



COMMONWEALTH OF PENNSYLVANIA

November 23, 2015

E-FILED

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

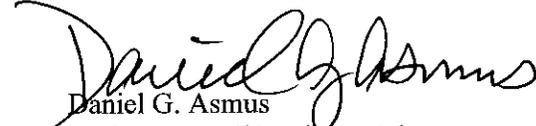
**Re: Joint Petition of Metropolitan Edison Company; Pennsylvania Electric Company;
Pennsylvania Power Company; and West Penn Power Company for Approval of Their
Default Service Programs
Docket Nos. P-2015-2511333; P-2015-2511351; P-2015-2511355; P-2015-2511356**

Dear Secretary Chiavetta:

I am delivering for filing today the Notice of Intervention, Answer, and Public Statement, on behalf of the Office of Small Business Advocate, in the above-captioned proceedings. Copies have been served, as evidenced by the enclosed 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 David A. Salapa
Robert D. Knecht
Parties of Record

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

Joint Petition of Metropolitan Edison	:	
Company, Pennsylvania Electric	:	Docket Nos. P-2015-2511333
Company, Pennsylvania Power Company	:	P-2015-2511351
And West Penn Power Company For	:	P-2015-2511355
Approval of Their Default Service	:	P-2015-2511356
Programs	:	

**NOTICE OF INTERVENTION
OF THE SMALL BUSINESS ADVOCATE**

1. The Intervenor is:

John R. Evans.
Small Business Advocate
300 North Second Street, Suite 202
Harrisburg, PA 17101
(717) 783-2525
(717) 783-2831 (fax)
jorevan@pa.gov

2. The name and address of the Intervenor's attorney is:

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Office of Small Business Advocate
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(717) 783-2831 (fax)
dasmus@pa.gov

3. The respondent utilities are:

Metropolitan Edison Company, Pennsylvania Electric Company
Pennsylvania Power Company, and West Penn Power Company
2800 Pottsville Pike
PO Box 16001
Reading, PA 19612-6001
(610) 929-3601

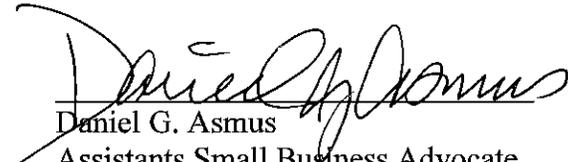
4. The Intervenor is authorized and directed by the Small Business Advocate Act, Act 181 of 1988, 73 P.S. §§ 399.41 - 399.50, to represent the interests of small business consumers of utility services in matters before the Pennsylvania Public Utility Commission (“Commission”).

5. This Intervention is filed regarding the 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”) that was filed with the Commission on November 3, 2015.

6. In view of the foregoing, the Small Business Advocate respectfully requests that the Pennsylvania Public Utility Commission:

- A. Direct the Office of Administrative Law Judge to holding hearings on the *Petition* and prepare an initial decision; and
- B. Grant such other relief as may be necessary or appropriate.

Respectfully submitted,


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

For:

John R. Evans
Small Business Advocate

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Dated: November 23, 2015

**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 Nos. P-2015-2511333
			P-2015-2511351
			P-2015-2511355
			P-2015-2511356

**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 November 3, 2015, 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, 2017, through May 31, 2019.

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 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

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 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.

7. Paragraph 7 contains a statement of the contents of the Petition, which requires no response.

8. Paragraph 8 further describes the contents of the Petition, which constitutes a prayer for relief to which no response is required..

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

II. DEFAULT SERVICE PROCUREMENTS PLAN

A. Default Service Products

10. 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.

11. The averments of this paragraph outline the obligations of the winning bidders in the procurement process, and therefore, the averments of this paragraph constitute a prayer for relief to which no response is required.

11. The averments of this paragraph describe the 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.

12. 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

13. 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

14. 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

15. 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.

B. Procurement Schedule and Method

16. The averments of this paragraph outline the Companies' plans for quarterly procurements for the residential and commercial classes, and for two procurements, in January, 2015, and in January, 2016, for the industrial class and as such, these averments constitute a prayer for relief to which no response is required.

17. 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.

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

19. 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.

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

C. Supplier Master Agreement

21. 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.

22. The averments of this paragraph describe the differences between the proposed SMA and the Companies' current SMA, which constitutes a prayer for relief to which no response is required.

D. AEPS Act Requirements

Non-Solar Photovoltaic Requirements

23. 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.

24. The averments of this paragraph constitute a conclusion of law, to which no response is required.

Solar Photovoltaic Requirements

25. 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.

26. 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.

27. 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

28. 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.

29. 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.

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

F. Requirements of PJM

31. 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

32. 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.

33. 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.

34. 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.

35. 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

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

37. 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.

B. Hourly Pricing ("HP") Default Service Rider

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

39. 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

40. The averments of this paragraph describe the Companies' current DSS Riders and the proposal for the continuance of the DSS Riders, and as such, constitute a prayer for relief to which no response is required.

41. The averments of this paragraph outline the proposed continuance of rate designs for the various classes, and as such, constitute a prayer for relief to which no response is required.

42. The averments of this paragraph describe the Companies' request for a waiver of regulations so that NMB charges may be recovered through non-bypassable DSS Riders, and as such, these averments constitute a prayer for relief to which no response is required.

D. Solar Photovoltaic Requirements Charge Rider

43. Admitted.

E. Time-of-Use Rates

44. 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

45. The averments of this paragraph reference the testimony of Companies' witness Mr. Bortz and his 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.

46. The averments of this paragraph state that Companies' propose no changes to the reconciliation mechanisms, and as such, these averments constitute a prayer for relief, to which no response is required.

IV. CUSTOMER REFERRAL PROGRAM

47. 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.

48. 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.

49. The averments of this paragraph reference proposed changes to the CRP agreement between the Companies and EGSs, and as such, these averments constitute a prayer for relief to which no response is required.

V. PURCHASE OF RECEIVABLES

A. EGS-Related Write-Offs

50. 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.

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

52. The averments of this paragraph describe allowances for uncollectible accounts expense recently approved in the Companies' base rate cases, which requires no answer. .

53. The averments of this paragraph describe the Companies' proposal to retain certain amounts charged to EGSs, which constitute a prayer for relief to which no response is required.

B. EGS Refunds

54. The averments of this paragraph describe the revisions to suppliers' tariffs regarding EGS refunds and as such, these averments constitute a prayer for relief to which no response is required.

55. The averments of this paragraph reference changes the current system for making EGS refunds to customers and as such, these averments constitute a prayer for relief to which no response is required.

VI. AFFILIATE RELATIONS

56. The averments of this paragraph reference Section 2807(e)(3.7)(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.

VI. NOTICE

58. 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.

59. 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.

VII. PROPOSED SCHEDULE

60. 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.

VIII. REQUEST FOR WAIVERS

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

IX. PUBLIC INTEREST CONSIDERATIONS

62. 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

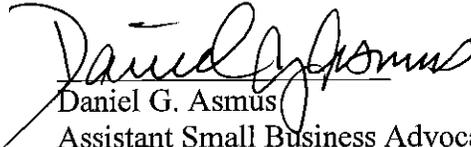
truth of the averments of the remaining sentences in this paragraph, and therefore, they are denied, and strict proof thereof is demanded.

X. 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 the preparation of an Initial Decision.

Respectfully submitted,


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

For:

John R. Evans
Small Business Advocate

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(717) 783-2525
(717) 783-2831 (fax)

Dated: November 23, 2015

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

Joint Petition of Metropolitan Edison	:	
Company, Pennsylvania Electric	:	Docket Nos. P-2015-2511333
Company, Pennsylvania Power Company	:	P-2015-2511351
And West Penn Power Company For	:	P-2015-2511355
Approval of Their Default Service	:	P-2015-2511356
Programs	:	

**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 November 3, 2015, 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, 2017 through May 31, 2019.

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: November 23, 2015

**BEFORE THE PENNSYLVANIA
PUBLIC UTILITY COMMISSION**

**Petition of Metropolitan Edison Company:
for Approval of its Default Service : Docket No. P-2015-2511333
Program for the Period Beginning June 1,:
2017, through May 31, 2019 :**

**Petition of Pennsylvania Electric :
Company for Approval of its Default : Docket No. P-2015-2511351
Service Program for the Period Beginning:
June 1, 2017, through May 31, 2019 :**

**Petition of Pennsylvania Power Company :
for Approval of its Default Service : Docket No. P-2015-2511355
Program for the Period Beginning June 1,:
2017, through May 31, 2019 :**

**Petition of West Penn Power Company :
for Approval of its Default Service : Docket No. P-2015-2511356
Program for the Period Beginning June 1,:
2017, through May 31, 2019 :**

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 David A. Salapa
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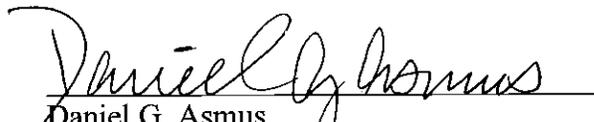
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DATE: November 23, 2015


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