

COMMONWEALTH OF PENNSYLVANIA



OFFICE OF CONSUMER ADVOCATE

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November 30, 2015

Rosemary Chiavetta, Secretary
PA Public Utility Commission
Commonwealth Keystone Bldg.
400 North Street
Harrisburg, PA 17101

Re: Joint Petition for 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:

Enclosed for filing is the Office of Consumer Advocate's Prehearing Memorandum in the above-referenced proceeding.

Copies have been served on the parties as indicated on the enclosed Certificate of Service.

Respectfully Submitted,

A handwritten signature in cursive script that reads "Kristine E Marsilio".

Kristine E Marsilio
Assistant Consumer Advocate
PA Attorney I.D. #316479

Enclosure

cc: Honorable David A. Salapa, ALJ
Certificate of Service
*214458

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

PREHEARING MEMORANDUM
OF THE
OFFICE OF CONSUMER ADVOCATE

Pursuant to Section 333 of the Public Utility Code, 66 Pa.C.S. Section 333, and in response to the November 6, 2015 Prehearing Conference Order issued in the above-captioned matter, the Office of Consumer Advocate (OCA) provides the following information:

I. INTRODUCTION

On November 3, 2015, Metropolitan Edison Company, Pennsylvania Electric Company, Pennsylvania Power Company and West Penn Power Company (Met-Ed, Penelec, Penn Power, West Penn or, jointly, the Companies) filed a Joint Petition (Petition) with the Pennsylvania Public Utility Commission (Commission) seeking approval of default service programs (DSPs) and procurement plans for the period June 1, 2017 through May 31, 2019.

The Petition was assigned to the Office of Administrative Law Judge and was further assigned to Administrative Law Judge David A. Salapa for investigation and the scheduling of hearings. On November 6, 2015, ALJ Salapa issued a Prehearing Conference Order indicating that an Initial Prehearing Conference was scheduled for December 1, 2015. This Order also detailed the parties' obligations with respect to the Prehearing Conference.

On November 30, 2015 the OCA filed an Answer in response to the Companies' Petition and its Notice of Intervention and Public Statement. The OCA submits this Prehearing Memorandum in accord with the Prehearing Conference Order in this matter.

II. ISSUES AND SUB-ISSUES

Based upon a preliminary analysis of the Company's Petition, the OCA has compiled a list of issues that it anticipates will be included in its investigation of the DSP. It is anticipated that other issues will arise and may be pursued as discovery proceeds.

The OCA has identified several issues that may require further review as follows:

- Default Service Products: The OCA will examine whether the type of load following product that the Companies propose to solicit and the use of staggered 12 and 24-month contracts will provide the least cost over time for residential default service customers as required by the Commission's regulations and Act 129.
- Procurement Methodology: The OCA will examine the Companies' proposed procurement method of acquiring all residential supply through six descending-price clock auctions to ensure that the procurement methodology adopted in this proceeding is consistent with the Public Utility Code and is designed to provide the least cost reliable supply, taking into account price stability for customers over time.
- Supplier Master Agreement: The OCA will review the Companies' supplier master agreement to ensure its compliance with the Public Utility Code and to ensure that such a plan does no harm to default service, customers, or the retail competitive market.
- AEPS: The Companies have proposed to meet their AEPs requirements through a mix of procurement methodologies. The OCA will examine the Companies' proposal to ensure that ratepayers continue to receive these services at just and reasonable rates.
- Rate Design: The Companies are not proposing changes to the PTC Default Service Rider, the HP Default Service Rider, and the DSS Rider. The Companies are not proposing any changes to their current "E" factor reconciliation mechanisms. The Companies are requesting to recover NMB charges through the non-bypassable DSS Riders rather than under the PTC Rider. The OCA will examine the components, operation, and effects of these proposed Riders to ensure continued compliance with the Public Utility Code.

- Time of Use Rates: The Companies propose to continue to offer their current Time of Use (TOU) rate program to residential customers. The OCA will review the TOU proposal to ensure that it continues to meet the needs of ratepayers while maintaining compliance with existing law and the Commission's regulations.
- Customer Referral Program: The Companies propose to continue to offer their current customer referral program to provide information to consumers about shopping opportunities. The Companies are proposing changes to the Customer Referral Program Agreement (CRP Agreement). The Companies are proposing to reduce the notice period for currently participating EGSs (CRP Suppliers) from 60 days to 30 days. In addition, the Companies intend to impose an hourly rate for the research required and legal fees incurred to address customer complaints related to CRP Supplier activity that does not follow the Commission regulations or adhere to the terms and conditions of the CRP agreement. The OCA will examine the Customer Referral Program and proposed changes to the Customer Referral Program Agreement and the costs that may arise from the continuation of such a referral program to ensure that such a program is still reasonable, cost-justified, and that the costs are allocated appropriately among stakeholders.
- Purchase of Receivables: The Companies propose two changes to the POR programs for residential and small commercial accounts served by EGSs. (1) In order to maintain the POR programs for all EGSs, the Companies propose to modify the EGS payments by establishing an annual charge for EGSs who exceed 150% of the average percentage of supplier write-offs. The annual charge would equal the difference between their actual write-off amount and the 150% of the respective Company's average annual EGS write-off as a percentage of billed EGS revenues. (2) The Companies propose revisions to the supplier tariff such that EGS refunds under POR go directly to the Companies to apply to the customer's account balance before refunding any remaining amounts to the customer. The OCA submits that these proposed changes to the POR programs warrant further review to ensure that each ratepayer's rights and interests are protected and that the proposed changes are just and reasonable.

III. WITNESSES

The OCA intends to present the direct, rebuttal, and surrebuttal testimony, as may be necessary, of its witnesses. The OCA's witnesses will present testimony in written form and will also attach various exhibits, documents, and explanatory information which will assist in the presentation of the OCA's case. In order to expedite the resolution of this proceeding, the OCA requests that copies of all interrogatories, testimony, and answers to interrogatories be mailed

directly to the OCA's witnesses at the below addresses, as well as mailing a copy to counsel for the OCA.

Richard Hahn
Daymark Energy Advisors
One Washington Mall, 9th Fl.
Boston, MA 02108
E-mail: rhahn@daymarkea.com

Barbara Alexander
Consumer Affairs Consultant
83 Wedgewood Drive
Winthrop, ME 04364
E-mail: barbalex@ctel.net

The OCA specifically reserves the right to call additional witnesses, as necessary. As soon as the OCA has determined whether an additional witness or witnesses will be necessary for any portion of its case, the OCA will promptly notify Administrative Law Judge Salapa and all parties of record.

IV. SERVICE ON OCA

The OCA will be represented in this case by Kristine Marsilio and Aron J. Beatty. Two copies of all documents should be served on the OCA as follows:

Kristine Marsilio
Assistant Consumer Advocate
Office of Consumer Advocate
555 Walnut St., 5th Floor, Forum Place
Harrisburg, PA 17101-1923
Telephone: (717) 783-5048
Fax: (717) 783-7152
Email: kmarsilio@paoca.org

As a courtesy, the OCA requests that all electronic correspondence be additionally copied to Aron Beatty (abeatty@paoca.org) and Rebecca L. Nace (rnace@paoca.org).

V. DISCOVERY

Because the time period for discovery and preparation of testimony is limited, the OCA supports a shortened discovery response time in this proceeding, consistent with the modifications approved in numerous other default service proceedings. The OCA, therefore, requests the following modifications to the discovery regulations:

- A. Answers to written interrogatories be served in-hand within ten (10) calendar days of service of the interrogatories.
- B. Objections to interrogatories be communicated orally within three (3) days of service; unresolved objections be served to the ALJ in writing within five (5) days of service of interrogatories.
- C. Motions to dismiss objections and/or direct the answering of interrogatories be filed within three (3) days of service of written objections.
- D. Answers to motions to dismiss objections and/or direct the answering of interrogatories be filed within three (3) days of service of such motions.
- E. Responses to requests for document production, entry for inspection, or other purposes be served in-hand within ten (10) calendar days.
- F. Requests for admission be deemed admitted unless answered within ten (10) days or objected to within five (5) days of service

VI. PROPOSED SCHEDULE

The OCA will work with the parties to develop a mutually agreeable schedule.

VII. PUBLIC INPUT HEARINGS

At present, the OCA has not received a request for a public input hearing. The OCA will promptly notify ALJ Salapa and request a public input hearing should circumstances warrant.

VIII. SETTLEMENT

At present, settlement discussions have not been scheduled. The OCA will participate fully in settlement negotiations at the appropriate time.

Respectfully Submitted,



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Dated: November 30, 2015

214407

CERTIFICATE OF SERVICE

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

I hereby certify that I have this day served a true copy of the foregoing document, the Office of Consumer Advocate's Prehearing Memorandum upon parties of record in this proceeding in accordance with the requirements of 52 Pa. Code §1.54 (relating to service by a participant), in the manner and upon the persons listed below:

Dated this 30th day of November 2015.

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