

**PENNSYLVANIA PUBLIC UTILITY COMMISSION
HARRISBURG, PENNSYLVANIA 17120**

**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 COMMISSIONER ROBERT F. POWELSON

Before the Pennsylvania Public Utility Commission (PUC or Commission) today are the Exceptions and Reply Exceptions to the Initial Decision regarding PPL Electric Utilities Corporation's (PPL) Petition for approval of its Default Service Program and Procurement Plan for the period of June 1, 2017, through May 31, 2021 (DSP). The parties to this proceeding reached a settlement on all issues except one. While I support the settlement, I do not agree with the parties' resolution of the remaining issue reserved for litigation, which was whether customers who participate in PPL's Customer Assistance Program (CAP) should be permitted to shop for an Electric Generation Supplier (EGS).

During the course of litigation, all of the parties except Retail Energy Supply Association (RESA) reached an agreement on the CAP shopping issue. These parties propose to limit the ability of CAP customers to shop for an EGS unless they do so through PPL's Standard Offer Program (CAP-SOP). Under the CAP-SOP, EGSs must agree to serve CAP customers at a rate that is 7% less than the Price-to-Compare (PTC), and this price will remain fixed for 12 months. The rationale behind this proposal is that the costs recovered through PPL's Universal Service Rider (USR) are going up and that limiting CAP shopping will help address the issue.

There is no disputing that universal service costs are rising not only in the PPL service territory, but across the Commonwealth, and that controlling this increase is an important issue for all electric customers. However, the solution developed by the parties to this proceeding is not the correct answer to the problem. Limiting the ability of PPL's approximately 41,000 CAP customers to choose an EGS and have control over their electricity costs is a drastic step that should not be undertaken lightly.

In reaching a decision on this matter, we cannot forget the value that robust competition in the electricity supply market provides for all Pennsylvanians. It brings lower prices, innovation, and a broader array of product offerings. If we start placing limitations on the ability of certain customers to shop out of a fear that they will not do it well, where will that end? It is important to remember that 45% of PPL's CAP customers who are shopping *are* doing it well and the proposal advocated in this proceeding will take that option away from them, despite that they have done nothing but use the system wisely. I have consistently disagreed with those who assert that being low-income equates to being unable to make reasoned, rational choices when purchasing electricity, and continue to do so here.

The period that PPL considered when examining its CAP costs (January 2013 to October 2015) included the Polar Vortex, when many shopping customers across the Commonwealth experienced higher electricity costs. Additionally, in the wake of the Polar Vortex, the Commission took great lengths to enhance consumer education and implement safeguards such as 3-day business switching, contract expiration notification rules, and greater disclosure requirements for variable rate contracts. These measures take time to have an impact on the market and may not have been fully captured in PPL's data.

Further, I am concerned that under PPL's proposal, no EGSs will choose to participate in the CAP-SOP program, thereby depriving CAP customers of their right to shop for an EGS entirely. To serve CAP customers, EGSs not only have to agree offer a product at 7% below the PTC, they also have to pay PPL a \$28 referral fee to serve the customer. As noted in Initial Decision, this requirement is burdensome and may greatly discourage EGS participation in the program. It is entirely possible that PPL will see so little or no EGS participation in the CAP-SOP. If this occurs, CAP customers will not have *any* opportunity to take advantage of the innovative product offerings or low prices offered by EGSs in the Commonwealth.

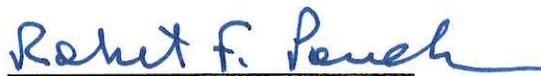
In *CAUSE-PA v. PUC*, the Commonwealth Court found that the Commission could approve restrictions on CAP shopping "as long as it provides substantial reasons why there is no reasonable alternative..."¹ Here, there are other alternatives that the Commission and the parties should explore before taking the extreme step of limiting the ability of certain PPL customers to shop for an electricity supplier.

In its exceptions, RESA suggested that PPL should impose no restrictions on CAP shopping and encourage customers to use the SOP if they do shop. The ALJ dismisses this idea as insufficient. However, I believe this more moderate solution has the possibility of making a genuine impact. Customer education is a powerful tool that should not be underestimated. The parties' speculation that educating customers on both the value of "shopping smart" and the benefits of the SOP program will not work is just that – speculation. We certainly do not know if this solution could be successful unless we try. Given what is at stake, it is important that we exhaust all reasonable options before limiting shopping for certain categories of customers.

Staff recommends referring the issue of rising universal service costs and the complex role that CAP shopping plays in this problem to the PUC's Office of Competitive Markets Oversight (OCMO). I agree with this recommendation and believe that we should give OCMO a chance to address this issue on a statewide basis before approving on a case-by-case basis proposals to limit CAP shopping. Restricting CAP customer shopping in the PPL territory alone will result in a piecemeal solution to the problem, rather dealing with the entire issue.

For these reasons I cannot support the position advocated by the majority of the parties to the proceeding and I respectfully partially dissent on the CAP shopping issue.

DATE: October 27, 2016


ROBERT F. POWELSON
COMMISSIONER

¹ *Coalition for Affordable Utility Services and Energy Efficiency in Pennsylvania v. Pa. PUC*, 120 Ad. 1087 (Pa. Cmwlth. 2015) (*CAUSE-PA v. PUC*).