

**PENNSYLVANIA PUBLIC UTILITY COMMISSION
HARRISBURG, PENNSYLVANIA 17105**

**Petition of PPL Electric Utilities
Corporation for Approval of a Default
Service Program and Procurement Plan
for the Period June 1, 2017 Through
May 31, 2021**

**Public Meeting: October 27, 2016
2526627-OSA
Docket No. P-2016-2526627**

STATEMENT OF VICE CHAIRMAN ANDREW G. PLACE

Before us for consideration is the Petition for Approval of a Default Service Program and Procurement Plan (DSP IV or DSP IV Plan) for the period June 1, 2017 through May 31, 2021 (Petition) and the Joint Petition for Approval of Partial Settlement (Settlement or Partial Settlement) at this docket. Also, for our consideration are the Exceptions of PPL Electric Utilities Corporation (PPL, PPL Electric or the Company), the Retail Energy Supply Association (RESA) and PP&L Industrial Customer Alliance (PPLICA) filed on September 6, 2016 to the Initial Decision (I.D.) issued on August 17, 2016, in the above-captioned proceeding.

First, I fully support approval of the Partial Settlement reached in this proceeding. The parties are to be commended for their collaborative work to craft a resolution of the vast majority of issues in this very complex case. Their work product will serve the general public well.

However, I wish to express concerns regarding the shopping restrictions imposed on customers served under our Customer Assistance Program, or CAP. I am not able to support the Joint Litigation Position which severely limits the ability for CAP customers to avail themselves of competitive market products. The terms of the proposed CAP-Standard Offer Program, or CAP SOP are as follows:

- Effective June 1, 2017, the CAP-SOP is the only vehicle that a CAP customer can use to shop and receive supply from an EGS. Any CAP customer shopping request that does not get processed through the CAP-SOP will be denied.
- EGSs participating in the CAP-SOP must agree to serve customers at a 7% discount off the PTC at the time of enrollment. This price shall remain fixed for the 12-month CAP-SOP contract unless terminated earlier by the customer.
- CAP customers may terminate the CAP-SOP contract at any time and without any termination or cancellation fees or other penalties.
- A CAP customer who terminates a CAP-SOP contract or whose CAP-SOP contract reaches the end of its term can re-enroll in the CAP-SOP.
- At the conclusion of a 12-month CAP-SOP contract, the CAP customer will be returned to the CAP-SOP pool and be re-enrolled in a new CAP-SOP contract, unless the CAP customer requests to be returned to default service or is no longer a CAP customer.
- EGSs must enroll separate from the standard SOP to be a participating supplier in the CAP-SOP. EGSs would be free to voluntarily elect to participate in none, one or the other, or both the traditional SOP and the proposed CAP-SOP. Enrollment will be for a

three-month period, and shall conform to the enrollment process for the standard SOP. EGSs may opt in to participate in the CAP-SOP on a quarterly basis, and are free to leave the CAP-SOP on a quarterly basis.

- CAP customers already shopping as of the June 1, 2017 effective date of the new plan will be subject to these rules.
- All CAP customer shopping fixed-term contracts in effect as of the effective date of the CAP-SOP will remain in place until the contract term expires and/or is terminated.
- Once the existing CAP customer shopping contract expires or is terminated, the CAP customer will have the option to enroll in the CAP-SOP or return to default service, but in any event will only be permitted to shop through the CAP-SOP.
- PPL Electric will revise its CAP recertification scripts/process so that all existing CAP shopping customers receiving generation supply on a month-to-month basis after June 1, 2017 will be required at the time of CAP recertification to enroll in the CAP-SOP or return to default service, but in any event will only be permitted to shop through the CAP-SOP.

These changes will likely force all CAP customers to return to default service over time. First, it is unlikely that EGSs will participate in the CAP-SOP program, as articulated by EGSs on the record in this case. Second, the order inappropriately limits shopping only to the CAP SOP program. Thus, customers seeking offers from EGSs below the current default service price, even products that offer prices for multiple years, will not be able to lock in and hedge low market priced fixed rate products. Third, such rigid rules will not allow EGSs and customers to participate in spot market-priced products that, over time, may be priced well below hedged default service products. Fourth, CAP customers will not have access to new, innovative EGS products that may help them better control their energy costs. I hope that future proceedings will provide us with solutions that will provide CAP customers with more substantive access to a range of competitive market products while remaining cognizant of market risk exposure. Some solutions might include:

- New, non-CAP SOP contracts should include fixed offers not to exceed the Default Service price at time of offer. After expiration of the fixed rate period, this same limitation should apply. The new offered rate would need to be at or below the then current Default Service Price.
- New, non-SOP contracts which are variable rate offers should require the 6 consecutive month average rate to be below the 6 month average rate for default service rate [rolling 6 month average test].
- The post SOP roll-over option should be limited to meet the same rolling 6 month average test. If the EGS is unable to accomplish this, it would immediately return the customer to Default Service, or have the customer sign up for the SOP program or another fixed rate EGS contract at or below the current default service rate.
- Any existing, fixed rate contract, or any rollover contract option must meet the same requirements.

This should not be viewed as an exhaustive list of alternative shopping restrictions, but provide concepts that respond more appropriately to the CAP customer issues identified in this case. I fear that the CAP customer resolution proposed will cause more long term harm than good.

Therefore, I concur in part and dissent in part.

DATED: October 27, 2016



Andrew G. Place, Vice Chairman