

**BEFORE THE  
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

Petition of PECO Energy Company for :  
Approval of Its Default Service Program :  
for the Period From June 1, 2017 Through : Docket No. P-2016-2534980  
May 31, 2019 :  
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**THE RETAIL ENERGY SUPPLY ASSOCIATION'S  
STATEMENT IN SUPPORT OF JOINT PETITION  
FOR PARTIAL SETTLEMENT**

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**I. INTRODUCTION**

The Retail Energy Supply Association (“RESA”)<sup>1</sup>, a trade association of electric generation suppliers (“EGSs”), submits this Statement In Support of the Joint Petition for Partial Settlement (“Partial Settlement”) by and between itself and PECO Energy Company (“PECO”), the Pennsylvania Public Utility Commission’s (“Commission”) Bureau of Investigation and Enforcement (“I&E”), the Office of Consumer Advocate (“OCA”), the Office of Small Business Advocate (“OSBA”) and the Philadelphia Area Industrial Energy Users Group (“PAIEUG”). While the Partial Settlement does include provisions offered by other parties which are not RESA’s preferred outcome, on balance the Partial Settlement offers a reasonable compromise of competing positions and narrows the issues that need to be addressed by the Commission which provides more certainty to the stakeholders and assists in reducing administrative burdens. RESA supports approval of the Partial Settlement without modification.

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<sup>1</sup> The comments expressed in this filing represent the position of the Retail Energy Supply Association (RESA) as an organization but may not represent the views of any particular member of the Association. Founded in 1990, RESA is a broad and diverse group of more than twenty retail energy suppliers dedicated to promoting efficient, sustainable and customer-oriented competitive retail energy markets. RESA members operate throughout the United States delivering value-added electricity and natural gas service at retail to residential, commercial and industrial energy customers. More information on RESA can be found at [www.resausa.org](http://www.resausa.org).

RESA is a nonprofit organization and trade association that represents the interests of a broad and diverse group of energy suppliers who share the common vision that competitive retail and wholesale energy markets deliver a more efficient, customer-oriented outcome than the regulated utility structure. RESA is devoted to working with all stakeholders to promote vibrant and sustainable competitive retail energy markets for all consumers. RESA members currently serve residential, commercial and industrial and institutional customers in Pennsylvania and other jurisdictions in North America that have enacted retail choice.

RESA offered the following proposals in this proceeding: (1) that PECO be directed to implement measures to enhance the transparency of NITS Non-Market-Based (“NMB”) Charges; and (2) that PECO be required to review its Standard Offer Program (“SOP”) process and implement changes as needed to ensure that suppliers participating in the SOP are provided the most accurate and up-to-date customer mailing addresses.

In support of the Partial Settlement, RESA offers the following.

## **II. STATEMENT IN SUPPORT OF THE PARTIAL SETTLEMENT**

The Partial Settlement is a reasonable compromise and lawful resolution of PECO’s proposed default service procurement plan for the period of June 1, 2017 through May 31, 2019 (“DSP IV”). PECO did not propose any operational changes to its Standard Offer Program (“SOP”) to address the issue of suppliers receiving mail returned as undeliverable. In response to concerns raised by RESA, PECO agreed, pursuant to the Partial Settlement, to convene an EGS workshop to discuss potential operational enhancements to improve the administration of the SOP. (Partial Settlement at ¶ 43). Topics to be discussed at the EGS workshop include sharing accurate customer account information for those customers who have enrolled in the SOP. (Partial Settlement at ¶ 43). RESA believes that this settlement term will result in an

effective use of resources to address its concerns and implement processes as determined necessary. (RESA St. No. 1-SR at 6).

In regards to NMB charges, RESA has historically advocated that requiring PECO to assume the cost responsibility for the NMB charges for all load is a fair way to ensure that all customers are only required to pay the actual costs of these charges. Consistent with this preferred approach, PECO does recover the following PJM transmission-related charges on a non-bypassable basis: (1) Generation Deactivation/RMR charges (PJM bill line 1930) set after December 4, 2014; (2) RTEP charges (PJM bill line 1108); and, (3) Expansion Cost Recovery charges (PJM bill line 1730). PECO did not propose any changes to continuing this process. In contrast, PECO is responsible for and recovers Network Integration Transmission Service (“NITS”) and Non-firm Point-to-Point Transmission costs through its unbundled, bypassable Transmission Service Charge. (RESA St. No. 1 at 3-5). While RESA would prefer that NITS be recovered by PECO on a non-bypassable basis, PECO agreed as part of the Partial Settlement to implement various processes and procedures to provide more transparency to market participants regarding NITS. (Partial Settlement at ¶ 39). In consideration of the Commission’s prior determinations on this issue as well as PECO’s willingness to implement the new transparency provisions established in the Partial Settlement, the settlement term is a practical and reasonable outcome as it will provide more transparency to EGSs about these unpredictable charges. (RESA St. No. 1 at 5).

The Partial Settlement also includes implementing a four-year default service plan period. (Partial Settlement at ¶ 12). RESA opposed this proposal as a “four-year default service program term will not provide an adequate opportunity for stakeholders to address concerns regarding products or programs established in PECO’s DSP IV Program.” (RESA St. No. 1-R at 2).

While the Partial Settlement includes a four-year default service plan period, it also establishes a “mid-term stakeholder review” process similar to that contemplated in the FirstEnergy and PPL Electric Utilities Corporation settlements.<sup>2</sup> (Partial Settlement at ¶ 12). The review process will provide an opportunity to discuss retail market enhancement issues and assess current market conditions and, therefore, is a reasonable outcome for this issue. (Partial Settlement at ¶ 12).

While agreement regarding the issue reserved for litigation – Customer Assistance Program shopping – could not be reached, a substantial number of issues raised by the parties were able to be resolved by the Partial Settlement enabling the Commission to narrowly focus on the remaining issue in the proceeding. Additionally, the terms of the Partial Settlement are supported by the testimony entered into the record, and thus, there is a sound evidentiary basis for the Partial Settlement terms. The Partial Settlement is in the public interest because its modifications will serve to facilitate electric competition in PECO’s service territory. Importantly, the SOP will continue with appropriate process improvements to be implemented as deemed necessary at the EGS workshop. Finally, the Partial Settlement amicably and expeditiously resolves a number of important and contentious issues which narrows the issue reserved for litigation. For all these reasons, the Partial Settlement reduces the administrative burden and costs to resolve the numerous issues in this proceeding and should be adopted as a reasonable outcome that is in the public interest.

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<sup>2</sup> *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, Joint Petition for Settlement dated April 1, 2016; *Petition of PPL Electric Utilities Corporation for Approval of a Default Service Program and Procurement Plan for the Period June 1, 2017 through May 31, 2021*, Docket No. P-2016-2526627, Joint Petition for Approval of Partial Settlement dated July 19, 2016.

### III. CONCLUSION

RESA respectfully requests that the Partial Settlement, taken as a whole, be approved without modification.

Respectfully submitted,



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Daniel Clearfield, Esquire  
Attorney ID 26183  
Deanne M. O'Dell, Esquire  
Attorney ID 81064  
Sarah C. Stoner, Esquire  
Attorney ID 313793  
Eckert Seamans Cherin & Mellott, LLC  
213 Market St., 8th Floor  
Harrisburg, PA 17101  
717.237.6000  
Fax 717.237.6019

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Attorneys for Retail Energy Supply Association