changed since the adoption of the stipulation to justify abrogating the stipulation. The Commission is incorrect. Ms. Ringenbach offered a great deal of testimony on this issue as to why the WPS Energy stipulation and current rules must be changed. She testified at pages 8-12 of RESA Ex. 3 as follows:

Q18. Since FirstEnergy does not have a POR plan, how are payments from a consolidated bill allocated between the utility and the CRES?

A18. In 2003 a settlement was entered between certain CRES suppliers and FirstEnergy to create a four point payment priority plan whereby the CRES' past due amounts were paid first, then the utility's past due amounts, then the utility's present invoice then the CRES' present invoice. The Commission later put the four point payment priority into rules which applied to all utilities. While on its face the four point system seems balanced, it does not comport with the reality of how past due collections interface with the electric utility's ability to shut off for non payments. Unless the CRES power charges are purchased by the utility the money owed for CRES power is not counted for purposes of shut off. To avoid shut off customers who enter into a payment plan or face disconnection can have the payment priority shifted whereby the EDU charges are paid first so the customer will not be shut off.

Under the current Commission rules a customer cannot be disconnected for CRES charges. So in order to avoid disconnection any payment by a customer in arrears would need to first satisfy utility past due amounts before being applied to CRES arrearages. So customers pay the utility, not supplier, past due first. This pattern may continue until the CRES returns the customer to EDU service for non-payment to avoid an ever increasing CRES arrearage.

Q19. What happens to the past due CRES amount if the customer is returned to utility service?

A19. In the FirstEnergy service territories the amount past due remains on the customer's bill until the earlier of the customer is disconnected, at least nine billing cycles or the arrears are paid in full. In other words if the customer continues to go through a cycle where they only pay the utility to avoid disconnection, the CRES would be forced to write off unpaid receivables each year even though the customer was making payments on their bill. The tariff is based on a settlement in Case No. 02-1944–EL-CSS which does not allow a CRES to itself collect past due amounts from a customer and requires the past due amounts remain on the utility bill until utility disconnection, the end of at least nine billing cycles or payment in full.

Q20. Will the operation of the payment priority or a customer's entering a payment plan mean the CRES charges will eventually be paid?

A20. Not necessarily. As I have tried to explain, since a customer can avoid shut off by paying just the utility portion of the bill, it is the CRES provider who ultimately is at risk if the customer does not meet the payment plan. Further, if there is a disconnect the CRES supplier since they have not been doing the billing is at great disadvantage in trying to collect the remaining CRES past due amounts as the customer would not have to pay the CRES only the utility arrearage to be reconnected.

Q21. How would POR resolve these issues?

A21. First POR turns the CRES past due amounts into a utility owed receivable. Therefore the utility would have the ability to disconnect, for non-payment of the entire bill and require total arrearage payment for reconnection not only

distribution side arrearages. The ever increasing CRES past due amounts would be limited as the customer must pay the entire bill. In addition, under POR if a customer switches between CRES they will not need to pay off a past CRES amount before their new CRES would be paid. Customers will have more flexibility in choosing the best plan for them without being sent back to the EDU for non-payment even though they are fulfilling payment plans intended to help them catch up.

Q22. Would removing the hold on collection and allowing CRES to collect from customers who go past due under the current payment priority fix this situation?

A22. For a CRES it would increase costs to collect because we have no ability to shut the customer off. The only effect is the customer no longer receives the CRES price. For a customer it is worse. The customer is now dealing with two entities for collection even though they were paying a single bill. When the CRES comes to collect the customer is confused on how they can still be receiving power, be up to date on their utility payments, and yet still owe the CRES money and be receiving collection notices.

POR maintains a single collection point, removes this confusing scenario and removes the problems with the ever increasing customer debt associated with the current payment priority process.

Q23. Are there any other problems with the existing payment priority?

A23. Yes. When customers begin to make partial payments the CRES is not made aware of these. A CRES only receives information on the payment amount applied to the CRES portion of the bill and the EDI transaction with the utility only shows the amount paid by the customer attributable to CRES charges. Further, there is no EDI transaction which shows the total amount paid on the bill and the amount of that payment applied to the CRES charges. This creates multiple problems. First, without being able to see how much the customer actually paid each month a CRES has no ability to verify if the customers payment was properly applied. Unless a CRES is willing to go one by one each month contacting individual customers they are at the mercy of the information the EDU provides. Second, while a CRES is made aware of which customers are placed on a deferred payment plan the CRES has no say in the payment amount which could result in little to no funds being paid to the CRES.

Q24. Would POR resolve this?

A24. Yes. Under POR the CRES is paid regardless of the amount the customer pays. So the CRES has the ability to accurately check and verify the amount being paid by the EDU is correct. In addition, the CRES no longer has a concern regarding the amount of the deferred payment plan because this is now an EDU debt and the EDU will be incented to collect the full bill amount not just the EDU charges.

Q25. Would implementation of a POR program provide any other benefits?

A25. Yes. Currently a utility with an uncollectible rider but no POR program must split the rider into distribution and generation. Customers who switch to a CRES no longer pay the generation related uncollectible rider. Over time, as the scenarios described above continue, CRES will return slow paying or poor paying

> customers to the utility leaving the "good" payers with CRES. The result is a smaller pool of customer to cover the utility uncollectible expense related to generation potentially increasing that pool of bad debt as those who remain to pay it are also those who are creating the bad debt. Under POR the Commission can choose to follow the Ohio gas utility and Duke electric utility approach to POR which would require any customer under a POR program to pay both the generation and distribution uncollectible rider. Suppliers would no longer keep only the good paying customers and the utility / social balance for bad debt for generation remains balanced.

The Commission has an ample record explaining how circumstances have changed since the adoption of the WPS Energy stipulation and why it is necessary to adopt a POR program. The Commission should grant rehearing and direct FirstEnergy to adopt a POR program.

VI. The Commission unreasonably and unlawfully failed to address the RESA/Direct recommendation that FirstEnergy be ordered to file a report in a new Docket regarding the steps necessary to implement supplier consolidated billing with shut-off capability.

At pages 13-15 of her testimony, RESA/Direct witness Ms. Ringenbach addressed the need for a supplier consolidated billing option with suitable utility shut-off capability. She explained how the supplier consolidated billing option would work and the benefits that would flow from the adoption of such an option. She recommended that the Commission order FirstEnergy to, within six months of the Stipulation being modified and approved, to file a report in a new Docket regarding the steps necessary to implement supplier consolidated billing with shut-off capability. Once FirstEnergy had submitted the required report, the Commission could then open a comment period on the report as well as hold a technical conference on the matters raised by FirstEnergy and other commenter's about the report resulting in an order decided whether or not to allow for supplier consolidated billing with shut-off in the FirstEnergy service territory. See RESA Ex. 3, pp. 13-15.

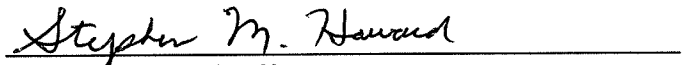
The Commission unreasonably and unlawfully failed to address this issue in its July 18, 2012 Opinion and Order. RESA and Direct Energy merely ask that the Commission take steps

to seriously investigate and explore the option of supplier consolidated billing with suitable utility shut-off capability. The Commission should grant rehearing and adopt Ms. Ringenbach's recommendation.

VII. CONCLUSION

The Commission should grant rehearing and take several affirmative steps to remove the barriers that now exist for shopping in the FirstEnergy service area. It should require FirstEnergy to implement a POR program similar in terms and conditions including the use of a bad debt tracker similar to that now in place in the Duke Energy Ohio territory. It should grant regarding and take the steps to investigate and explore the supplier consolidated billing option with suitable utility shut-off capability. It should also grant rehearing to disallow any deferral of the Rider AER compliance cost to ensure that the price to compare is not skewed and to avoid the unnecessary carrying costs that will be incurred. In addition, the Commission should grant rehearing in order that the PIPP load be bid out for auction instead of directly assigning the PIPP load to FirstEnergy Solutions at a 6% discount.

Respectfully submitted,



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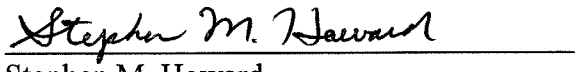
CERTIFICATE OF SERVICE

The undersigned hereby certifies that a true and accurate copy of the foregoing document was served this 17th day of August, 2012 by electronic mail upon the persons listed below.



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Summary: App for Rehearing Application for Rehearing of The Retail Energy Supply Association, Direct Energy Services, LLC and Direct Energy Business, LLC electronically filed by Mr. Stephen M Howard on behalf of The Retail Energy Supply Association and Direct Energy Services, LLC and Direct Energy Business, LLC