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July 30, 2019

VIA ELECTRONIC FILING

Rosemary Chiavetta, Secretary
Pennsylvania Public Utility Commission
Commonwealth Keystone Building
400 North Street, 2nd Floor
Harrisburg, PA 17120

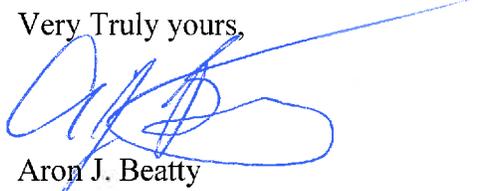
**Re: Electric Distribution Company Default Service Plans – Customer Assistance
Program Shopping
Docket No. M-2018-3006578**

Dear Secretary Chiavetta:

Pursuant to the Commission's Tentative Order entered February 28, 2019 in the above-referenced proceeding, enclosed herewith for filing are the Comments of Metropolitan Edison Company, Pennsylvania Electric Company, Pennsylvania Power Company and West Penn Power Company.

Please contact me if you have any questions regarding this matter.

Very Truly yours,



Aron J. Beatty

kbw
Enclosures

c: Kriss Brown, Law Bureau (kribrown@pa.gov)
Tiffany Tran, Law Bureau (tiftran@pa.gov)

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

Electric Distribution Company Default :
Service Plans – Customer Assistance : **Docket No. M-2018-3006578**
Program Shopping :

COMMENTS OF METROPOLITAN EDISON COMPANY,
PENNSYLVANIA ELECTRIC COMPANY, PENNSYLVANIA POWER COMPANY
AND WEST PENN POWER COMPANY

I. INTRODUCTION AND BACKGROUND

On February 28, 2019, the Pennsylvania Public Utility Commission (“Commission”) entered a Proposed Policy Statement Order (“Order”) in the above-captioned docket. On Saturday, June 15, 2019, the Order and proposed Policy Statement were published in the Pennsylvania Bulletin, establishing a Comment due date of July 30, 2019. Metropolitan Edison Company (“Met-Ed”), Pennsylvania Electric Company (“Penelec”), Pennsylvania Power Company (“Penn Power”) and West Penn Power Company (“West Penn”) (collectively, “the Companies”) submit the following comments in response to the Order and proposed Policy Statement.

II. COMMENTS

The Commission’s Order seeks input on a proposed Policy Statement designed to set guidelines for electric distribution companies (“EDCs”) that limit harm to customer assistance program (“CAP”) participants while shopping with electric generation suppliers (“EGSs”), while still providing CAP participants the benefit of the retail market.¹ The Commission further notes that both CAP participants, in potentially losing their CAP benefits, and non-CAP participants, because they subsidize uncollectibles resulting from CAP defaults, are harmed when CAP

¹ Order at 1.

participants pay rates higher than their EDC's applicable price to compare ("PTC").² The Order states that the mechanics of CAP shopping programs should be addressed by EDCs in their next default service plan proceeding following adoption of the proposed policy statement.³

The issue of CAP shopping restrictions was fully litigated in the Companies' last Default Service Proceeding ("DSP V").⁴ In resolving the issue in the DSP V case, the Commission held that beginning June 1, 2019, CAP customers taking EGS service should not be charged a price for generation that exceeds the Companies' PTCs. Specifically, the Commission held:

We agree with the ALJ's recommendation that FirstEnergy implement a CAP shopping program where CAP customers may only enter into a contract with an EGS for a rate that is at or below the utility's PTC and does not contain an early termination or cancellation fee. However, we find that the mechanics and details of this program are not fully developed within the record of this proceeding to adequately ensure a program can be implemented in a successful fashion by June 1, 2019. Therefore, we shall adopt the ALJ's recommendation in so far as EGSs may not charge CAP customers a rate greater than the PTC, nor charge early termination or cancellation fees.⁵

In Order to meet a June 1, 2019 implementation date, the Commission ordered a collaborative be conducted to develop the procedures under which its general CAP shopping guidelines could be implemented. On February 28, 2019, upon the conclusion of the collaborative and comment period, the Commission issued a compliance Order approving the CAP shopping rules.⁶

² Order at 5.

³ Order at 6.

⁴ *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, and P-2017-2637866 (Order entered September 4, 2018) ("DSP V Order").

⁵ DSP V Order at 58.

⁶ *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 (Order entered February 28, 2018) ("February 28 Order").

The Companies have fully complied with the requirements of DSP V. Beginning on June 1, 2019, the Companies' CAP customers that enroll with an EGS are required to pay prices that are at or below the respective company's current PTC. To support this requirement, the Companies undertook efforts to establish protocols that ensure that enrollments comply with the "at or below PTC" price restriction. Specifically utilizing a rate-ready, percentage off the PTC product enabled the Companies to establish electronic data interchange ("EDI") protocols to meet the requirements that CAP customers may only enter into a contract with an EGS for a rate that is at or below each company's PTC and reject any enrollments submitted by an EGS that do not comply. In order to ensure EGS compliance with the new CAP shopping rules, the Companies' system was programmed to only accept rate ready, percentage-off rates on CAP customer accounts. This ensures that an EGS cannot enroll a customer utilizing a non-compliant product. In addition, the Companies provide EGSs with an EDI rejection when a non-compliant enrollment is sent.

In further support of this new model, the Companies also modified the following items in order to provide an EGS with the ability to determine which customers are on their CAP programs. Changes were made to the eligible customer list, sync list, and account lookup tool to provide EGSs with the tools they would need to know which current or potential customers were taking part in the CAP programs.

The Commission's proposed Policy Statement largely follows the protocols and procedures developed and implemented as part of the Companies' DSP V. While the Companies generally support the proposed Policy Statement, they do wish to raise the concern that the proposed Policy Statement may be read to place the obligation of enforcing CAP restrictions on the EDC. While the Companies have established EDI protocols that are designed to ensure compliance with the requirement that CAP shopping prices do not exceed the PTC, EDCs generally are not in a position

to, nor should be put in a position where they are required to, monitor and enforce any EGS obligations in their transactions. Specifically, the Companies have concerns with Section 69.275, which states:

§ 69.275. CAP Participant Shopping Program Design.

(a) The Commission has set forth guidelines for CAP programs in its CAP policy statement at §§ 69.261–69.267 (relating to policy statement on customer assistance programs), which are applicable to this policy statement concerning CAP participant electric generation shopping programs.

(b) When addressing CAP participant electric generation shopping in default service programs, an EDC should include the following limitations:

(1) A requirement that a contract between an EGS and a CAP participant has a rate per kilowatt-hour that is at or below the EDC’s PTC in effect during the entire duration of the contract.

(2) A requirement that a contract between an EGS and a CAP participant contains no:

(i) Early termination fees.

(ii) Cancellation fees.

(iii) Other fees unrelated to the provision of electric generation service to the CAP participant.⁷

The language of Section proposed 69.275(2) could be interpreted to require EDCs to enforce the terms and conditions of EGS contracts. Under proposed Section 69.275(2), an EDC “should” limit contract terms between EGSs and CAP customers to exclude early termination fees, cancellation fees, or other “unrelated” fees. EDCs typically have no knowledge of the contractual terms between a CAP customer and an EGS.

In the Companies’ DSP V proceeding, the Commission acknowledged the problem with placing the enforcement of CAP shopping restrictions on EDCs. In its Compliance Order, the Commission stated:

⁷ Order at 9-10.

We again reiterate that it is not FirstEnergy's responsibility to monitor compliance with this requirement since FirstEnergy has no effective method of knowing if any customer is subject to these fees. Instead, it is the Commission that will monitor compliance with these restrictions using traditional Commission enforcement mechanisms, including careful monitoring of consumer informal and formal complaints.⁸

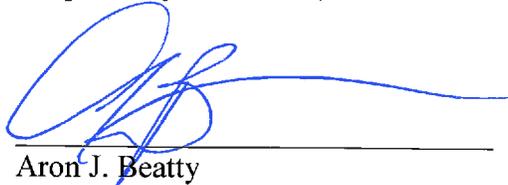
Here, the Commission should similarly recognize and clarify in its proposed Policy Statement that the burden of enforcing the collection of EGS fees is not placed on EDCs. With this clarification, the Companies support the Policy Statement as proposed.

⁸ February 28 Order at 14.

III. CONCLUSION

Metropolitan Edison Company, Pennsylvania Electric Company, Pennsylvania Power Company and West Penn Power Company appreciate the opportunity to provide comments on the Order, and request that the Commission consider these comments as it takes further actions on the issues it has identified.

Respectfully Submitted,



Dated: July 30, 2019

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PENNSYLVANIA PUBLIC UTILITY COMMISSION**

Electric Distribution Company Default :
Service Plans – Customer Assistance : **Docket No. M-2018-3006578**
Program Shopping :

CERTIFICATE OF SERVICE

I hereby certify that I have this day served a true and correct copy of the foregoing document upon the individuals listed below, in accordance with the requirements of 52 Pa. Code § 1.54 (relating to service by a participant).

Service by first class mail, as follows:

John R. Evans
Office of Small Business Advocate
Suite 1102, Commerce Building
300 North Second Street
Harrisburg, PA 17101

Tanya J. McCloskey
Office of Consumer Advocate
555 Walnut Street, 5th Floor Forum Place
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Richard A. Kanaskie
Bureau of Investigation and Enforcement
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Dated: July 30, 2019



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