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December 8, 2017

Via Electronic Filing

Rosemary Chiavetta, Secretary
PA Public Utility Commission
P.O. Box 3265
Harrisburg, PA 17105-3265

Re: Respond Power LLC v. Pennsylvania Electric Company
Docket Nos. C-2017-2631331

Dear Secretary Chiavetta:

Enclosed for electronic filing please find Respond Power LLC's Reply to New Matter of Pennsylvania Electric Company with regard to the above-referenced matters. Copies to be served in accordance with the attached Certificate of Service.

Sincerely,



Karen O. Moury
KOM/lww

Enclosure

cc: Hon. David A. Salapa w/enc.
Certificate of Service w/enc.

CERTIFICATE OF SERVICE

I hereby certify that this day I served a copy of Respond Power's Reply to New Matter of Pennsylvania Electric Company upon the persons listed below in the manner indicated in accordance with the requirements of 52 Pa. Code Section 1.54

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Dated: December 8, 2017



Karen O. Moury, Esq.

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

Respond Power LLC

v.

Pennsylvania Electric Company

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:
:
:
:

Docket No.: C-2017-2631331

**REPLY OF RESPOND POWER LLC TO NEW MATTER
OF PENNSYLVANIA ELECTRIC COMPANY**

Pursuant to 52 Pa. Code § 5.63, Respond Power LLC (“Respond Power”) files this Reply to the New Matter of Pennsylvania Electric Company (“Penelec” or “Company”). In support hereof, Respond Power avers as follows:

47. Admitted in part and denied in part. It is admitted that the Company’s Purchase of Receivable (“POR”) program was proposed in the context of its first default service program. Upon reasonable investigation, Respond Power is without information or knowledge sufficient to form a belief as to whether the establishment of a POR program as part of a default service program is consistent with the practices of other electric distribution companies (“EDCs”), and demands proof thereof, if relevant, at hearing. It is further averred that the Commission’s regulations governing default service programs do not direct EDCs to include POR programs as part of their default service plans or authorize EDCs to include proposals in their default service proceedings that contain retroactive components and effectively alter the terms of existing default service programs.

48. Denied. It is denied that Respond Power’s accounts receivables were purchased without recourse for amounts not collected from its customers. To the contrary, it is averred that the application of a clawback charge to Respond Power would result in the accounts receivables

not being purchased without recourse during the time period for the current default service program.

49. Admitted. It is admitted that the Company served Respond Power with the *Joint Petition of Metropolitan Edison Company, Pennsylvania Electric Company, Pennsylvania Power Company and West Penn Power Company for Approval of a Default Service Program for the Period Beginning July 1, 2017 through May 31, 2019*, Docket Nos. P-2015-2511333; P-2015-2511351; P-2015-2511355; and P-2015-2511356 (Recommended Decision served April 29, 2016; Final Order entered May 19, 2016) (“2017-2019 Default Service Program”). By way of further answer, it is averred that the Company’s service of this filing on Respond Power did not notify Respond Power that the Company was proposing changes to its 2015-2017 Default Service Program.

50. Admitted. By way of further answer, it is averred that the Company’s transmittal letter did not notify Respond Power that the Company was proposing changes to its 2015-2017 Default Service Program.

51. Admitted. By way of further answer, it is averred that the Notice in the *Pennsylvania Bulletin* regarding the Company’s filing of its proposed 2017-2019 Default Service Program did not notify Respond Power that the Company was proposing changes to its 2015-2017 Default Service Program.

52. Admitted. By way of further answer, it is averred that Paragraph No. 2 of the Company’s proposed 2017-2019 Default Service Program does not indicate that the Company was proposing changes to the 2015-2017 Default Service Program that was and is currently in effect or that those proposed changes would be to retroactively impose a clawback charge based on historical write-off data that had already begun to accrue.

53. Admitted. By way of further answer, Paragraph No. 8 of the Company's proposed 2017-2019 Default Service Program does not indicate that the Company was proposing changes to the 2015-2017 Default Service Program that was and is currently in effect or that those proposed changes would be to retroactively impose a clawback charge based on historical write-off data that had already begun to accrue.

54. Admitted in part and denied in part. It is admitted that Section V of the Company's proposed 2017-2019 Default Service Program is entitled "Purchase of Receivables" and that a subsection addresses EGS-related write-offs. Respond Power denies the Company's characterization of the proposal and the approved clawback charge which speak for themselves.

55. Admitted in part and denied in part. It is admitted that Ms. Bortz's testimony described the proposed clawback charge. Respond Power denies the Company's characterization of her testimony, which speaks for itself. By way of further answer, Respond Power avers that Ms. Bortz's testimony does not contain any indication that the clawback charge would be based on unpaid supply charges that accrued prior to August 2015.

56. Admitted in part and denied in part. It is admitted that Ms. Bortz sponsored exhibits relating to the proposed clawback charge. It is denied that the exhibits showed that the Company was proposing to alter the default service program that was and is currently in effect or that the proposed changes would be based on historical write-off data that had already begun to accrue or that the clawback charge would be based on unpaid supply charges that accrued prior to August 2015.

57. Admitted. By way of further answer, Respond Power avers that the Notice of Initial Prehearing Conference did not provide any information indicating that the Company was proposing to alter the default service program that was and is currently in effect.

58. Admitted. By way of further answer, Respond Power avers that the Prehearing Order did not provide any information indicating that the Company was proposing to alter the default service program that was and is currently in effect.

59. Admitted.

60. Admitted.

61. Admitted.

62. Admitted.

63. Admitted in part and denied in part. It is admitted that the clawback provision described in the Joint Petition for Settlement (“Settlement”) filed on April 1, 2016 differed from the Company’s initial proposal. Respond Power denies the Company’s characterization of those differences, since the initial proposal and the Settlement provision speak for themselves.

64. Admitted.

65. Admitted in part and denied in part. It is admitted that the Settlement contains a condition regarding Commission approval of the terms and conditions without modification. Upon reasonable investigation, Respond Power is without information or knowledge sufficient to form a belief as to whether virtually all settlements filed with the Commission contain this condition, and demands proof thereof, if relevant, at hearing.

66. Admitted in part. It is admitted that on April 29, 2016, Judge Salapa issued a Recommended Decision approving the Settlement. The remaining averments of this paragraph contain statements of law to which no response is required.

67. Admitted. It is admitted that Judge Salapa’s Recommended Decision contains the language set forth in this paragraph. By way of further answer, it is averred that the Recommended Decision contains additional discussion about the clawback provision, including a recognition that the Settlement reserves the rights of all parties to propose modifications to or termination of the

clawback charge and that this provision is not intended to apply to other proceedings. It is further averred that the Recommended Decision does not address issues concerning the proper computation or application of the clawback charge as raised by Respond Power's Complaint.

68. Denied. Respond Power denies the Company's characterization of the conclusions of the Recommended Decision, which speaks for itself.

69. Admitted. By way of further answer, Respond Power avers that the statement of Chairman Gladys Brown referenced in this paragraph contains no reference to the clawback provision. Rather, it is averred that Chairman Brown's statement addresses only her view that the procurement strategy in the Company's default service plan satisfies the "prudent mix" procurement requirements of Code Section 2807(e), 66 Pa. C.S. § 2807(e). It is further averred that the Commission's Order does not contain any acknowledgment that approval of the Settlement would modify the existing default service program.

70. Admitted in part and denied in part. It is admitted that the Company invoiced Respond Power in the amount of \$305,891 on September 30, 2016. Based upon reasonable investigation, Respond Power is without sufficient information or knowledge to form a belief as to the remaining averments of this paragraph and demands proof thereof, if relevant, at hearing. By way of further answer, Respond Power believes and therefore avers that the Company included write-offs as part of its analyses that represented amounts due and payable for Respond Power's supply charges dating back to 2014 and earlier.

71. Admitted.

72. Denied. Respond Power denies the Company's characterization of Judge Salapa's January 23, 2017 Order, which speaks for itself.

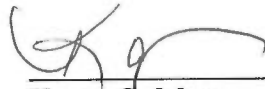
73. Admitted.

74. Admitted.

75. Denied. Respond Power denies the Company's characterization of the Commission's July 13, 2017 Opinion and Order, which speaks for itself. It is further denied that a complainant challenging a tariff must prove that facts and circumstances have changed so drastically as to render the application of the tariff unreasonable.

76. The averments of this paragraph contain conclusions of law to which no response is required.

Respectfully submitted,



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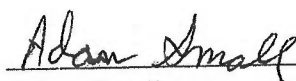
December 8, 2017

Attorney for Respond Power LLC

VERIFICATION

I, Adam Small, hereby state that: (1) I am General Counsel for Respond Power LLC; (2) I am authorized to verify the facts in this document on behalf of Respond Power, LLC; and, (3) the facts set forth in this document are true and correct to the best of my knowledge, information and belief. I understand that the statements herein are made subject to the penalties of 18 Pa. C.S. § 4904 (relating to unsworn falsification to authorities).

Date: December 8, 2017



Adam Small
General Counsel
Respond Power LLC