

FILE

BEFORE  
THE PUBLIC UTILITIES COMMISSION OF OHIO

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In the Matter of the Commission's )  
Promulgation of Rules )  
for Minimum Competitive Retail )  
Electric Service Standards Pursuant to )  
Chapter 4928, Revised Code )

PUCO

Case No. 99-1611-EL-ORD

In the Matter of the Application of STRATEGIC )  
ENERGY L.L.C. for Authority to Operate )  
as a Certified Retail Electric Supplier in the )  
State of Ohio. )

Case No. 00-1758-EL-CRS

REPLY OF STRATEGIC ENERGY L.L.C.  
TO THE DAYTON POWER AND LIGHT COMPANY'S  
MEMORANDUM CONTRA REQUEST FOR WAIVER

On October 27, 2000 Strategic Energy L.L.C. ("SEL" or "Company") filed its request for waiver from the requirement set forth in Ohio Administrative Code ("O.A.C.") Rule 4901:1-21-11(C). This waiver would permit small commercial customers who wish to purchase their competitive electric supply from SEL with the very limited authority to enter into a contract for a term greater than the regulations currently permit. The express goal of the Ohio's deregulation legislation has been to "ensure the availability of unbundled and comparable retail electric service that provides consumers with the supplier, price, terms, conditions, and quality options they elect to meet their respective needs." As was noted in SEL's Motion for Waiver, the Commission has anticipated the need for waivers and has provided for them pursuant to O.A.C. Rule 4901:1-21-01(C). In order for certain limited consumers to avail themselves of the most economic pricing, they must be permitted to contract for more than the two year minimum.

The Dayton Power & Light Company, ("DP&L") opposes this request and alleges that this request will give SEL a competitive advantage. This is simply incorrect. SEL is attempting

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to offer to its customers, the best possible service at the best possible price. Other CRES providers may seek to do so also. There is no competitive advantage bestowed upon SEL by the Commission when it grants such a waiver.

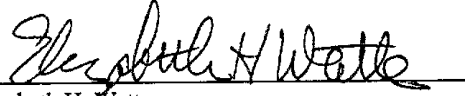
#### **MEMORANDUM IN SUPPORT**

Contrary to assertions by DP&L, the Commission should grant SEL's request for a waiver as a procompetitive and effective means of assuring that the benefits of competition reach every consumer. The Commission's CRES rules were established to provide safeguards for customers. While O.A.C. Rule 4901:1-21-11(C) applies to both small commercial customers and residential customers, SEL's requested waiver is limited to small commercial customers who will be well informed of the difference in term for their contract from the term proscribed by the rules. The denial of the waiver will disadvantage these commercial customers who have the savvy to make an informed buying choice and wish to do so. Thus, the requirement that a small commercial customer be limited to two-year contracts during the market development period makes it impossible for SEL to offer a longer term contract which will likely be more economic in today's market and will provide better value in pricing by leveling pricing over the longer period during which customers will achieve greater savings. It is curious that DP&L, which is not a competitor in this market now expresses a concern that this waiver will somehow provide SEL with a "unique competitive advantage" over other electric providers. Such a concern for this market is laudable but misplaced. To the extent other competitors wish a waiver, they can and should also seek waivers and such waivers should be granted so long as those competitor can demonstrate to the same extent SEL has, that their customers will be adequately advised and protected.

Moreover, DP&L's assertion that allowing contracts which extend past DP&L's market development period will not foster a competitive market defies logic. It is only small commercial and residential customers whose contracts are not to exceed two years. Mercantile customers can have contracts of any duration. DP&L does address how these contracts of longer duration may affect the fostering of a competitive market. Obviously, the comment has no foundation in reality or logic. If by signing contracts with a duration longer than two years allows a better economic impact for small commercial from the onset, the argument that they have lost the opportunity to "shop" is to no avail. Moreover as was noted in SEL's initial waiver request, SEL's standard contract provides, pursuant to the Commission's rules, for termination at the customer's request under circumstances set forth in paragraphs sixteen and twenty-five. The customer will not be locked into a contract which is to its disadvantage.

WHEREFORE, SEL respectfully requests the Commission to grant SEL's request for a waiver from the requirements set forth in OAC Rule 4901:1-21-11 (C) which specifies a term of contract for small commercial customers on a case by case basis and that the Commission authorize SEL to contract with small commercial customers as long as the language set forth in the attached draft contract is included in such contract during the market development period or until December 31, 2005, whichever comes last.

Respectfully submitted on behalf of,  
STRATEGIC ENERGY L.L.C.

A handwritten signature in cursive script, appearing to read "Elizabeth H. Watts", written over a horizontal line.

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**CERTIFICATE OF SERVICE**

Pursuant to Ohio Administrative Code Rule 4901:1-21-01(C), a true and correct copy of this Reply to Memo Contra has been served upon the following parties by regular U.S. mail this 20th day of October, 2000:

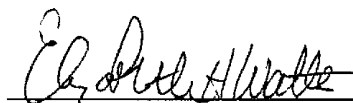
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