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July 9, 2018

Via Electronic Filing

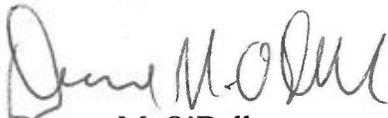
Rosemary Chiavetta, Secretary
PA Public Utility Commission
PO Box 3265
Harrisburg, PA 17105-3265

Re: Joint Petition of Metropolitan Edison Company, Pennsylvania Electric Company, Pennsylvania Power Company and West Penn Power Company for Approval of Their Default Service Program (DSP-V) – Docket Nos. P-2017-2637855; P-2017-2637857; P-2017-2637858; and P-2017-2637866

Dear Secretary Chiavetta:

Enclosed for electronic filing please find the Reply Exceptions of the Retail Energy Supply Association (“RESA”) with regard to the above-referenced matter. Copies to be served in accordance with the attached Certificate of Service.

Sincerely,



Deanne M. O'Dell

DMO/lww
Enclosure

cc: Hon. Mary Long w/enc.
Office of Special Assistants – ra-OSA@pa.gov
Cert. of Service w/enc.

CERTIFICATE OF SERVICE

I hereby certify that this day I served a copy of RESA's Reply Exceptions upon the persons listed below in the manner indicated in accordance with the requirements of 52 Pa. Code Section 1.54.

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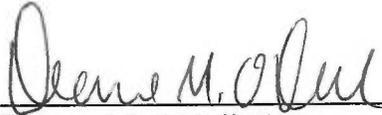
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Dated: July 9, 2018



Deanne M. O'Dell, Esq.

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

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 No. P-2017-2637855 P-2017-2637857 P-2017-2637858 P-2017-2637866
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**REPLY EXCEPTIONS OF
RETAIL ENERGY SUPPLY ASSOCIATION**

As explained more fully in its Exceptions, the Retail Energy Supply Association (“RESA”)¹ urges the Commission to deny two fundamentally flawed recommendations contained in the Recommended Decision (“RD”) issued June 8, 2018 adjudicating the Metropolitan Edison Company, Pennsylvania Electric Company, Pennsylvania Power Company and West Penn Power Company (collectively, “FirstEnergy” or “Companies”) Petition for Default Service Programs for the period of June 1, 2019 through May 31, 2023. The two recommendations that should be denied are: (1) rejecting adoption of the bypassable retail rate mechanism, and; (2) both judging and restricting the right of participants in FirstEnergy’s customer assistance programs (“CAP”) to shop for any product priced above the Companies’ Price-to-Compare (“PTC”).²

¹ The comments expressed in this filing represent the position of the Retail Energy Supply Association (RESA) as an organization but may not represent the views of any particular member of the Association. Founded in 1990, RESA is a broad and diverse group of twenty retail energy suppliers dedicated to promoting efficient, sustainable and customer-oriented competitive retail energy markets. RESA members operate throughout the United States delivering value-added electricity and natural gas service at retail to residential, commercial and industrial energy customers. More information on RESA can be found at www.resausa.org.

² Although the RD denied some of the positions of RESA on other issues, RESA elected to limit the scope of its Exceptions.

The Office of Consumer Advocate (“OCA”) is the only other party in this proceeding to file Exceptions. RESA urges the Commission to deny all three Exceptions of OCA. The RD on each issue is fully supported by the record in addition to all the reasons set forth by RESA in its briefs (which are incorporated herein by reference). The purpose of these Reply Exceptions is to provide additional information in further support of denying OCA’s Exception Numbers 2 and 3.

OCA’s Exception Number 2 incredulously advocates that EGSs are “not entitled to receive or permitted access” to information about their customers particularly “when the EGS is not responsible for collecting unpaid charges from the customer.”³ RESA fully supports the well-stated analysis of the ALJ explaining that OCA advocates for an overly broad reading of 52 Pa Code § 54.8 because this regulation is not intended to address the exchange of customer information.⁴ OCA simply refuses to acknowledge that: (1) the Purchase of Receivables program is mandatory for EGSs;⁵ and, (2) the clawback mechanism (a feature of the program) has the potential to assess EGSs a financial penalty that is rooted solely in the non-payment by the EGS’s customers. As correctly stated by the ALJ “giving EGSs important information about their own customers is reasonable and, as the case here, takes on even greater importance when that information is the basis upon which the EGSs may be assessed a future financial penalty.”⁶ Thus, OCA’s Exception Number 2 must be denied.

³ OCA Exceptions at 5-6.

⁴ RD at 43.

⁵ MetEd Supplier Tariff Section 12.9 (a)(“[p]articipation in the Company's POR program will be mandatory for any EGS that does employ the Consolidated EDC Billing option.”). While EGSs can in theory elect to do their own billing under a “dual billing” arrangement, this is not a practical option because residential customers prefer receiving a single bill. RESA St. No. 1-SR at 13.

⁶ RD at 44(emphasis original).

OCA’s Exception Number 3 must also be denied because it would completely eliminate the existing Customer Referral Standard Offer Program (“CRP”) rather than offering a pathway to address concerns about the existing program design. RESA does not support the elimination of the CRP. However, the record in this proceeding shows that there has been a significant decline in customer enrollment since 2017 due to changes in FirstEnergy’s CRP scripts (which were negotiated in FirstEnergy’s last default service proceeding), including the scripts used by FirstEnergy’s third-party enrollment vendor.⁷ In lieu of eliminating the program, RESA offered recommendations intended to address its concerns about the significant decline in enrollment with the ultimate purpose of improving the program. Among these recommendations, RESA proposed that the Commission direct FirstEnergy to convene a working group to investigate the causes of decline in enrollments in the CRP and discuss scripting changes that would address the concerns raised by the OCA without effectively discouraging customers from participating in the Program. RESA also suggested that the Commission’s Office of Competitive Market Oversight (“OCMO”) and FirstEnergy’s third party contractor administering the CRP be invited to participate in this working group.⁸ While the ALJ does not recommend adopting any of RESA’s recommendations, the RD does note that “a stakeholder meeting. . . may be useful in resolving some of these issues, and the Companies should consider continuing the discussion on a voluntary basis in preparation for presentation of the CRP after May 2023.”⁹

⁷ See RESA Main Brief (“MB”) at 16, citing RESA St. No. 1-R at 15(From June 2016 to May 2017, a total of 101,476 enrollments were completed through the Program for the FirstEnergy EDCs.)

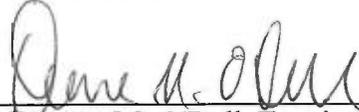
⁸ RESA’s other recommendations included directing FirstEnergy to immediately revert to the CRP protocols and scripts, including the third-party vendor scripts, that were in place prior to the DSP IV settlement and to modify the CRP to allow EGSs to participate using bill-ready billing. RESA MB at 16-19.

⁹ RD at 63.

The undeniable decline in CRP enrollment after it was modified based on the settlement agreement of FirstEnergy's prior default service case shows that attempting to improve the CRP through litigated proceedings is difficult. FirstEnergy's prior default case included many different issues of which the negotiation of the CRP scripts and processes was just one part. The effort to reach a settlement in litigation of a number of issues (many of which are unrelated to one another) means that parties must necessarily "give and take" on issues that matter to them to achieve the purpose of a global settlement. Thus, the negotiation of specific words of a script or process change for CRP is intertwined with the negotiation of other, unrelated, issues. As a result of this, parties are not (because they cannot) able to focus on one goal, i.e. improving the CRP and the result can lead to what has happened here – changes to the CRP which have resulted in a dramatic decrease in customer enrollments. Neither continuing down this path nor eliminating the CRP program altogether is a solution that would best serve the public interest. This is the core reason why RESA supports a more collaborative process in which all affected stakeholders, Commission staff experts and other relevant entities (i.e. the CRP third party vendor) can participate and work together to find ways to effectively address some of the concerns raised here.

Thus, for all these reasons, RESA urges the Commission to deny the Exceptions of OCA and grant the Exceptions of RESA.

Respectfully submitted,



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