

COMMONWEALTH OF PENNSYLVANIA



OFFICE OF CONSUMER ADVOCATE

555 Walnut Street, 5th Floor, Forum Place
Harrisburg, Pennsylvania 17101-1923
(717) 783-5048
800-684-6560

FAX (717) 783-7152
consumer@paoca.org

December 8, 2017

Rosemary Chiavetta, Secretary
PA Public Utility Commission
Commonwealth Keystone Bldg.
400 North Street
Harrisburg, PA 17120

Re: 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

Dear Secretary Chiavetta:

Enclosed please find the Office of Consumer Advocate's Comments in the above-referenced proceeding.

Copies have been served per the attached Certificate of Service.

Respectfully Submitted,

/s/ Christy M. Appleby
Christy M. Appleby
Assistant Consumer Advocate
PA Attorney I.D. # 85824
E-Mail: CAppleby@paoca.org

Enclosures

cc: Daniel Mumford, Office of Competitive Market Oversight
Kris Brown, Law Bureau
Certificate of service

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CERTIFICATE OF SERVICE

Petition of PPL Electric Utilities Corporation :
For Approval of a Default Service Program and : Docket No. P-2016-2526627
Procurement Plan for the Period June 1, 2017 :
Through May 31, 2021 :

I hereby certify that I have this day served a true copy of the following document, the Office of Consumer Advocate's Comments in the manner and upon the persons listed below:

Dated this 8th day of December 2017.

SERVICE BY HAND DELIVERY and FIRST CLASS MAIL

Gina L. Miller, Esquire
Bureau of Investigation & Enforcement
400 North Street
Harrisburg, PA 17120

SERVICE BY E-MAIL and FIRST CLASS MAIL

David B. MacGregor, Esquire
Christopher T. Wright, Esquire
Michael W. Hassell, Esquire
Lindsay A. Berkstresser, Esquire
Post & Schell PC
17 North Second Street, 12th Floor
Harrisburg, PA 17101

Thomas Sniscak, Esquire
Judith Cassel, Esquire
Todd S. Stewart, Esquire
Hawke McKeon and Sniscak, LLP
100 North 10th Street
Harrisburg, PA 17101
NextEra Energy Power Marketing, LLC

Kimberly A. Klock, Esquire
Amy E. Hirakis, Esquire
PPL Electric Utilities Corporation
2 North Ninth Street
Allentown, PA 18101

Kenneth L. Mickens, Esquire
316 Yorkshire Drive
Harrisburg, PA 17111
Sustainable Energy Fund

Steven C. Gray, Esquire
Office of Small Business Advocate
Commerce Building, Suite 1102
300 North Second Street
Harrisburg, PA 17101

H. Rachel Smith, Esquire
100 Constellation Way, Suite 500C
Baltimore, MD 21202
Exelon Business Services Corp.

Patrick M. Cicero, Esquire
Elizabeth R. Marx, Esquire
Joline Price, Esquire
Pennsylvania Utility Law Project
118 Locust Street
Harrisburg, PA 17101
CAUSE-PA

Daniel Clearfield, Esquire
Deanne M. O'Dell, Esquire
Sarah C. Stoner, Esquire
Carl Shultz, Esquire
Karen O. Moury, Esquire
Eckert, Seaman, Cherin & Mellott, LLC
213 Market St., 8th Floor
Harrisburg, PA 17101
Retail Energy Supply Association

/s/ Christy M. Appleby

Christy M. Appleby
Assistant Consumer Advocate
PA Attorney I.D. # 85824
E-Mail: CAppleby@paoca.org

David T. Evrard
Assistant Consumer Advocate
PA Attorney I.D. # 33870
E-Mail: DEvrard@paoca.org

*242385

Charles E. Thomas III, Esquire
Thomas Niesen & Thomas, LLC
212 Locust Street, Suite 600
Harrisburg, PA 17101
Noble Americas Energy Solutions LLC

Pamela C. Polacek, Esquire
Adeolu A. Bakare, Esquire
Alessandra L. Hylander, Esquire
McNees, Wallace & Nurick, LLC
100 Pine Street
P.O. Box 1166
Harrisburg, PA 17108-1166
PPLICA

Aron J. Beatty
Senior Assistant Consumer Advocate
PA Attorney I.D. # 86625
E-Mail: ABeatty@paoca.org

Counsel for
Office of Consumer Advocate
555 Walnut Street
5th Floor, Forum Place
Harrisburg, PA 17101-1923
Phone: (717) 783-5048
Fax: (717) 783-7152

BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION

Petition of PPL Electric Utilities Corporation :
For Approval of a Default Service Program and : Docket No. P-2016-2526627
Procurement Plan for the Period June 1, 2017 :
Through May 31, 2021 :

COMMENTS
OF THE
OFFICE OF CONSUMER ADVOCATE

I. INTRODUCTION

On November 8, 2017, the Public Utility Commission (Commission) issued a Tentative Order in the above-referenced docket. In its Tentative Order, the Commission addressed the recommendations from the Office of Competitive Market Oversight (OCMO) regarding operational issues concerning the implementation of PPL Electric Utilities Corporation’s (PPL or Company) Customer Assistance Program-Standard Offer Program (CAP-SOP). Tentative Order at 1. The Commission previously approved the implementation of a CAP-SOP, effective June 1, 2017, in its Order entered October 16, 2016. (October 16 Order).

In its Tentative Order, the Commission stated that the “Commission’s prior Orders in this proceeding did not adequately address how customers who are receiving service from an electric generation supplier (EGS) after June 1, 2017, and subsequently enroll in CAP are to be transferred to default service or PPL CAP-SOP.” Tentative Order at 1-2. The Commission identified specific operational issues regarding when customers served by an EGS become CAP customers and proposed clarifications to those concerns. The OCA submits these Comments regarding the operational issues raised in the Commission’s Tentative Order regarding CAP-SOP.

II. COMMENTS

A. Treatment Of Month-To-Month EGS Customers Enrolling In CAP

Effective June 1, 2017, the CAP-SOP is the only vehicle that a CAP customer may use to shop and receive supply from an EGS. October 16 Order at 69. All CAP customers with fixed-term contracts in effect as of the effective date were to remain until the end of the contract term or until the contract was terminated. October 16 Order at 70. Once the CAP customer's existing EGS contract expires or is terminated, the CAP customer will have the option to return to default service or to enroll in the CAP-SOP. October 16 Order at 70. While the October 2016 Order addresses what must happen to a customer who is currently enrolled in CAP on a fixed price contract, the Order does not specifically address how customers on a month-to-month contract will be transitioned to the CAP-SOP or back to default service. Participants at the Commission-mandated August 2017 stakeholder meeting identified concerns with the immediate transition of the customers to default service or the CAP-SOP and whether such transfer was consistent with the Commission's EGS notice regulations. See Tentative Order at 5-8.

To address this issue, the Tentative Order proposed a 120 day timeframe for EGSs to return CAP customers receiving service on month-to-month contracts to default service or to CAP-SOP service once the customer enrolls in CAP. The Tentative Order stated:

Regarding customers that are taking supply service from an EGS through a month-to-month contract and subsequently is enrolled in PPL's CAP, we propose the following:

A shopping customer who subsequently becomes CAP-eligible must be dropped by the supplier to PPL default service within 120 days after the customer is enrolled in CAP. The CAP customer will then have the option to enroll in the CAP-SOP or return to default service, but in any event, will only be able to shop through the CAP-SOP.

Tentative Order at 8-9. The Commission stated that this will give suppliers the time needed to provide appropriate notices to the customer as required by 52 Pa. Code § 54.10. Tentative Order at 9. The Tentative Order further stated “We believe that the immediate dropping of these customers is inappropriate because it makes it impossible for suppliers to comply with the notice regulations – and from the customer’s perspective – it is too abrupt.” Tentative Order at 9.

The OCA has concerns with the Commission’s proposed Tentative Order on this issue. The OCA is concerned that the Commission’s Tentative Order relies upon notices for expiration of fixed term contracts, not month-to-month contracts, which could delay a CAP customer’s transition to default service or the CAP-SOP. Customers on a month-to-month contract, without a cancellation fee, should be able to be moved into CAP within thirty days.

The OCA submits that there are two groups of customers taking EGS service on “month-to-month” contracts impacted by the Commission’s Tentative Order. The first group is customers who were previously on a fixed price contract and have been defaulted to a month-to-month contract. The second group is those customers who signed up for a variable rate contract.

Regarding the first group of customers (shopping customers who have defaulted to a month-to-month contract from a fixed price contract), the only notice requirement is for EGS’ to provide a thirty day advanced notice of a price change. Section 54.10(2)(ii) of the Commission’s regulations states, in relevant part:

(ii) Information regarding new pricing or renewal pricing including the price to be charged, per kilowatt-hour, for the first billing cycle of generation service:

(A) If a customer fails to respond to the options notice and is converted to **a month-to-month contract**, the EGS shall provide a disclosure statement under § 54.5 (relating to disclosure statement for residential and small business customers).

(I) Notice of a subsequent change in pricing shall be provided to the customer at least 30 days prior to the new price being charged.

(II) For customers who have elected to receive electronic communications from the EGS, notice of the change in pricing shall be transmitted in the manner chosen by the customer. For all other customers, notice shall be provided by first class mail.

52 Pa. Code § 54.10(2)(ii) (emphasis added). While this is an advanced notice of price change, this notice appears to be intended to allow the customer to exit the service with the EGS or change to another product if the new price is unacceptable. The customer can leave the month-to-month product at any time without a cancellation fee.

The OCA submits that the proposed 120 day waiting period is more than the time required under the Commission's regulations for customers who are on a month-to-month contract to take an action. Customers on month-to-month contracts receive thirty days notice of changes in price and can act any time within that thirty days to change service. The Commission stated that the purpose of the additional time is to allow EGSs to comply with the Commission's notice provisions at Section 54.10 and "is too abrupt" from the customer's perspective. Tentative Order at 9. The OCA submits, however, that extending the transfer period for month-to-month customers to 120 days is too long a period of time and is not abrupt under the switching time frames provided by the regulations. Action should be taken in thirty days as that time frame more closely reflects the time frames provided in the regulations.

The second group of customers on "month-to-month" contracts are customers being served under variable rates. These customers are not subject to the notice requirements of 54.10(2) as they are not on fixed term contracts. 52 Pa. Code § 54.10(2). EGSs are not required to provide advance price notices to customers who are on variable rate contracts and the decision to end the contract rests with the customer. Since there are no notice provisions for variable rate customers

in the Commission's regulations, the OCA submits that the proposed 120 day waiting period to be returned to default service or select CAP-SOP is not necessary. CAP customers on variable rate contracts can, and should, be transitioned to default service or to the CAP-SOP pursuant to the Commission's October 16 Order as soon as the customer terminates the variable rate agreement.

B. Treatment Of Fixed Duration Contract EGS Customers Enrolling In CAP

The Tentative Order proposed to allow EGS customers that are on fixed-duration contracts that are subsequently enrolled in CAP to continue with EGS service until their EGS contract expires or the contract is terminated by the customer. Tentative Order at 8-9. The OCA submits that allowing a fixed duration contract of a customer seeking to enroll in CAP to continue until expiration could negatively impact the customer and costs paid by non-CAP customers. Contracts can have a significant duration with some suppliers offering 24 month and 36 month duration contracts. The purpose of the CAP-SOP is to mitigate the costs of unrestricted shopping on CAP customers and other ratepayers. If new CAP participants were permitted to enroll in the CAP program with an existing contract of significant duration, the goals of the CAP-SOP will not be fully realized. At this point, the OCA submits that the customer seeking to enroll in CAP should be required to end the contract to enter the CAP. The customer should be informed of the possibility of cancellation fees and provided assistance in evaluating that possibility.¹ The customer should also be given the option of a transfer to default service and CAP by PPL to pursuant to Section 57.172 on the day the contract expires if the customer decides not to terminate the contract.

¹ The OCA would encourage EGSs to waive cancellation fees in those circumstances.

III. CONCLUSION

The OCA appreciates the opportunity to provide these Comments. The OCA respectfully submits that its Comments and recommendations contained herein should be adopted.

Respectfully Submitted,

/s/ Christy M. Appleby

Christy M. Appleby
Assistant Consumer Advocate
PA Attorney I.D. # 85824
E-Mail: CAppleby@paoca.org

Aron J. Beatty
Senior Assistant Consumer Advocate
PA Attorney I.D. # 86625
E-Mail: ABeatty@paoca.org

Counsel for:
Tanya J. McCloskey
Acting Consumer Advocate

Office of Consumer Advocate
5th Floor, Forum Place
555 Walnut Street
Harrisburg, PA 17101-1923
Phone: (717) 783-5048
Fax: (717) 783-7152

DATE: December 8, 2017
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