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April 26, 2006

James J. McNulty, Secretary
Pennsylvania Public Utility Commission
2nd Floor North, Commonwealth Keystone Building
P.O. Box 3265
Harrisburg, PA 17105-3265

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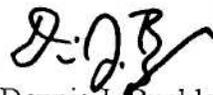
Re: Request for Proposals Compliance Filing for Fixed Price Service to Large Commercial and Industrial Customers for the Period June 1, 2006 through May 31, 2007, Docket No. P-00032071

Dear Secretary McNulty:

Enclosed please find the original and fifteen copies of the Response of Reliant Energy, Inc., to the Commission Order in the above-captioned matter.

If you have any questions in reference to this, please feel free to contact us at the address, above, or by calling 717-231-3833.

Respectfully,



Dennis J. Buckley
PA ID No. 44358

Brian J. Knipe
PA ID No. 82854

Klett Rooney Lieber & Schorling
17 North Second Street - 15th Floor
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Counsel for Reliant Energy, Inc.

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INDEPENDENT REGULATORY
REVIEW COMMISSION

BEFORE THE PENNSYLVANIA
PUBLIC UTILITY COMMISSION
Harrisburg, PA 17105

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SECRETARY'S BUREAU

Request for Proposals Compliance Filing for : Docket No. P-00032071
Fixed Price Service to Large Commercial and :
Industrial Customers for the period :
June 1, 2006 through May 31, 2007 :
RE: Duquesne Light Company :

**COMMENTS OF RELIANT ENERGY, INC. ON THE COMMISSION'S TENTATIVE
ORDER**

Reliant Energy, Inc. ("Reliant") is pleased to offer the following, limited comments with respect to the Tentative Order entered on April 21, 2006 in the matter of Duquesne Light Company's ("Duquesne") Request for Proposals and Compliance Filing for Fixed Price Service to Large Commercial and Industrial Customers for the period June 1, 2006 through May 31, 2006. The Tentative Order directed Duquesne to prepare a modified Request for Proposal ("RFP") and to hold a second auction for Fixed Price Service ("FPS") for Large C&I Customers for the period of June 1, 2006 through May 31, 2007.

BACKGROUND OF THE TENTATIVE ORDER

On March 20, 2006, Duquesne conducted its approved RFP. On March 21, 2006, Duquesne submitted to the Commission a compliance filing reporting the results of its RFP to implement its Provider of Last Resort ("POLR") service for Large Commercial and Industrial Customers ("Large C&I Customers") receiving FPS effective June 1, 2006. In that compliance filing, Duquesne reported that it had received no bids for FPS. Duquesne requested that the Commission issue an order that concluded that the RFP was conducted in accordance with the

approved RFP Guidelines and that the only POLR service to be offered Large C&I Customers from June 1, 2006, through May 31, 2007 was Hourly Priced Service (“HPS”) pursuant to Rider 9 of Duquesne’s tariff.

On March 23, 2006, Duquesne Industrial Intervenors (“DII”) and the Industrial Energy Consumers of Pennsylvania, et al., filed joint exceptions to the compliance filing requesting, in summary, that the Commission refrain from issuing any order or Secretarial letter accepting the RFP results, require Duquesne to issue an RFP that produces responsive bidders to offer FPS for the period from June 1, 2006, through May 31, 2007, and expressly permit Duquesne’s sister-affiliates, Duquesne Power or Duquesne Light Energy, to participate in the RFP.

The Commission’s Tentative Order directs Duquesne to prepare a modified RFP and hold a second auction for FPS for Large C&I Customers for the period of June 1, 2006 through May 31, 2007. The Order directed interested parties to file comments with the Commission within five days of the entry of the Order.

In the Commission’s Order, the Commission tentatively directs Duquesne to modify its previously approved RFP for FPS and to conduct a second auction to “enable the continuation of FPS on June 1, 2006 through May 31, 2007”. The Commission directs Duquesne to make the following modifications to the previously approved RFP:

- (1) Duquesne's retail EGS affiliate (Duquesne Light Energy) or its wholesale supplier affiliate (Duquesne Power) may participate in the auction;
- (2) The bids need not reflect the risks of implementing the PJM Interconnection, LLC Reliability Pricing Model (“RPM”). Should the RPM be implemented, the successful bidders would be allowed to reflect the additional costs into the accepted bid prices;

(3) The bids need not reflect the entire POLR load associated with the Large C&I Customers. The bids must reflect the load to the current FPS customers, the HPS customers served by Duquesne, and additionally 25 percent of the total Large C&I load that are currently being served by EGSs; and

(4) Should a significant amount of load migrate back to the new FPS, Duquesne would be required to issue an RFP for an additional 25 percent of the total Large C&I load. Duquesne should issue an additional RFP as soon as it becomes aware of significant migration but in no case later than after 50 percent of the supply available under the accepted bids is committed to the Large C&I customers.

RELIANT'S COMMENTS ON THE TENTATIVE ORDER, MODIFICATION NUMBER 2

While Reliant understands that the Commission is concerned that the design of the RFP may have unintentionally discouraged wholesale supplier participation, any modification to a future RFP and the resulting product price should not reverse the successful competitive market that exists in Duquesne for customers 300 kW and greater. Reliant believes that should an FPS product continue to exist, it should reflect all of the costs and risks of providing the service in order to create a level playing field. Electric Generation Suppliers ("EGSs") must anticipate the possibility of unknown and uncertain events and price them accordingly (e.g., the future uncertainty of the effect on supply costs of RPM). If FPS does not reflect all of the costs and risks of providing the service, then FPS will not adequately reflect the prevailing market price. The Commission should not allow bidders in the FPS auction to ignore the RPM. Since RPM

may be implemented during the FPS term, suppliers should assess that uncertainty and price their bids accordingly.

Reliant is concerned that the FPS product will become something other than a POLR product that would have the potential to reverse the success of the competitive market place. POLR service that does not reflect the costs and risks of providing the service creates a barrier to competition because EGSs still must bear those costs and reflect them in their fixed priced service offerings. EGSs do not have a regulatory mechanism such as the Commission's suggested 2nd modification by which to adjust their FPS during its term. Thus, customers will be faced with looking at apples and comparing them to oranges when it comes to evaluating what will become a quasi-FPS POLR product to real fixed priced services offered by an EGS.

Reliant recommends that a new RFP for FPS should appropriately include the costs and risks of providing the service, including any potential RPM costs. To do otherwise would create barriers to competition, which in turn results in less dynamic competition among EGSs, not more.

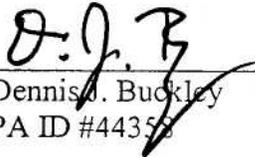
SUMMARY AND CONCLUSION

Reliant appreciates the opportunity to offer comments on the Tentative Order in this proceeding. While this proceeding is only focused on the fixed price option for C&I customers for an additional twelve months in the Duquesne service territory, the Commission's action will have an impact on the health and sustainability of the competitive retail market. To ensure a competitive retail market, Reliant urges the Commission to remove the Order's 2nd modification so that the bids reflect all risks, including the cost of RPM implementation, should the Commission decide to continue an

FPS product. Reliant urges the Commission to maintain FPS in its existing form as much as possible so as to not create unnecessary regulatory uncertainty for all market participants and, more importantly, to maintain the noteworthy success that competition has brought to customers in Duquesne's service territory. Reliant believes that the current default service structure in Duquesne has resulted in a workable competitive market for customers 300 kW and greater. Reliant looks forward to continuing to work in Pennsylvania to make the competitive retail market sustainable.

Respectfully submitted,
KLETT ROONEY LIEBER & SCHORLING
A Professional Corporation

By: _____


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Counsel for Reliant Energy, Inc.

Dated: April 26, 2006

**BEFORE THE PENNSYLVANIA
PUBLIC UTILITY COMMISSION
Harrisburg, PA 17105**

Request for Proposals Compliance Filing for : Docket No. P-00032071
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RE: Duquesne Light Company :

CERTIFICATE OF SERVICE

I hereby certify that I have this day served a true and correct copy of the foregoing document upon the individuals listed below, pursuant to 52 Pa. Code § 1.54:

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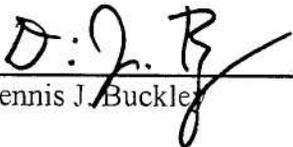
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