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August 14, 2019

Rosemary Chiavetta, Secretary
Pennsylvania Public Utility Commission
Commonwealth Keystone Building
400 North Street, 2nd Floor
Harrisburg, PA 17120

**Re: Electric Distribution Company Default Service Plans –
Customer Assistance Program Shopping
Docket No. M-2018-3006578**

Dear Secretary Chiavetta:

PECO Energy Company's Reply Comments in this docket are attached for filing.

Very truly yours,



Ward L. Smith
Counsel for PECO Energy Company

WS/adz
Enclosures

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

ELECTRIC DISTRIBUTION :
COMPANY DEFAULT SERVICE : **DOCKET NO. M-2018-3006578**
PLANS – CUSTOMER ASSISTANCE :
PROGRAM SHOPPING :

REPLY COMMENTS OF PECO ENERGY COMPANY

On February 28, 2019, the Pennsylvania Public Utility Commission (the “Commission”) entered an Order in the above-referenced proceeding (the “Order”) seeking comments on the proposed Policy Statement, with such comments to be filed with the Commission 45 days from the date of publication in the Pennsylvania Bulletin, and reply comments to be filed 15 days thereafter. On June 15, 2019, the Order was published in the Pennsylvania Bulletin, 49 Pa. Bull. 3083, thus establishing a due date of July 30, 2019 for comments and a due date of August 14, 2019 for reply comments. PECO Energy Company (“PECO” or the “Company”) filed its Comments on July 30, 2019, as did numerous other commenters. PECO now submits these Reply Comments in accordance with the Order.

PECO addresses two themes that emerge from the various comments: (1) suggestions that the Commission should delay adoption of the proposed Policy Statement; and (2) the various suggestions made regarding the “contract policing” function – and how those suggestions demonstrate the need to allow flexibility in the CAP Shopping proposals to be made by the various Electric Distribution Companies (“EDCs”).

1. The suggestions to delay adoption of the proposed Policy Statement

Several commenters suggest, either directly or indirectly, that the Commission may be acting prematurely in seeking to adopt this proposed Policy Statement. For the reasons set forth below, PECO finds these suggestions persuasive.

The commenters making this suggestion include the Energy Association of Pennsylvania (“EAP”), which directly recommends (p. 2) that the Commission “should delay any action on CAP shopping until its review of Universal Service Programs (including CAP) and Energy Burden are complete.” Duquesne Light makes the same point, stating (p. 2) that “[g]iven the ongoing proceedings related to assistance programs and energy burden, Duquesne Light believes the proposed CAP shopping policy statement is premature.”

The comments of the Retail Energy Supply Association (“RESA”) do not directly suggest that the Commission should delay adopting the proposed Policy Statement, but some RESA comments, if accepted by the Commission, inferentially would result in delay in adopting the proposed Policy Statement. For example, RESA states (pp. 18-19) that it supports developing processes to incentivize Electricity Generation Suppliers (“EGSs”) “to present offers and continue to serve their low-income customers who enroll in CAP” and recommends “clearly stating [those processes] in the final policy statement.” While RESA does not explicitly describe the procedure that should be used to develop these processes, RESA does note (p. 14) that multi-month collaborative processes were used to determine the company-specific CAP Shopping processes for PPL (12 months) and MetEd (6 months).

PECO notes that, when other EDCs implemented CAP Shopping, they typically implemented processes based on the exchange of “rate ready” billing data between the EGSs and the EDC. That approach is not transferrable to PECO’s systems. In its initial comments (p. 2), PECO noted that “it is currently able to perform ‘bill-ready’ consolidated billing for EGSs, but

does not support ‘rate-ready’ billing functionality; that may in turn affect the manner in which the salient features of the Commission’s [proposed] Policy Statement can be implemented in PECO’s service territory.” At a minimum, this means that if the Commission accepts RESA’s recommendation to include statewide processes in the final policy statement, there may need to be a substantial period of collaboration to identify and develop solutions that are consistent with “bill-ready” data exchange.¹

PECO is prepared to make a CAP Shopping proposal – likely based on the use of bill-ready data exchange – in its March 31, 2020 DSP V filing. With that said, PECO finds the various requests for delay to be persuasive. There is still a great deal of work to be done for low-income customers in other pending dockets. This includes the ongoing reviews of the Universal Service programs and Energy Burden noted by EAP and Duquesne Light. Beyond that, PECO has also committed to a collaborative related to its Fixed Credit Option (“FCO”) CAP Program, to take place in the 4th quarter of 2019, after which PECO will make a filing on March 31, 2020, to address affordability issues identified in the recent external evaluation of its FCO program.² Finally, PECO notes that most or all of the collaborative work done to date on CAP Shopping has been on rate-ready systems, which will provide limited if any meaningful guidance for developing mechanisms that will work for PECO’s bill-ready systems. It thus will be a substantial resource

¹ For the reasons discussed in text, PECO also asks that the Commission reject the recommendation of Duquesne Light (p. 6) that “[b]ased on the extensive record developed in the First Energy proceeding, including a stakeholder collaborative, in which parties agreed that rate-ready billing was the best means to monitor the product, Duquesne Light recommends the proposed Policy Statement be amended to specify that rate-ready billing be required for CAP Shopping products.” Duquesne is free to propose that limitation for its service territory in its next DSP proceeding. PECO, however, did not participate in the MetEd collaborative and does not support rate-ready billing; it therefore requests that it be granted the flexibility to propose a solution consistent with its bill-ready systems.

² See PECO Letter of June 28, 2019 in Dockets M-2013-2290911 and M-2015-2507139.

issue for the Commission, the other stakeholders, and PECO to resolve all those issues and simultaneously address CAP Shopping in PECO's service territory. PECO thus concurs with the other commenters that the Commission should allow the other low-income initiatives to develop prior to adopting the proposed Policy Statement.³

2. The discussion of how to enforce the limits on EGS contracts makes it clear that EDCs should be given substantial flexibility in making their CAP Shopping proposals

The Order (p. 6) provides the following direction regarding the filing of CAP shopping proposals under the proposed Policy Statement:

The mechanics of CAP shopping programs should be addressed by EDC's in their next default service plan proceedings following adoption of the proposed policy statement, so as not to impact current, Commission-approved programs, and to allow for due process for all parties.

In its Comments (p. 2), PECO stated that it "supports this filing procedure for the reasons stated by the Commission and also because this procedure retains flexibility for EDCs to address the needs and constraints of their service territory and systems." In particular, PECO focused on the contract limit enforcing functions – that is, how to enforce the requirements that the contract between EGS and a CAP customer must be at a "rate that is always at or below the EDCs' PTC(s) over the duration of the contract between the EGS and the CAP participant" and cannot include additional fees. PECO stated (p. 2) that it has technical limitations in addressing these issues that are not shared by other EDCs:

Without delving deeply into the mechanics of a future PECO proposal, PECO notes that it is currently able to perform "bill-ready" consolidated billing for EGSs, but does not support "rate-ready" billing functionality; that may in turn affect the manner in which the salient features of the Commission's Policy Statement can be implemented in PECO's service territory. The procedure proposed by the

³ The proposed Policy Statement, 52 Pa. C. S. §69.274, contemplates a six-month buffer period between adoption of the proposed Policy Statement and each EDC's filing of its CAP Shopping proposals in its next-scheduled DSP proceeding. PECO's next DSP proceeding is its DSP V proceeding, which is due to be filed on March 31, 2020. If the Commission does choose to delay adoption of the proposed Policy Statement, that delay thus could also affect the timing of PECO's CAP Shopping proposal.

Commission will allow such EDC-specific issues to be addressed in the default service plan proceeding that is specific to that EDC.

Almost every commenter expressed a view on which entity or types of entities should have enforcement authority and responsibility for the limitations on EGS contracts. From PECO’s perspective, that multiplicity of comments shows two things: (1) the stakeholders do not have a common approach to this issue, and (2) it is thus critical that the Commission allow individual EDCs the flexibility to propose solutions that work in their individual service territory.

The commenters took the following views on this issue:

Commenter	Position on contract enforcement
Consumer Advisory Council, pp. 4-5	It will be essential for EDCs to have procedures in place
PULP and CAUSE-PA, p. 4	The Commission should require EDCs to develop appropriate mechanisms
OCA, p. 9	EGSs must fully inform CAP customers of the consequences of signing a non-compliant contract
WGL Energy, pp. 4-5	EGSs should be allowed to sell non-compliant products if they demonstrate that the contract includes adequate safeguards
UGI, pp. 5-7	EDCs have a role in enforcement, but EGSs should play a commensurate role
PPL, pp. 8-9	Even with rate-ready billing, PPL, as an EDC, does not have a mechanism to enforce or review EGS compliance,
RESA, p. 17	“Placing the EDCs in the position of policing EGS customer contracts is wholly inappropriate.”
EAP, p. 3	EDCs cannot be in the role of policing these contracts
First Energy, p. 5	The burden of enforcement should not be placed on EDCs
Duquesne Light, pp. 4-5	“the burden of ensuring that CAP customers are enrolled in products matching the policy statement guidelines should be borne by the EGSs, as sophisticated business entities with professional staff.”

PECO sides with those commenters who believe that EDCs cannot and should not review EGS contracts with customers to determine whether those customers comply with Commission limitations on EGS contracts. This is especially true since even those EDCs who use rate-ready billing, such as PPL, explicitly state (p. 9) that rate-ready billing gives some insights that are

helpful to enforcement, but “rate ready billing only provides one piece of what is a large need” for information regarding the full terms of the EGS contract that would be needed to enforce the rate cap and other limitations on EGS contract terms. Moreover, PECO does not have even that one piece (rate-ready billing), and it therefore recommends that the Commission retain an approach that allows each EDC to address such mechanisms in a manner that is tailored to their service territory, rather than attempting to impose a one-size-fits-all solution in this proceeding.

CONCLUSION

PECO appreciates the opportunity the Commission has provided to offer these Reply Comments. PECO looks forward to presenting the mechanics of its CAP Shopping proposal in its DSP V proceeding or such other future proceeding as directed by the Commission.

Respectfully submitted,



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