

September 12, 2014

Honorable Susan D. Colwell  
Administrative Law Judge  
Pennsylvania Public Utility Commission  
P.O. Box 3265  
Harrisburg, PA 17105-3265

Re: Petition of PPL Electric Utilities Corporation for Approval of Default Service Plan for Period June 1, 2015 through May 31, 2017; Docket No. P-2014-2417907

Dear Judge Colwell:

We are counsel to Noble Americas Energy Solutions LLC (“Noble”) in the above matter. On even date herewith, a Joint Petition for Approval of Partial Settlement (“Joint Settlement Petition”) is being filed with the Public Utility Commission (“Commission”) by PPL Electric Utilities Corporation (“PPL”), the Office of Consumer Advocate, the Office of Small Business Advocate, PP&L Industrial Customer Alliance, Coalition for Affordable Utility Services and Energy Efficiency in Pennsylvania, the Sustainable Energy Fund, Citizens for Pennsylvania’s Future, NextEra Energy Power Marketing, LLC, Retail Energy Supply Association and Direct Energy Services, LLC, and Exelon Generation Company, LLC (the “Joint Petitioners”) seeking approval of the proposals set forth in PPL’s above-referenced petition (“DSP III Petition”) subject to the terms and conditions of the partial settlement and a decision on certain issues reserved for litigation.

Please be advised that Noble does not oppose the terms and conditions of the proposed partial settlement, *provided* that Noble’s understanding of the Joint Settlement Petition, as set forth herein, is correct. Noble, therefore, offers the following points to confirm that understanding and clarify its position with respect to the issue of cost recovery for PPL’s Standard Offer Program (“SOP”).

In its DSP III Petition, PPL proposes to continue the SOP in its present form, stating that there will be no material changes to the SOP approved under the DSP II program (other than a proposal to implement a SOP Web Self Service application). DSP III Petition at ¶¶ 117-119. This means the current cost recovery mechanism for PPL’s SOP, established pursuant to the Commission’s Order entered May 23, 2013 at Docket No. P-2012-2302074 (concerning PPL’s DSP II program) (“May 23 Order”), would remain unchanged.

In its May 23 Order, the Commission concluded that only electric generation suppliers (“EGSs”) participating in the SOP can be charged for the program. PPL presently recovers SOP expenses from participating EGSs as follows:

- \$500 per EGS registration fee for market certification testing costs (only applicable if the EGS is not currently rate ready certified); and
- Participating EGSs are required to pay a fee of \$28 per referred customer.

DSP III Petition at ¶ 113. Significantly, nothing under the current SOP authorizes PPL to recover program costs from non-participating EGSs or customers.

Pursuant to the Paragraph 18 and 20 of the Joint Settlement Petition, the Joint Petitioners agree that the proposals set forth in PPL's DSP III Petition should be adopted by the Commission. Noble understands that these Paragraphs ensure that the foregoing cost recovery mechanism cannot be changed – whether in connection with the proposed SOP Web Self Service application collaborative (*see* Joint Settlement Petition at ¶ 45), the proposed SOP stakeholder process (*see* Joint Settlement Petition at ¶¶ 48-51), or otherwise – and that there is nothing in the Joint Settlement Petition which modifies the mechanism to permit recovery of SOP costs from non-participating EGSs or customers.

**With the foregoing understanding, Noble agrees not to oppose the Joint Settlement Petition. If, however, the Joint Settlement Petition attempts to expand, or allows for the possible expansion of, recovery of SOP costs from either non-participating EGSs or commercial and industrial customers, Noble objects and opposes the settlement in this regard.**

As a concluding point, Noble submits SOP costs should be recovered only from those EGSs that participate and benefit from the program so as to ensure that the program remains competitively neutral and unbiased. Otherwise, the recovery mechanism would reward participating EGSs to the detriment of the marketplace as a whole because it would enable EGSs to subsidize their costs for marketing and customer acquisition efforts across the broader retail market and would discriminate against those that do not participate in this particular program.

Thank you for your attention to this matter.

Very truly yours,

THOMAS, NIESEN & THOMAS, LLC

By



Charles E. Thomas, III

cc: Becky Merola

Petition of PPL Electric Utilities Corporation :  
for Approval of a Default Service Program : Docket No. P-2014-2417907  
and Procurement Plan for the Period from :  
June 1, 2015 through May 31, 2017 :

### CERTIFICATE OF SERVICE

I hereby certify that I have this 12<sup>th</sup> day of September, 2014, served a true and correct copy of the foregoing document upon the persons and in the manner set forth below:

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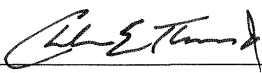
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