

Before the Pennsylvania Public Utility Commission

:

Retail Markets Working Group

:

Docket No. M-0072009

ALLEGHENY POWER COMMENTS ON PROPOSED GUIDELINES FOR EGS REFERRAL PROGRAMS

West Penn Power Company d/b/a Allegheny Power (“Allegheny Power” or “Company”) appreciates the continued efforts of the Pennsylvania Public Utility Commission (“Commission”) to increase fair and robust competition among electric generation suppliers in the Commonwealth. Allegheny Power is committed to working with the Commission and with the stakeholder community to increase competition.

Allegheny Power does not support the implementation of the proposed customer referral program. The Company believes that the referral program provides a free marketing platform for suppliers at the expense of customers. The Energy Association of Pennsylvania (“EAPA”) submitted comments in response to the original inquiries from the Retail Markets Working Group in June of 2008. Allegheny Power agrees with EAPA’s Comments that the implementation of new a customer referral program is inappropriate and unwarranted based on the standards established in Chapter 57 of the Commission’s rules and regulations. Chapter 57 requires the authorization of the electric generation suppliers (“EGSs”) to enroll customers and has specific checks and balances to protect from unauthorized switches, thus defining the roles for electric distribution companies (“EDCs”) and EGSs.

Allegheny Power believes the cost of implementing the EGS referral program, as proposed, is likely to result in significant increased costs for customers without a likelihood of

increasing competition. Enrolling customers, creating and maintaining a website dedicated to the proposed referral program and tracking customers eligible to receive an introductory offer will require EDCs to expend significant capital and resources to maintain the same quality of service currently offered by their call centers.

Furthermore, customers who have already expressed a willingness to participate in an open market by shopping will be forced to pay more, with little or no benefit to the customers, to allow suppliers to benefit from free marketing. There are no guarantees the EGSs will offer competitive rates following the trial period. Moreover, by requiring little if any effort from EGSs, the proposed referral program presents little incentive for the suppliers to compete for customers.

There are obviously many detailed issues related to policy, implementation, design and costs yet to be addressed with respect to a customer referral program. As with other issues that have major impacts on customer choice and utilities' customer service, Allegheny Power believes the issues are best resolved by obtaining input and discussion from all interested stakeholders.

Respectfully submitted,



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