

**PENNSYLVANIA PUBLIC UTILITY COMMISSION**  
**Harrisburg, Pennsylvania 17105-3265**

**Petitions of Metropolitan Edison Company,  
Pennsylvania Electric Company, Pennsylvania  
Power Company, and West Penn Power  
Company for Approval of their Default Service  
Programs**

**Public Meeting held August 23, 2018  
2637855-OSA  
Docket Nos. P-2017-2637855  
P-2017-2637857  
P-2017- 2637858  
P-2017-2637866**

**STATEMENT OF CHAIRMAN GLADYS M. BROWN**

Before the Commission for consideration and disposition is the Joint Petition of Metropolitan Edison Company (Met-Ed), Pennsylvania Electric Company (Penelec), Pennsylvania Power Company (Penn Power), and West Penn Power Company (West Penn) (collectively The First Energy Companies or Companies) for Approval of their Default Service Program for the period of June 1, 2019 through May 31, 2023.

On May 15, 2018, a number of parties to this proceeding filed a Joint Petition for Settlement (Partial Settlement). No parties filed objections to the Partial Settlement. On June 8, 2018 presiding Administrative Law (ALJ) Judge Mary D. Long issued a Recommended Decision. Exceptions were filed by the Office of Consumer Advocate (OCA) and the Retail Energy Supply Association (RESA). Reply exceptions were filed by the Commission's Bureau of Investigation and Enforcement, Respond Power, and the Coalition for Affordable Utility Services and Energy Efficiency in Pennsylvania (CAUSE-PA).

First, I wish to note my support for a shopping program which prohibits CAP participants from enrolling with electric generation suppliers (EGSSs) at a price which exceeds the current Price-to-Compare (PTC). The record here indicates that CAP enrollees net expenditures above the PTC was more than \$18.3 million from June 2013 to March 2018. I contend that implementation of a CAP shopping program is appropriate to protect the Companies' customers from inflated uncollectible expenses.

Noting my support for the CAP shopping program, and consistent with my position on previous default service filings, I must submit that this Joint Petition largely does not establish a default service plan that satisfies the procurement requirements under Act 129, specifically, Section 2807(e) of the Public Utility Code, 66 Pa. C.S. § 2807(e). This section provides that a default service provider must procure electric power via a prudent mix of spot market, short term, and long-term contracts designed to ensure adequate and reliable service at the least cost to customers over time.<sup>1</sup>

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<sup>1</sup> For the purposes of Section 2807(e)(3.2), electric power includes not only electric generation supply but also Alternative Energy Portfolio Standards credits.

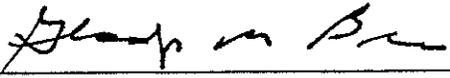
Here, Met-Ed, Penelec, and Penn Power's proposed default service programs include spot market products in the residential and industrial portfolios, short-term contracts in the residential and commercial portfolio, but no long-term contracts for any procurement class.<sup>2</sup> West Penn similarly proposes a default service program including spot market products in the residential and industrial portfolios and short-term contracts in the residential and commercial portfolio. In contrast to the other three electric distribution companies, West Penn's proposal grandfathers an existing long-term solar photovoltaic alternative energy credit contract. However, this contract expires on May 31, 2021 and therefore covers less than half of the proposed five-year timeframe.

It is my position that this lack of any long-term contracts covering the full timeframe of the plan does not fulfill the requirement under 2807(e) which warrants my dissent on this issue. As I have continually submitted in each default service plan I have voted on, consistent with *Popowsky v. Pa. PUC*, a utility has the burden of proof of providing evidence justifying the omission of any type of contract enumerated in 2807(e), whether it spot, short-term, or long-term.<sup>3</sup> In this Joint Petition, there is no evidence to substantiate Met-Ed, Penelec, and Penn Power's complete omission of long-term contracts and West Penn's utilization of a grandfathered long-term contract for less than half of the proposed timeframe.

As such, I will concur, in part, and dissent, in part, in this proceeding.

August 23, 2018

Date

  
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Gladys M. Brown, Chairman

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<sup>2</sup> West Penn Power entered into a 10-year SPAEC contract at P-00072342.

<sup>3</sup> *Popowsky v. Pa. PUC*, 71 A.3d 1112 (Pa. Cmwlth. 2013), *appeal den.*, 2013 Pa. Lexis (2013). As acknowledged by the court in *Popowsky*, "the Preamble to Act 129 indicates that price stability was one of the goals to be achieved by that act, and that price instability was one of the harms the act was intended to ameliorate ..." 71 A.3d 1112, 1117 (Emphasis added). The court ultimately determined that the Commission had not discounted the importance of price stability, and that the Commission concluded the additional benefits of a financial hedge would not be justified by the additional costs. 71 A.3d 1112, 1118.