Energy Choice Matters
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Dominion Retail Reports Adding 185,000 Customers in PPL Service Area

Dominion Retail's average customer count during the fourth quarter of 2009 increased to 1.775 million customers, up from 1.747 million as of September 30, 2009, and 1.615 million a year ago, on strong sales in the PPL territory.

During an earnings call, Dominion CEO Thomas Farrell said that, "Dominion Retail added 184,000 net new customer accounts during 2009."

Dominion Retail, "also had great success this quarter in the recently opened market in PPL's service area, acquiring an additional 185,000 new customers this month, which is almost 75% of all customers who have switched suppliers," Farrell said. The difference in net additions versus what is reported in Dominion's earnings kit cited above is due to the use of an average quarterly customer count metric in the earnings kit, which lessens the impact of the PPL additions which came late in the fourth quarter.

The gains in electric accounts at PPL were partially offset by a lower number of gas customers versus both September 30, 2009, and December 31, 2008.

A comparison of Dominion Retail's average customer count by service type is below:

Average Accounts	**4Q '09**	**3Q '09**	**4Q '08**
Natural Gas	617,397	634,827	620,739
Electric	483,473	451,927	343,878
Products and Services	674,347	660,095	650,527
Total	1,775,217	1,746,849	1,615,144

Unlike recent quarters, Dominion did not provide in its earnings kit actual Earnings Before Interest & Taxes for Dominion Retail, and only reported relative results. Dominion Retail's after-tax earnings for the fourth quarter of 2009 were $11 million higher than the year-ago quarter, while earnings for

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Pa. PUC Assigns All Costs of PPL TOU Program to Default Service Customers

The Pennsylvania PUC approved PPL's voluntary time-of-use (TOU) program, with "all costs" specific to the TOU program to be recovered only from PPL's default service customers (R-2009-2122718).

Though a written order was not available, the Commission accepted a motion from Chairman James Cawley which holds that, "PPL must collect its TOU plan costs, and credit the benefits, through its charges/credits to default service customers," in order to ensure competitive fairness.

Cawley noted that socialized cost recovery would be unfair to competitive suppliers which, "do not have the ability to subsidize their proprietary TOU programs through millions of dollars," available to PPL through the Act 129 Compliance Rider and customer education plan surcharges. Moreover, customers on competitive supply cannot take advantage of PPL's TOU plan and should not be charged for its implementation, Cawley said. "To do otherwise might have the adverse effect of imposing barriers to development of competitive market TOU programs," Cawley noted.

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Allegheny Files Updated Md. Residential, Type II SOS Rates

Allegheny Power filed with the Maryland PSC updated SOS rates for Type II customers for the three-month period beginning March 1, 2010, and for residential customers for the periods beginning June 1, 2010, and October 1, 2010.

Residential Energy Charge (¢/kWh)

	6/1/ - 9/30/10	10/1 - 5/31/11
Schedule "R"	8.133	7.473

Type II Rates: 3/1/10 - 5/31/10

General & Commercial Service (Schedule "C")

Energy Charge (¢/kWh)	
First block (0-350 kWh)	11.589
Second block (next 350 kWh)	11.385
Third block (over 700 kWh)	4.460

General Service (Schedule "G")

Capacity Charge	
All kilowatts in excess of 7.5 measured as set forth under "Determination of Capacity"	$7.33/kW
Energy Charge (¢/kWh)	
First block (0-700 kWh)	9.627
Second block (over 700 kWh)	4.458

General Service: All Electric (Schedule "C-A")

Energy Charge (¢/kWh)	
First block (0-350 kWh)	12.385
Second block (next 350 kWh)	11.166
Third block (over 700 kWh)	5.882
Schedule "C-A" for Eligible Schools/Churches	
All kWh	6.782

Light And Power Service (Schedule "PH")

Capacity Charge	
First block (0-500 kW)	$13.81/kW
Second block (over 500 kW)	$13.46/kW
Energy Charge (¢/kWh)	
First block (0-100,000 kWh)	3.098
Second block (over 100,000 kWh)	2.800

Public Power & Utility Receives Pa. License, Must Change Name

The Pennsylvania PUC granted Public Power & Utility an electric supplier license to serve all customer classes, including residential customers, but ordered PP&U to change its name due to the inclusion of the term "utility."

"The key component initiating [our] concern is the inclusion of both the words 'public' and 'utility' in the same legal name," the PUC said, citing 15 Pa. C.S. § 1303 which states in part:

"[T]he corporate name shall not imply that the corporation is a public utility corporation furnishing electric or gas service to the public, unless the corporation or proposed corporation has as an express corporate purpose the furnishing of service subject to the jurisdiction of the Pennsylvania Public Utility Commission or the Federal Energy Regulatory Commission."

"[T]he Commission views the legal name of Public Power as significantly similar enough to that of a public utility to require a name change by Public Power."

The PUC noted that PP&U has agreed to change its name, and directed PP&U to file appropriate documents with the Pennsylvania Department of State to change the legal name of PP&U to a name that does not contain the word 'utility,' and to file proof of its name change within 30 days.

AEP's Morris Likens Ohio Retail Opportunity to "Safari"

During an earnings call, American Electric Power CEO Michael Morris addressed AEP Retail Energy Partners LLC's application for a retail electric supply license in Ohio by stating, "we've put in an application here in Ohio to gain our own hunting license and once granted, we'll get the safari out on the highway and see what happens."

AEP's application was first reported by *Matters* (Only in Matters, 1/1/2010).

Morris also said that load migrating to competitive supply in the Columbus Southern Power and Ohio Power territories is de minimis, on the order of 300-400 customers, which Morris said is, "nothing particularly worrisome to us."

Gross margin from AEP's off-system sales from its utility assets for the fourth quarter was up at $68 million versus $59 million a year ago, driven by an increase in gross margin (to $35 million from $8 million) from the marketing and trading of off-system sales. Executives attributed the growth to load auction activity that AEP has been able to participate in across the eastern part of the U.S.

AEP's separate Generation and Marketing segment saw lower ongoing earnings for the fourth quarter of 2009 at $8 million versus $22 million a year ago. The Generation and Marketing unit includes AEP's non-regulated generating, marketing and risk management activities, primarily in the ERCOT area. AEP cited reduced gross margins from marketing activities for the decrease in earnings.

Md. PSC Denies License to dPi Energy due to Incomplete Application

The Maryland PSC denied, without prejudice, dPi Energy's application for an electric supplier license, citing dPi's, "failure to prosecute the application after it was submitted."

Staff said that dPi's original application, filed in October 2008, was incomplete as it lacked: (1) a Maryland certificate of good standing; (2) a prepayment or deposit bond; and (3) a verification of PJM membership (Only in Matters, 10/21/08).

Staff reported that it has had multiple conversations with dPi representatives, who explained that dPi Energy was, in the words of Staff, "in the process of transitioning in management and ownership," and was also moving to a new location. dPi had requested that the Commission defer action on the application until January 1, 2010. However, Staff said that dPi has still not filed the additional information required to complete its application, and recommended dismissal without prejudice.

Pa. PUC Denies Inclusion of Marginal Losses in Met-Ed/Penelec TSC

The Pennsylvania PUC, in a 3-2 decision, denied the recovery of marginal transmission losses in the transmission service charge (TSC) riders of Penelec and Met-Ed, on the basis that marginal transmission losses are generation charges (M-2008-2036188, et al.).

Commissioners Robert Powelson and Kim Pizzingrilli dissented from the Commission's order, with Powelson arguing that, "from a common-sense perspective ... these losses are occurring due to the transmission of the energy on high-voltage transmission lines." The further the distance that the energy is transmitted, the greater the losses will be, Powelson noted.

While marginal losses are included in Locational Marginal Prices, Powelson dismissed the argument that such inclusion makes the charges generation and not transmission related.

"LMP is not the pure price of power purchased. Rather, it is an economic dispatch model, meant to send an accurate price signal so that PJM knows which generation plants to bring online to meet the demand that occurs at any given point in time. The line loss included within LMP does not compensate generators for the extra power produced to make up for the loss of energy during transmission, nor does it negate the need for transmission customers to purchase extra energy to replace the energy lost during transmission. It is this extra energy that must be purchased by transmission owners, and that is billed pursuant to PJM's Open Access Transmission Tariff (OATT), that is at issue here," Powelson said.

"Line loss is incorporated within LMP solely to arrive at the proper price signal, just as, non-incidentally, congestion is. As the Commission and Commonwealth Court have already held that congestion charges are transmission-related and are recoverable in the TSC, I fail to see how the inclusion of line losses in LMP is at all persuasive that the charges the Companies are seeking to recover in this proceeding should be disallowed," Powelson added.

Powelson cited the development of unbundled rates as supporting the inclusion of marginal losses in transmission, not generation, rates. Among other prior PUC findings, Powelson noted that, "a review of the restructuring orders shows that while distribution line losses are expressly included in the generation rate, there is no mention of transmission line losses."

"'Transmission Costs' are defined in the Public Utility Code as '[a]ll costs directly or indirectly incurred to provide transmission . . . services to retail electric customers.' Under the plain language of this definition, transmission losses should be recoverable as transmission costs, because they are incurred to provide transmission services to retail electric customers," Powelson said.

Briefly:

Spark Energy Receives Pa. Electric License

The Pennsylvania PUC granted Spark Energy LP an electric supplier license to serve all classes of customers, including residential, in all service areas (Only in Matters, 12/8/09).

BlueStar Energy Services Authorized to Market to Residential Customers in Pa.

The Pennsylvania PUC granted BlueStar Energy Services an expanded electric supplier license to allow BlueStar to now market to residential customers and commercial customers under 25 kW (Only in Matters, 12/14/09).

Consumer Energy Solutions Receives Pa. Broker License

The Pennsylvania PUC granted Consumer Energy Solutions Inc. an electric supplier license as a broker/marketer serving all sizes of non-residential customers in all service areas (Only in Matters, 9/25/09).

Lower Electric Receives Pa. Broker License

The Pennsylvania PUC granted Lower Electric LLC an electric supplier license as a broker/consultant serving all sizes of non-residential customers in all service areas (Only in Matters, 11/26/09).

Reflective Energy Solutions Receives Pa. Broker License

The Pennsylvania PUC granted Reflective Energy Solutions LLC an electric supplier license as a broker serving all sizes of non-residential customers in all service areas (Only in Matters, 10/26/09).

Healthtrust Purchasing Group Receives Pa. Broker License

The Pennsylvania PUC granted Healthtrust Purchasing Group LP an electric supplier license as a broker/marketer serving non-residential customers above 25 kW in all service areas (Only in Matters, 12/10/09).

RMI Consulting Fined, Receives Md. Broker License

The Maryland PSC fined RMI Consulting, Inc. $163.31 for brokering electricity in the state without a license, and also granted RMI a license to broker commercial and industrial customers in all service areas. The penalty is equal to the Commission assessment that RMI would have been subject to had it been previously licensed.

PECO Names Retail Choice Ombudsman

PECO informed the Pennsylvania PUC and stakeholders that it named John McCawley, PECO's Director of Energy Acquisition, as its Retail Choice Ombudsman required under its default service settlement in Docket No. P-2008-2062739.

FERC Approves NYISO Installed Reserve Margin

FERC accepted the New York State Reliability Council's petition to set the New York Control Area Installed Reserve Margin for the 2010/2011 Capability Year at 18.0 percent.

Redwood, PG&E Reach Settlement on Refund Related to Over-Deliveries

Redwood Resources Marketing LLC and Pacific Gas & Electric have reached a settlement regarding Redwood's complaint concerning refunds of gas over-deliveries caused by PG&E customer system errors, though final language must still be drafted (Only in Matters, 12/7/09). An ALJ suspended the complaint proceeding pending filing of the settlement (C.09-10-016). As only reported in *Matters*, Redwood filed a complaint because PG&E refunded amounts related to the over-deliveries to Tiger Natural Gas, to whom Redwood assigned its Core Transport Agent Agreement upon ceasing marketing on PG&E's system. Redwood argued that such refunds to Tiger were improper, while

PG&E countered that such refunds were compelled by the terms of a consent agreement regarding the transfer of Redwood's Core Transport Agent Agreement

Nancy Ryan Nominated to Calif. PUC

California Gov. Arnold Schwarzenegger appointed PUC Staffer Nancy Ryan to fill the vacant Commissioner seat left open when the state Senate failed to confirm Rachelle Chong. Ryan, appointed to a term expiring at the end of 2014, is an economist with expertise in energy markets, carbon policy, and the public health and ecological impacts of energy production. Since February 2009, she has served as the PUC's Deputy Executive Director for Policy. Ryan joined the PUC in January 2006 as President Michael Peevey's Chief Energy Advisor and served as his Chief of Staff from April 2007 to February 2009. Prior to joining the PUC, Ryan, a Democrat, was senior economist and deputy California director at Environmental Defense Fund.

Dominion ... from 1

the fiscal year 2009 were $1 million lower than fiscal 2008. Dominion has not yet filed a 10-K.

Dominion said that it would provide some supplemental disclosure of its operating results beginning with the release of first quarter 2010 earnings. Dominion said that in the future reports it will show quarterly EBIT for Dominion Retail and other operating units.

Volumes for Dominion Retail were as follows:

	4Q '09	4Q '08
Natural Gas (mmcf)	29,548	27,985
Electricity (MWh)	2,153,717	1,243,590

Operating revenue from non-regulated retail electric sales was $205 million during the fourth quarter, versus $144 million a year ago. Operating revenue from non-regulated retail gas sales was $277 million, versus $305 million a year ago.

Dominion reported that its NEPOOL merchant generation assets recorded fourth-quarter EBITDA of $228 million, down from $260 million a year ago. EBITDA from its PJM merchant operations was down at $21 million, versus $32 million a year ago.

PPL TOU ... from 1

Though moving to approve PPL's proposal, Cawley criticized the PPL program for failing to anticipate how the TOU option will impact PPL's 2010 competitive bridge default service plan. All payments to wholesale suppliers serving default service load are based on a fixed rate regardless of time, while customers on the TOU program will pay time-based rates. Cawley said that any wholesale market cost reductions from shifting demand from on-peak to off-peak periods is not passed directly to default service customers under PPL's design, but rather goes to default service suppliers.

Cawley urged that future iterations of the TOU program should: (1) bid out TOU load to alternative default service providers, (2) include real-time and day-ahead pricing programs that are backed by wholesale hourly default service supply contracts, (3) include wholesale full requirements contracts that provide for on-peak and off-peak fixed prices for an appropriate period of time, and (4) include a combination of fixed block purchases and spot purchases that capture variations in wholesale market prices during different times of the day.

Cawley also criticized the TOU rate structure at PPL for including a on-peak tier which accommodates customers' current habits and preferences rather than aligning with wholesale market prices. PPL's peak period is 1 pm-6 pm during June through September, and 5 pm-7 pm during October through May.

Rates are as follows:

Month	Peak	Off-peak
Jun - Sep	15.63¢/kWh	9.19¢/kWh
Oct - May	14.16¢/kWh	10.00¢/kWh

Although stating that all recoverable costs must be borne by default service customers, neither Cawley's motion and statement, nor a PUC news release, addressed the issue of whether PPL will be allowed to recover any shortfall in default service revenue caused by reduced or shifted demand resulting from the TOU product through the generation supply charge (GSC) reconciliation process. As only reported in *Matters*, an ALJ had recommended that PPL be ineligible for such reconciliation (Only in Matters, 12/15/09).