



COMMONWEALTH OF PENNSYLVANIA

January 2, 2018

E-FILED

Rosemary Chiavetta, Secretary
Pennsylvania Public Utility Commission
Commonwealth Keystone Building
400 North Street
Harrisburg, PA 17120

Re: Joint Petition of Metropolitan Edison Company, Pennsylvania Electric Company, Pennsylvania Power Company and West Penn Power Company for approval of their Default Service Programs / Docket Nos. P-2017-2637855, P-2017-2637857, P-2017-2637858, P-2017-2637866

Dear Secretary Chiavetta:

I am delivering for filing today my Notice of Appearance, Answer, Public Statement, and Verification on behalf of the Office of Small Business Advocate ("OSBA"), in the above-captioned proceeding.

Copies will be served on all known parties in this proceeding, as indicated on the attached Certificate of Service.

If you have any questions, please do not hesitate to contact me.

Sincerely,

Daniel G. Asmus
Assistant Small Business Advocate
Attorney ID No. 83789

Enclosures

cc: The Honorable Charles E. Rainey, Jr.
Robert D. Knecht
Brian Kalcic
Parties of Record

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

Joint Petition of Metropolitan Edison Company, :	P-2017-2637855
Pennsylvania Electric Company, Pennsylvania :	P-2017-2637857
Power Company and West Penn Power :	P-2017-2637858
Company for approval of their Default Service :	P-2017-2637866
Programs :	

NOTICE OF APPEARANCE

The Office of Small Business Advocate, pursuant to 52 Pa. Code § 1.24, hereby enters the appearance of Daniel G. Asmus, in the above-captioned proceeding.

Documents in this proceeding should now be served on the following:

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Dated: January 2, 2018

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

Joint Petition of Metropolitan Edison Company, :	P-2017-2637855
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**ANSWER OF THE OFFICE OF SMALL BUSINESS ADVOCATE
TO JOINT PETITION OF METROPOLITAN EDISON COMPANY,
PENNSYLVANIA ELECTRIC COMPANY, PENNSYLVANIA POWER
COMPANY, AND WEST PENN POWER COMPANY
FOR APPROVAL OF THEIR DEFAULT SERVICE PROGRAMS**

Procedural History

On or about December 4, 2017, Metropolitan Edison Company (“Met-Ed”), Pennsylvania Electric Company (“Penelec”), Pennsylvania Power Company (“Penn Power”), and West Penn Power Company (“West Penn”) (collectively, “First Energy” or “the Companies”) filed a Joint Petition of Metropolitan Edison Company, Pennsylvania Electric Company, Pennsylvania Power Company and West Penn Power Company for Approval of Their Default Service Programs (“Petition”) with the Pennsylvania Public Utility Commission (“Commission”) pursuant to Section 2801 of the Public Utility Code, 66 Pa.C.S. §2801, as amended by Act 129 of 2008 (“Act 129”), and 52 Pa. Code §§ 54.181-54.189 and 69.1801-1817. The Petition seeks approval of proposed programs to secure default service supply for the Companies’ customers for the period June 1, 2019, through May 31, 2023.

The OSBA files the following Answer in response to the corresponding numbered averments in the Companies' Petition.

ANSWER

Un-numbered paragraphs on pages one, two, and three

The first un-numbered paragraph describes the filing made by the Companies, and constitutes a prayer for relief to which no response is required.

The second un-numbered paragraph states several conclusions of law to which no response is required, including that the Companies' default service programs contain a "prudent mix of long-term, short-term and spot market generation supplies that are designed to produce the least cost to customers over time, and are structured to satisfy their obligation to furnish adequate and reliable service to default service customers." To the extent a response to any of these conclusions of law is deemed necessary, those averments are denied.

I. INTRODUCTION AND OVERVIEW

1. Admitted.
2. Admitted.
3. Admitted in part. It is admitted that the Electricity Generation Customer Choice and Competition Act, 66 Pa. C.S. § 2801 *et seq.* ("the Competition Act"), became effective January 1, 1997. The remaining averments of this paragraph describe the Competition Act, which, being a writing, speaks for itself, and therefore, no response is required.
4. The averments of this paragraph cite provisions of section 2806(d) of the Competition Act, 66 Pa. C.S. § 2806(d), which, being a writing, speaks for itself, and therefore

no response is required. The last sentence of this paragraph references the approval of the Companies' restructuring plans by the Commission, and these averments are admitted.

5. Admitted.

6. The averments of this paragraph reference the settlement in the companies' last default service proceeding ("DSP IV Settlement") which, being a writing, speaks for itself and therefore, no response is required.

7. The averments of this paragraph constitute a prayer for relief, to which no response is required.

8. The averments of this paragraph reference the Commission's Regulations, which, being a writing, speaks for itself and therefore, no response is required. The remaining averments of this paragraph constitute a prayer for relief, which requires no response.

9. Paragraph 9 contains a statement of the contents of the Petition, which requires no response.

10. The averments of this paragraph further describe the contents of the Petition as well as the supporting testimony of FirstEnergy witnesses, all of which constitute a prayer for relief, to which no response is required.

11. Admitted.

II. DEFAULT SERVICE PROCUREMENT PLAN

A. Default Service Products

12. The averments of this paragraph describe the types of products sought by the Companies and the types of customer classes for which those products will be procured. This

constitutes a prayer for relief to which no response is required. To the extent that these averments describe the proposal to move commercial customers to hourly priced default service, these averments are denied and strict proof of the averments is demanded.

13. The averments of this paragraph describe certain obligations of winning bidders imposed by PJM Interconnection, LLC (“PJM”), as well as the responsibility of suppliers for Tier I and Tier II AEPS requirements, and therefore, these averments require no response.

14. The averments of this paragraph describe the requirement of suppliers to deliver to the appropriate zone for each of the Companies, and as such, require no response.

Residential Class

15. The averments of this paragraph outline the Companies’ plans for procurement for the residential class, and as such, these averments constitute a prayer for relief to which no response is required. To the extent a response is deemed necessary, the averments of this paragraph are denied and strict proof thereof is demanded.

Commercial Class

16. The averments of this paragraph outline the Companies’ plans for procurement for the commercial class, and as such, these averments constitute a prayer for relief to which no response is required. To the extent a response is deemed necessary, the averments of this paragraph are denied and strict proof thereof is demanded.

Industrial Class

17. The averments of this paragraph outline the Companies’ plans for procurement for the industrial class, and as such, these averments constitute a prayer for relief to which no

response is required. To the extent a response is deemed necessary, the averments of this paragraph are denied and strict proof thereof is demanded.

18. The averments of this paragraph reference the Companies' obligations under the DSP IV Settlement, which, being a writing, speaks for itself and therefore, no response is required. To the extent a response is deemed necessary, these averments are denied and strict proof thereof is demanded.

B. Procurement Schedule and Method

19. The averments of this paragraph outline the Companies' plans for procurements for all classes, and as such, these averments constitute a prayer for relief to which no response is required.

20. The averments of this paragraph outline the Companies' plans for obtaining full requirements contract through simultaneous descending-price clock auctions. As such, these averments constitute a prayer for relief, to which no response is required.

21. The averments of this paragraph explain the meaning of "descending-clock" auction, and therefore, no response is required.

22. The averments of this paragraph explain the benefits of the descending clock auction process, and as such, these averments constitute a prayer for relief to which no response is required.

23. The averments of this paragraph explain the proposal to maintain the current auction load cap, and as such, these averments constitute a prayer for relief to which no response is required.

C. Supplier Master Agreement

24. This paragraph describes the proposal to continue the current SMA, which was based on product of the Commission's Office of Competitive Oversight ("OCMO") and its procurement collaboration working group, of which the Companies are participants, and thus requires no response.

25. The averments of this paragraph describe the differences between the proposed SMA and the Companies' current SMA, as described in the testimony of Mr. Catanach, which constitutes a prayer for relief to which no response is required.

D. AEPS Act Requirements

Non-Solar Photovoltaic Requirements

26. The averments of this paragraph outline how the Companies propose to satisfy their AEPS Act requirements in accordance with Section 54.185(e)(1) of the Commission's Regulations, and therefore, these averments constitute a prayer for relief to which no response is required.

27. The averments of this paragraph constitute a prayer for relief, to which no response is required.

Solar Photovoltaic Requirements

28. The averments of this paragraph continue the description of the proposed RFP method, and as such, constitute a prayer for relief to which no response is required.

29. The averments of this paragraph continue the description of the proposed RFP process, and as such, constitute a prayer for relief to which no response is required.

30. The averments in this paragraph describe the proposed process for acquisition of solar credits in the West Penn service territory, and therefore these averments constitute a prayer for relief, to which no response is required.

E. Independent Evaluators

31. The averments of this paragraph name CRA as the independent third party evaluator and auction manager for the Companies' default service procurements and describe CRA's experience, and as such, constitute a prayer for relief to which no response is required.

32. The averments of this paragraph name the Brattle Group as the Companies' choice to evaluate the procurement of SPAECs and also describe the experience of the Brattle Group, and as such, constitutes a prayer for relief to which no response is required.

33. The averments of this paragraph constitute conclusions of law to which no response is required.

F. Requirements of PJM

34. The averments of this paragraph with respect to the requirements of PJM constitute conclusions of law to which no response is required. To the extent that the averments of this paragraph describe the Companies' requirements for suppliers, those requirements are in writing, and as such, require no response.

G. Contingency Plan

35. The averments of this paragraph describe the Companies' proposed contingency plans, and as such, constitute a prayer for relief, to which no response is required.

36. The averments of this paragraph describe the Companies' proposed contingency plan for solicitation that is not fully subscribed, and as such, constitute a prayer for relief, to which no response is required.

37. The averments of this paragraph describe the Companies' proposed contingency plan in the event of the default of a winning bidder, and as such, constitute a prayer for relief, to which no response is required.

38. The averments of this paragraph describe the Companies' proposed contingency plan in the event that a solar photovoltaic alternative energy charge ("SPAEC") solicitation is under-subscribed or has a supplier default, and as such, constitute a prayer for relief, to which no response is required.

III. RATE DESIGN and COST RECOVERY

A. Price to Compare Default Service Rate Rider

39. The averments of this paragraph describe the Companies' current recovery mechanisms for default service costs, as well as proposed modifications, and therefore, no response is required.

40. The averments of this paragraph describe the Companies' proposal to modify the current Price to Compare ("PTC") Rider, and, as such, these averments constitute a prayer for relief, to which no response is required.

41. The averments of this paragraph describe the operation of the PTC Riders, and therefore, these averments constitute a prayer for relief, to which no response is required.

B. Hourly Pricing (“HP”) Default Service Rider

42. The averments of this paragraph describe the Hourly Pricing Default Service Rider currently and prospectively used by the Companies and therefore, these averments constitute a prayer for relief, to which no response is required.

43. The averments of this paragraph describe the HP Default Service Rider, and as such, these averments constitute a prayer for relief, to which no response is required.

C. Default Service Support Rider

44. The averments of this paragraph describe the Companies’ proposal to modify the DSS Riders, and as such, constitute a prayer for relief to which no response is required.

45. The averments of this paragraph outline the proposed continuance of responsibility for NMB changes, and as such, constitute a prayer for relief to which no response is required.

46. The averments of this paragraph describe the Companies’ proposed rate designs and as such, constitute a prayer for relief to which no response is required.

47. The averments of this paragraph describe the Companies’ request for a waiver of certain regulations regarding recovery of NMB changes, which constitutes a prayer for relief to which no response is necessary.

D. Solar Photovoltaic Requirements Charge Rider

48. Admitted.

E. Time-of-Use Rates

49. The averments of this paragraph describe the Companies' current time-of-use ("TOU") rates, and propose to continue the TOU Default Service Riders without modification, which constitutes a prayer for relief to which no response is required.

F. Reconciliation

50. The averments of this paragraph reference the testimony of Companies' witness Ms. Bortz and her description of the Companies' current PTC Rider, HP Default Service Rider and SPVRC Rider and the "E" factor included in those riders, which, being a writing, speaks for itself and therefore, no response is required.

IV. CUSTOMER REFERRAL PROGRAM

51. The averments of this paragraph note that each Company has a customer referral program ("CRP") for residential and small commercial customers and proposes to continue to offer a CRP. This constitutes a prayer for relief to which no response is required.

52. The averments of this paragraph describe the Companies' proposal to recover CRP costs, and as such, constitute a prayer for relief to which no response is required.

V. PURCHASE OF RECEIVABLES

53. The averments of this paragraph describe the Companies' agreement to provide POR programs, and as such, these averments constitute a prayer for relief to which no response is required.

A. Purchases of Receivables Clawback Charge

54. The averments of this paragraph describe the Companies' pilot clawback charge in their POR programs and as such, these averments constitute a prayer for relief to which no response is required.

55. The averments of this paragraph describe the Companies' proposal to continue the clawback charge for EGSs, which constitute a prayer for relief to which no response is required.

VI. AFFILIATE RELATIONS

56. The averments of this paragraph reference Section 2807(e)(3.1)(III) of the Public Utility Code which being a writing speaks for itself and requires no answer.

57. The averments of this paragraph reference the same section of the Public Utility Code, and the requirement of a Commission finding with respect to affiliated interests and generation supply. These averments constitute a prayer for relief to which no response is required.

58. The averments of this paragraph describe 66 Pa. C.S. § 2102(a), which, being a writing, speaks for itself and requires no answer. The remaining averments constitute a prayer for relief to which no response is required.

VII. NOTICE

59. The averments of this paragraph describe the Commission's regulations regarding notice, and the Companies intent to abide by those regulations, and as such, no response is required.

60. The averments of this paragraph describe the Companies' belief in the effectiveness of their proposed compliance with the Commission's notice requirements, to which no response is required.

VIII. PROPOSED SCHEDULE

61. The averments of this paragraph constitute a proposed procedural schedule for this proceeding, to which no response is required. To the extent a response is deemed necessary, these averments are denied. The OSBA will work diligently with the other parties to this proceeding to come up with a mutually agreeable procedural schedule.

IX. REQUEST FOR WAIVERS

62. The averments of this paragraph constitute a prayer for relief, and as such, no response is required.

X. PUBLIC INTEREST CONSIDERATIONS

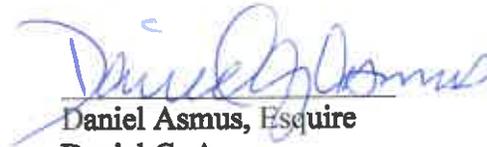
63. The averments of this paragraph constitute a prayer for relief, and as such, no is required. The OSBA is without information or knowledge sufficient to form a belief as to the truth of the averments of the remaining sentences in this paragraph, and therefore, they are denied, and strict proof thereof is demanded.

XI. CONCLUSION

The averments of this un-numbered paragraph constitute a prayer for relief and conclusions of law. Therefore, no response is required.

WHEREFORE, the OSBA respectfully requests that the Commission refer the Companies' Petition to the Office of Administrative Law Judge for hearings and Decision.

Respectfully submitted,



Daniel Asmus, Esquire
Daniel G. Asmus
Assistant Small Business Advocate
Attorney ID No. 83789

For:

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Small Business Advocate

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(717) 783-2525
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Dated: January 2, 2018

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**PUBLIC STATEMENT OF
THE OFFICE OF SMALL BUSINESS ADVOCATE**

The Small Business Advocate is authorized and directed to represent the interests of small business consumers of utility services in Pennsylvania under the provisions of the Small Business Advocate Act, Act 181 of 1988, 73 P.S. §§ 399.41 - 399.50 (“Act”). The Act further provides that the Small Business Advocate is to issue publicly a written statement setting forth concisely the specific interest of small business consumers to be protected by his initiation of or intervention in any proceeding involving those interests before the Pennsylvania Public Utility Commission (“Commission”) or any other agency or court. This public statement relates to the Small Business Advocate’s intervention in the above-captioned Commission proceedings.

On December 11, 2017, Metropolitan Edison Company (“Met-Ed”), Pennsylvania Electric Company (“Penelec”), Pennsylvania Power Company (“Penn Power”), and West Penn Power Company (“West Penn”) (collectively, “the Companies”) filed a Joint Petition for approval of their default service plans, initiating the above-captioned proceedings to provide default service from June 1, 2019, through May 31, 2023.

The Small Business Advocate is intervening in the above-captioned proceedings

in order to protect the interests of the Companies' small business customers. A thorough inquiry by the Commission into all of the elements of the Companies' petition is necessary to ensure that the Companies' proposals for procuring electricity are in accord with the Public Utility Code and with the Commission's regulations and policy statement regarding default service.

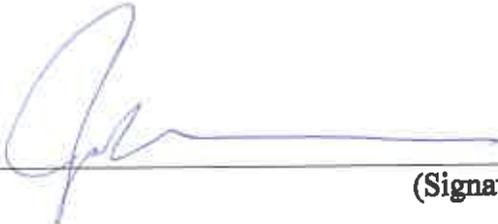
In view of the foregoing, the Small Business Advocate is requesting that the petition be subject to investigation and evidentiary hearings before the Commission. The Small Business Advocate will ask the Commission to deny or modify any aspect of the Companies' proposal that is not proven by the Companies to be in accord with the Public Utility Code and with the Commission's regulations and policy statement regarding default service.

Dated: January 2, 2018

VERIFICATION

I, John R. Evans, hereby state that the facts set forth herein above are true and correct to the best of my knowledge, information and belief and that I expect to be able to prove the same at a hearing held in this matter. I understand that the statements herein are made subject to the penalties of 18 Pa. C.S. §4904 (relating to unsworn falsification to authorities).

Date: January 2, 2018



(Signature)

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

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CERTIFICATE OF SERVICE

I hereby certify that true and correct copies of the foregoing have been served via email and/or First-Class mail (*unless other noted below*) upon the following persons, in accordance with the requirements of 52 Pa. Code § 1.54 (relating to service by a participant).

THE HONORABLE CHARLES E RAINEY JR
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DATE: January 2, 2018


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