

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

Petition of PPL Electric Utilities :
Corporation for Approval of a Default :
Service Program and Procurement : P-2024-3047290
Plan for the Period from June 1, 2025 :
through May 31, 2029 (DSP VI Program) :

RECOMMENDED DECISION

Before
F. Joseph Brady
Administrative Law Judge

INTRODUCTION

This Decision recommends the Pennsylvania Public Utility Commission (Commission) approve, without modification, the Joint Petition for Approval of Settlement (Joint Petition or Settlement) submitted by PPL Electric Utilities Corporation (PPL Electric or Company), the Office of Consumer Advocate (OCA), the Office of Small Business Advocate (OSBA), the Coalition for Affordable Utility Services and Energy Efficiency in Pennsylvania (CAUSE-PA), and the Retail Energy Supply Association (RESA)(collectively the “Joint Petitioners”). The Settlement is not contested by any party¹ and represents a full settlement to resolve all issues raised in PPL Electric’s request for approval of its sixth Default Service Program and Procurement Plan (DSP VI Program). The DSP VI Program establishes the terms and conditions under which PPL Electric will acquire and

¹ The PP&L Industrial Customer Alliance (PPLICA) and Calpine Retail Holdings, LLC (Calpine) did not oppose the Settlement. NRG Energy, Inc. (NRG), an inactive party, took no position on the Settlement. Shell Energy North America (Shell), an inactive party, did not respond to inquiries regarding the Settlement.

supply default service or provider of last resort service (Default Service) from June 1, 2025 through May 31, 2029 (the “DSP VI Program Period”). The DSP VI Program, *inter alia*, consists of a proposal for competitive procurement of Default Service supply and Alternative Energy Credits (AECs) during the DSP VI Program Period; an implementation plan; a proposed rate design, including a Time-of-Use (TOU) rate option for Default Service during the DSP VI Program Period; a proposal to modify the Company’s current Standard Offer Referral Program (SOP); a change to the date on which the Company files an update to its Transmission Service Charge (TSC); a change to the process for customers who are shopping to enroll in the Company’s Customer Assistance Program (CAP); a proposal to return to wholesale suppliers the obligation to provide a proportionate share of AECs under the Full Requirements contracts for all customer classes; and a contingency plan for the DSP VI Program.

The statutory deadline is December 12, 2024. Thus, the last reasonable public meeting for the Commission to act is November 7, 2024.

HISTORY OF THE PROCEEDING

On March 12, 2024, PPL Electric filed a Petition for Approval of its DSP VI Program. The Petition was filed pursuant to Section 2807 of the Public Utility Code, 66 Pa.C.S. § 2807, and 52 Pa. Code §§ 54.181-54.189.

On March 14, 2024, CAUSE-PA, through its counsel, filed a Petition to Intervene.

On March 20, 2024, the OCA, through its counsel, filed an Answer to the Petition.

On March 28, 2024, PPLICA, through its counsel, filed a Petition to Intervene.

On March 30, 2024, notice of PPL's Petition and Prehearing Conference was published in the *Pennsylvania Bulletin*. 54 Pa.B. 1802 (Mar. 20, 2024). A deadline of April 19, 2024, was established for the filing of formal protests, petitions to intervene and answers. The prehearing conference was set for April 26, 2024.

On April 4, 2024, Calpine, through its counsel, filed a Petition to Intervene.

A Prehearing Conference Order was issued on April 16, 2024, advising the parties of the date and time of the Prehearing Conference and informing them of the procedures applicable to this proceeding.

On April 18, 2024, NRG and RESA, through their counsel, each filed a Petition to Intervene.

On April 19, 2024, the OSBA, through its counsel, filed a Notice of Intervention, Public Statement, and Verification.

Also on April 19, 2024, Shell, through its counsel, filed a Petition to Intervene.

In accordance with the Prehearing Conference Order dated April 16, 2024, PPL, the OCA, the OSBA, CAUSE-PA, RESA, PPLICA, Shell, NRG, and Calpine submitted prehearing memoranda.

A prehearing conference was held as scheduled on April 26, 2024. Counsel for PPL, the OCA, the OSBA, CAUSE-PA, RESA, PPLICA, Shell, NRG, and Calpine participated.

On May 13, 2024, Prehearing Order No. 2 was issued memorializing the matters decided and agreed upon by the parties attending the April 26, 2024 Prehearing Conference.

On May 16, 2024, a Protective Order was issued.

On August 27, 2024, a Joint Petition for Approval of Settlement was filed.

Also on August 27, 2024, the Joint Petitioners filed a Joint Stipulation for the Admission of Testimony and Exhibits into the Evidentiary Record.

Also on August 27, 2024, PPLICA filed a letter indicating that it does not oppose the Settlement.

On August 28, 2024, Calpine filed a letter indicating that it does not oppose the Settlement.

On September 3, 2024, the undersigned issued an Interim Order Granting Joint Stipulation for Admission of Testimony and Exhibits.

On September 4, 2024, the undersigned issued an Interim Order Closing the Record.

THE PROPOSED SETTLEMENT

The Joint Petition is signed by PPL Electric, OCA, OSBA, CAUSE-PA, and RESA. Copies of a *pro forma* Default Service Request for Proposals Process and Rules (Default Service RFP), a *pro forma* Default Service Supplier Master Agreement (Default Service SMA), a *pro forma* Long-Term Block Request for Proposals Process and Rules (Long-Term Block RFP), a *pro forma* Long Term Block Supplier Master Agreement (Long-Term Block SMA), a *pro forma* Long-Term PA Solar AEC Request for Proposals Process and Rules (PA Solar AEC RFP), a *pro forma* Long-Term PA Solar AEC Supplier Master Agreement (PA Solar AEC SMA), a *pro forma* AEC Request for Proposals Process and Rules (AEC RFP), a *pro forma* AEC Supplier Master Agreement (AEC SMA), a *pro forma* contingency Block Energy Request for Proposals Process and Rules (contingency Block RFP), and a *pro forma* contingency Block Energy Supplier Master Agreement (contingency Block SMA) are attached to the Settlement as Attachments A through J. A Program Product Procurement Schedule is attached as Attachment K. Tariff provisions for the Generation Supply Charge-1 (GSC-1), the Generation Supply Charge-2 (GSC-2) and the Transmission Service Charge (TSC), are attached as Attachment L.

The principal terms and conditions of the proposed settlement are contained in Section III, Paragraphs 14 – 27 of the Joint Petition. For ease of reference, the settlement terms are cited below *in verbatim*, with subheadings and paragraph numbering retained as they appear in the Joint Petition.² The settlement terms are as follows:

² The footnotes contained in this section of this Decision are original, but the numbering has been changed to be consistent with the footnote numbering used throughout the entire Recommended Decision.

A. GENERAL

14. Subject to the terms and conditions of the Settlement, the Parties agree that the proposals set forth in PPL Electric's Petition requesting approval of its DSP VI Program, including the updated³ Default Service SMA, Default Service RFP, Long-Term Block SMA, Long-Term Block RFP, PA Solar AEC SMA, PA Solar AEC RFP, AEC SMA, AEC RFP, contingency Block SMA, and contingency Block RFP, attached to this Settlement as Attachments A through J, the Program Product Procurement Schedule attached hereto as Attachment K, and Tariff provisions for the Generation Supply Charge-1 ("GSC-1"), the Generation Supply Charge-2 ("GSC-2") and the Transmission Service Charge ("TSC"), attached hereto as Attachment L, are accepted and should be adopted by the Commission. Any other party's proposal not specifically identified in this Settlement is not adopted.
15. The Parties agree that PPL Electric's DSP VI Program, as modified by the terms and conditions of the settlement, includes and/or addresses all of the elements prescribed by Section 2807 of the Public Utility Code, the Commission's regulations, and the Commission's policies for a Default Service Plan.

B. FIXED PRICE FULL REQUIREMENTS CONTRACTS TERM LENGTH

16. PPL Electric's proposed 12-month and 24-month Fixed Price Full Requirements contracts for Residential and Small Commercial and Industrial ("Small C&I") classes, and the proposed procurement schedules for these products, are approved.

³ The RFP and SMA documents are revised to reflect the terms of the Settlement and to correct minor errors in the original documents.

C. BILATERAL TRANSFERRED CAPACITY

17. PPL Electric agrees to modify its proposed Long-Term Block product to include only 10-year, 150 MW around-the-clock block energy (“10-Year Energy Block”). The Company agrees not to procure 10-year, 150 MW unforced capacity (“Bilateral Transferred Capacity”), which was proposed in the Company’s Petition. At the time the bid results for the 10-Year Energy Block are submitted to the Commission, the Company’s independent third-party manager shall prepare and submit to the Commission a market information report that identifies the number of independent bids received and price dispersion among the bids received for the 10-Year Energy Block, and such other metrics requested by the Commission upon consultation with PPL Electric, which may be used by the Commission as a guideline in evaluating and deciding whether to accept the bid results.

D. TIME-OF-USE

18. The Company agrees to modify its TOU proposal to retain the seasonal hours of 2 PM – 6 PM for the Summer, and 4 PM – 8 PM for the Winter.
19. PPL Electric will perform a one-time evaluation of the Company’s current TOU rate structure and present the results in its next default service filing. PPL Electric’s evaluation will include an assessment of enrollment rates and customer characteristics conducted through a voluntary survey of customers (e.g., income, air conditioning, rooftop solar and electric vehicles ownership, etc.). The survey will include questions regarding whether customers would prefer an incentive-based program, which PPL Electric will use to inform the Company on whether to consider proposing incentive-based time varying rates in future proceedings. Additionally, PPL Electric’s evaluation will include an analysis of seasonal variation in the calculation of the TOU multipliers.

20. CAUSE-PA's proposal that the Company provide confirmed low-income customers with information about the availability of the Company's universal service programs if they seek to enroll in the TOU rate is adopted.

E. STANDARD OFFER PROGRAM

21. The proposal of OCA and CAUSE-PA to end the Standard Offer Program for the DSP VI period is accepted. All parties reserve their right to make proposals regarding a standard offer program in a future default service proceeding.

F. CUSTOMER ASSISTANCE PROGRAM

22. The Company's proposed CAP shopping rule changes are adopted.

**G. SOLAR ALTERNATIVE ENERGY CREDIT
PROCUREMENT**

23. The Company's proposed Long-Term contract to procure 30,000 PA Solar AECs annually is adopted.

**H. COMMUNICATIONS WITH SHOPPING
CUSTOMERS**

24. Within 60 days after the Commission's Order approving this Settlement, the Company will hold a collaborative to determine the timing, frequency, and content of PPL Electric's written communications sent directly to shopping customers about their contracts and rates for competitive electric generation supply service. All parties to the proceeding will be invited to participate in the collaborative. During the collaborative, PPL Electric will not send written communications directly to shopping customers that contain the customer's rate for generation supply service or include the name of the customer's EGS. This provision in no way impacts information provided on PPL Electric customer bills, information provided to applicants or customers who contact PPL

Electric with questions regarding their bill, or information regarding enrollment in PPL Electric's CAP (known as CAP). This collaborative will include a discussion about whether bill messaging changes are needed to ensure that customers served by a supplier can make a mathematically accurate dollar-for-dollar comparison between their supplier charges and the default service rate. This collaborative process will not include and shall not impact the Company's communications with low-income shopping customers regarding enrollment in PPL Electric's CAP (known as CAP). If the collaborative is unable to reach a consensus on the timing, frequency, and content of the communications, then any Party may submit the matter to the Commission's Office of Competitive Market Oversight ("OCMO") for a staff decision, and the Parties shall request that OCMO issue a staff decision on the timing, frequency, and content of the communications. The Parties shall request that such a decision be issued within 60 days of submission of the matter to OCMO. The Parties reserve the right to petition for reconsideration of the staff action, *i.e.*, the OCMO ruling, pursuant to Section 5.44 of the Commission's Regulations, 52 Pa. Code § 5.44. PPL Electric's communications developed pursuant to the collaborative process will be disseminated to suppliers in a manner chosen by the Company, including making them available on the supplier web portal.

25. The parameters for the communications with shopping customers established according to Paragraph 24 will be effective for the term of the DSP VI Program and will not affect the Company's ability to post information on its website, respond to media inquiries, present information, data, or documents in other proceedings, or communicate with customers who contact PPL Electric, initiate disputes, file informal complaints, or file formal complaints.

I. PRICE TO COMPARE

26. The Parties recognize that RESA raised issues concerning the use of the term “Price to Compare” in this proceeding. The Settlement does not address those issues, and all parties reserve the right to raise and/or respond to those issues in a future proceeding.

J. PETITION FOR DECLARATORY ORDER

27. RESA agrees to withdraw its Petition for Declaratory Order filed at Docket No. P-2022-3036985 with prejudice as to the communications expressly identified in that proceeding.

Joint Petition, ¶¶ 14-27.

In addition, the Settlement contains the following standard settlement provisions in Section V: that it is conditioned upon the Commission’s approval of the agreement without modification; and that if the Commission fails to grant approval of the Joint Petition or modifies any material term or condition of the settlement any party may elect to withdraw from the settlement upon written notice to the Commission and the other Parties within five business days of the entry of the Commission order, and in that case, the settlement will be of no force and effect and each party reserves its right to fully litigate the case; that each term and condition set forth in the Joint Petition is material consideration to the entry into the Settlement by the signatory parties; that the Settling Parties acknowledge and agree that the Settlement shall have the same force and effect as if the Parties fully litigated the proceeding; that if the Commission does not approve the Settlement and the proceedings continue, the Joint Petitioners reserve their rights to evidentiary hearings, submission of additional testimony and exhibits, cross-examination of witnesses, briefing, and argument of their respective positions; that the Settlement is made without any admission against, or prejudice to, any position that any Joint Petitioner may adopt in the event of any subsequent litigation of these proceedings, or in any other proceeding; that the Settlement may not be cited as precedent in any future proceeding, except to the extent

required to implement this Settlement; and that if the ALJ adopts the Settlement without modification, the Signatory Parties waive their right to file Exceptions. *See*, Joint Petition, ¶¶ 32-37.

DISCUSSION

I. Legal Standard

PPL Electric has the burden of proof in this proceeding to establish that it is entitled to the relief it is seeking. 66 Pa.C.S. § 332(a). PPL Electric must establish its case by a preponderance of the evidence. *Samuel J. Lansberry, Inc. v. Pa. Pub. Util. Comm'n*, 578 A.2d 600 (Pa. Cmwlth. 1990). In this case, PPL Electric requests that the Commission approve its default service filing and, therefore, has the burden of proving that the plan satisfies all applicable legal requirements for it to be approved.

PPL Electric's default service implementation plan was filed pursuant to Section 2807(e) of the Public Utility Code, 66 Pa.C.S. § 2807(e). Default service is the basic service that Pennsylvania's electric customers are entitled by law to receive if they do not switch to an alternative retail electric generation supplier (EGS), or if their alternative EGS fails to provide them with service. PPL Electric is the default service provider in its service territory and, therefore, must offer default service that meets specific legal requirements. In general, Act 129 of 2008, 66 Pa.C.S. §§ 2807(e)(3.1)-(3.7), seeks to ensure the availability to all Pennsylvanians of "adequate, reliable, affordable, efficient and environmentally sustainable electric service at the least cost, taking into account any benefits of price stability over time." *See*, Preamble to Act 129, 2008 Pa. Legis. Serv. Act 2008-129 (H.B. 2200). Further, Act 129 declares that it is in the public interest to adopt "energy procurement requirements designed to ensure that electricity obtained reduces the possibility of electric price instability, promotes

economic growth and ensures affordable and available electric service to all residents.”
Id.

Furthermore, Section 2807(e) requires that the default service provider follow a Commission-approved competitive procurement plan, that the competitive procurement plan include auctions, requests for proposal, and/or bilateral agreements, and that the plan include a prudent mix of spot market purchases, short-term contracts, and long-term purchase contracts designed to ensure adequate and reliable service at the least cost to customers over time. 66 Pa.C.S. §§ 2807(e)(3.1) and (3.2). Act 129 also requires that the Commission consider whether the default service provider’s plan includes prudent steps necessary to negotiate favorable generation supply contracts and prudent steps necessary to obtain least cost generation supply contracts on a long-term, short-term and spot market basis, and that neither the default service provider nor its affiliated interest has withheld from the market any generation supply in a manner that violates federal law. *See*, 66 Pa.C.S. § 2807(e)(3.7); *see also*, 52 Pa. Code §§ 54.181-54.189, 69.1802-69.1816.

In this case, the parties submitted a settlement of all issues. Commission policy promotes settlements. 52 Pa. Code § 5.231. Settlements lessen the time and expense the parties must expend litigating a case and at the same time conserve administrative resources. The Commission has indicated that settlement results are often preferable to those achieved at the conclusion of a fully litigated proceeding. 52 Pa. Code § 69.401. The focus of inquiry for determining whether a proposed settlement should be recommended for approval is not a “burden of proof” standard, as is utilized for contested matters. *Pa. Pub. Util. Comm’n v. City of Lancaster – Bureau of Water*, Docket No. R-2010-2179103 (Opinion and Order entered July 14, 2011) (*Lancaster*). Instead, the benchmark for determining the acceptability of a settlement or partial settlement is whether the proposed terms and conditions are in the public interest. *Id.* (citing, *Warner v. GTE North, Inc.*, Docket No. C-00902815 (Opinion and Order entered

April 1, 1996) (*Warner*)); *Pa. Pub. Util. Comm'n. v. CS Water & Sewer Assocs.*, 74 Pa.P.U.C. 767 (1991).

In addition, the Commission has held that parties to settled cases are afforded flexibility in reaching amicable resolutions, so long as the settlement is in the public interest. *Pa. Pub. Util. Comm'n v. MXenergy Elec. Inc.*, Docket No. M-2012-2201861 (Opinion and Order entered Dec. 5, 2013).

Finally, all decisions of the Commission must be supported by substantial evidence. 2 Pa.C.S. § 704. "Substantial evidence" is such relevant evidence that a reasonable mind might accept as adequate to support a conclusion. More is required than a mere trace of evidence or a suspicion of the existence of a fact sought to be established. *Norfolk & W. Ry. Co. v. Pa. Pub. Util. Comm'n*, 413 A.2d 1037 (Pa. 1980); *Erie Resistor Corp. v. Unemployment Comp. Bd. of Rev.*, 166 A.2d 96 (Pa. Super. 1961); *Murphy v. Pa. Dept. of Pub. Welfare, White Haven Ctr.*, 480 A.2d 382 (Pa. Cmwlth. 1984).

The Joint Petition will be examined in accordance with the above principles. As discussed in more detail below, the proposed settlement is reasonable and in the public interest and therefore recommended to be approved without modification by the Commission. It represents a just and fair compromise by all active Parties who represent a variety of interests, of the serious issues that arose in this proceeding. The fact that no party opposes the settlement is significant. This conclusion is based on my analysis of the following key terms of the Settlement and accompanying statements in support.

II. Analysis

A. General

The Settlement provides for the adoption of the Company's proposed updated Default Service Supply Master Agreement, Default Service Request for Proposals Process and Rules, Long-Term Block Supplier Master Agreement, Long-Term Block PA Solar Alternative Energy Credit Request for Proposals Process and Rules, Alternative Energy Credit Supplier Master Agreement, Alternative Energy Credit Request for Proposals Process and Rules, contingency Block Energy Supplier Master Agreement, and contingency Block Energy Request for Proposals Process and Rules. Settlement, ¶¶ 14-15, Attach. A-J. The Settlement also attaches the Program Product Procurement Schedule, the Generation Supply Charge-2, and the Transmission Service Charge. Settlement, Attach. K-L. Under the Settlement, the parties agree that the Settlement terms, as modified by the Settlement, include and/or address all of the required elements of Section 2807 of the Public Utility Code, the Commission's regulations, and the Commission's policies for a Default Service Plan. Settlement, ¶ 15.

The requirements for a default service plan can be found in Section 2807 of the Code, Sections 54.181-54.189 of the Regulations, and a Policy Statement addressing default service plans at Sections 69.1802-69.1817 of the Regulations. *See* 66 Pa.C.S. § 2807; 52 Pa. Code §§ 54.181-54.189, 69.1802-69.1817. These requirements include that the Default Service provider follow a Commission-approved competitive procurement plan; that the competitive procurement plan include auctions, requests for proposal, and/or bilateral agreements; that the plan include a prudent mix of spot market purchases, short-term contracts, and long-term purchase contracts designed to ensure adequate and reliable service at the least cost to customers over time; and that the Default Service provider shall offer a TOU program for customers who have smart meter technology. 66 Pa.C.S. §§ 2807(e), (f).

Pursuant to Section 2807(e)(3.1) of the Public Utility Code, a Default Service provider shall provide Default Service pursuant to a Commission-approved competitive procurement plan that includes auctions, RFPs, and/or bilateral agreements. 66 Pa.C.S. § 2807(e)(3.1). Under the proposed DSP VI Program, PPL Electric will acquire the Residential and Small Commercial and Industrial (Small “C&I”) Customer Class default service supply through a series of 12- and 24-month fixed-price, load-following, full-requirements supply (FPFR) contracts. Settlement ¶ 16; PPL Electric St. No. 1, pp. 9, 13-15. The FPFR contracts will reincorporate AECs into the supplier obligations. PPL Electric St. No. 1, p. 30. PPL Electric will also procure 150 MWs of Block Energy supply through 10-year contracts to be used in serving the Residential customer class. Settlement ¶ 17; PPL Electric St. No. 1, pp. 14, 16-18. The Company will issue a 20-year RFP for up to 30,000 PA Solar AECs to satisfy a portion of its AEC obligation for the Long-Term Block product. Settlement ¶ 23; PPL Electric St. No. 1, pp. 31-32. The remainder of the needed AECs for the Long-Term Block product will be obtained during annual AEC auctions held each July. PPL Electric St. No. 1, p. 33.

For the Large Commercial and Industrial (Large C&I) Customer Class, PPL Electric will continue to enter into annual contracts with suppliers for the provision of the default service spot market full-requirements supply, including procurement of AECs. PPL Electric St. No. 1, pp. 21-22.

The Company will obtain its default service supply needs through transparent competitive solicitations, with all qualified wholesale suppliers being eligible to participate. PPL Electric will implement the DSP VI Program by holding solicitations pursuant to a series of RFPs to obtain the default service products from competitive wholesale generation suppliers. Separate bids will be solicited for the Residential, Small C&I, and Large C&I Customer Classes. The schedule for solicitations is included with the Settlement. PPL Electric St. No. 1, pp. 13-15; Settlement Attach. A, K.

Section 2807(e)(3.2) of the Public Utility Code provides that electric power procured by a Default Service provider shall include a prudent mix of spot market purchases, short-term contracts, and long-term purchase contracts. 66 Pa.C.S. § 2807(e)(3.2). For both the Residential and Small C&I Customer Classes, PPL Electric’s DSP VI Program will use FPFR products with 12- and 24-month contract terms. Settlement ¶ 16; PPL Electric St. No. 1, pp. 9, 13-15. In addition, the Company will procure a meaningful percentage (approximately 15%) of Residential supply through long-term block contracts. PPL Electric St. No. 1, p. 17. The Company also will issue a 20-year RFP for up to 30,000 PA Solar AECs to satisfy a portion of its AEC obligation for the Long-Term Block product. Settlement ¶ 23; PPL Electric St. No. 1, pp. 31-32. PPL Electric’s DSP VI Program also proposes to continue to obtain Default Service supply on a real-time hourly basis through the PJM Interconnection, LLC (PJM) spot market for Large C&I Customer Class. PPL Electric St. No. 1, p. 21.

Consistent with the requirements of 66 Pa.C.S. § 2807(e)(3.4), PPL Electric’s DSP VI Program will provide adequate and reliable service to customers. As explained above, PPL Electric’s Default Service supply will be procured primarily through FPFR contracts. These products obligate a wholesale electricity supplier to provide a fixed percentage (referred to as a “tranche”) of PPL Electric’s default service hourly load during every hour of a product’s term. By assuming this obligation, wholesale suppliers are responsible for managing the acquisition of energy, capacity, transmission (other than defined non-market based transmission services), AECs, ancillary services, and any other related products (net of transmission and distribution losses) to meet Default Service customers’ hourly load. PPL Electric St. No. 2, p. 4. These contracts will ensure that PPL Electric will be able to provide sufficient and reliable Default Service to customers.

Pursuant to Section 2807(e)(3.4) of the Public Utility Code, Default Service providers are to obtain Default Service supply at the “least cost to customers over time.”

66 Pa.C.S. § 2807(e)(3.4). The FPFRR supply for Residential and Small C&I Default Service customers will be procured through widely advertised, well-defined solicitations where the overarching objective is to seek out the lowest-cost suppliers. By obtaining the Residential and Small C&I Default Service supplies through competitive solicitations in the form of an auction, PPL Electric is able to obtain default supplies at the lowest possible cost for the product being procured. PPL Electric St. No. 2, pp. 30-33. Wholesale competition among suppliers of the spot market-priced product will ensure that PPL Electric provides default service for Large C&I customers at the lowest possible cost available at the time. PPL Electric Statement No. 2, p. 34.

The Commission's Default Service Regulations require that a default service plan include copies of agreements or forms to be used in the procurement of electric generation supply for Default Service customers. *See* 52 Pa. Code § 54.185(e)(6). Copies of the updated *pro forma*: Default Service RFP, Default Service SMA, Long-Term Block RFP, Block SMA, PA Solar AEC RFP, PA Solar AEC SMA, RFP, AEC SMA, contingency Block RFP, and a contingency Block SMA are included with the Settlement as Attachments A through J, respectively. The Settlement also contains *pro forma* tariff provisions for the GSC-1, GSC-2, and the TSC to implement rates under the DSP VI Program.

The RFPs and SMAs are substantially the same as those used in DSP V with several additions incorporated. One incorporation is the ISDA 2018 U.S. Resolution Stay Protocol (Protocol) as a supplement to the various SMAs. This addition will enable market participants subject to the regulations issued by the Board of Governors of the Federal Reserve System (12 C.F.R. §§ 252.2, 252.81-88), the Federal Deposit Insurance Corporation (12 C.F.R. §§ 382.1-7) and the Office of the Comptroller of the Currency (12 C.F.R. §§ 47.1-8) (U.S. Stay Regulations) to participate in the Company's Default Service solicitations. The U.S. Stay Regulations impose certain requirements on the terms of swaps, repurchase agreements and other qualified financial contracts for global

systemically important banking organizations and their subsidiaries and affiliates (GSIBs). Wholesale suppliers that are GSIBs have not been able to participate in PPL Electric's Default Service supply solicitations because the SMAs approved by the Commission for DSP V does not incorporate the Protocol. The addition of the Protocol will allow additional parties to compete and bid in PPL Electric's Default Service procurements. PPL Electric St. No. 1, p. 43.⁴

Another revision is to establish a capacity proxy price (CPP) for the full requirements SMAs and true-up mechanism for when PJM does not conduct a Base Residual Auction (BRA) for capacity in time for bidders to incorporate a known capacity price into the formulation of their bids. If the capacity price is not known for the months of the delivery period for a product offered at least five business days prior to the bid date, bidders would use the CPP to formulate their bids. Under the Full Requirements SMA, winning bidders would be made whole for the difference between the CPP and the actual capacity price that bidders pay to PJM. PPL Electric St. No. 1, p. 44. According to PPL Electric, this true-up mechanism provides greater certainty to bidders regarding compensation for costs to PJM for capacity and should encourage participation in the auctions, leading to greater competition and better prices. PPL Electric St. No. 1, p. 45.

The SMAs also contain clarifications to the supplier secured credit provisions, including a clarification that prepayments are not to be included in defining Tangible Net Worth. PPL Electric St. No. 1, p. 42. PPL also requested that the Commission approve the DSP VI SMAs as affiliated interest agreement under 66 Pa.C.S. § 2102. Under 52 Pa. Code § 54.186(b)(5), an affiliated supplier of PPL Electric may participate in a Default Service Provider's competitive bid solicitations for generation

⁴ By Order entered February 1, 2024, the Commission approved a Petition of PECO Energy Company to incorporate the Protocol into its Default Service contracts. *Petition of PECO Energy Company for approval to Modify its Default Service Supplier Master Agreement*, Docket No. P-2023-3045119 (Order entered Feb. 1, 2024).

service.⁵ It would not be practical or efficient, in light of the procurement schedule, for the Commission to review the SMA contracts under 66 Pa.C.S. § 2102 following the solicitation processes.

Section 69.1807(8) of the Commission's Default Service and Electric Retail Markets Statement of Policy provides that the competitive bid solicitation process should be monitored by an independent evaluator to achieve a fair and transparent process for each solicitation. 52 Pa. Code § 69.1807(8). The Default Service and Electric Retail Markets Statement of Policy also states that the independent evaluator should have expertise in the analysis of wholesale energy markets, including methods of energy procurement. *Id.* Consistent with these requirements, PPL Electric has retained NERA Economic Consulting as the independent third-party manager to administer each procurement, analyze the results of the solicitations for each customer class, select the supplier(s) that will provide services at the lowest cost and submit all necessary reports to the Commission. PPL Electric St. No. 1, pp. 45-46.

The Commission's Default Service Regulations require that a Default Service plan include contingency plans to ensure the reliable provision of default service if a wholesale generation supplier fails to meet its contractual obligations. *See* 52 Pa. Code § 54.185(e)(5). In this proceeding, PPL Electric proposed to continue the contingency plan from the DSP V Program for FPFR contracts. PPL Electric St. No. 1, p. 48. Specifically, if the Commission rejects all bids for a given product, in any solicitation, or if some tranches of a given product in a particular solicitation do not receive bids, the Company will expeditiously seek guidance and approval from the Commission to address this shortfall in procurement of Default Service supply. To the extent that unfilled tranches remain at the commencement of delivery for a given product, the Company will obtain Default Service supply through the spot market administered by

⁵ PPL Electric notes that it does not currently have any affiliated suppliers. PPL Electric St. No. 1, p. 55.

PJM. *Id.* For the 10-year block energy contracts, if the Company is unable to procure a minimum of 100 MW, PPL Electric will issue an RFP for a five-year block product in 50 MW increments until the 100 MW minimum threshold is procured. If the Company's solicitation for 150 MW yields no response or the Commission rejects all bids, PPL Electric will enter into contingency block energy contracts totaling 100 MW. For contingency block energy contracts, if the Commission rejects all bids for a given product, in any solicitation, or if there are not at least two wholesale suppliers submitting offers for the block energy tranches, the Company will offer the unsuccessful block energy tranches during the next Default Service auction. The term of the contingency block contract will remain at 5 years when rebid. Following the third unsuccessful auction for the block product, PPL Electric will cease offering the block product and instead seek PUC guidance. PPL Electric St. No. 1, pp. 49-50.

For AECs not procured through the FPR contracts, if PPL Electric is unable to procure Long-Term PA Solar AECs through the RFP, the Company will use the annual July auction to procure additional AECs needed to satisfy the Long-Term Block product's AEPS requirements. If PPL Electric does not obtain sufficient bidder activity for the AEC portion of the July auctions, the Company will revert to using at least 3 brokers to procure AECs to satisfy the AEPS obligations. If brokers are unable to provide the Company with the necessary amount of AECs, PPL Electric will pay the Alternative Compliance Payment (ACP) to remain compliant with the AEPS. PPL Electric St. No. 1, p. 50.

The Commission's Default Service Regulations require that a Default Service plan include a rate design plan recovering all reasonable costs of Default Service, including a schedule of rates, rules and conditions of default service in the form of proposed revisions to its tariff. *See* 52 Pa. Code § 54.185(e)(3). The costs incurred by PPL Electric to provide Default Service to the Residential and Small C&I Customer Classes will be recovered through the GSC-1, which is separately computed with respect

to each Customer Class. Costs recovered in the GSC-1 will include, among other costs, those costs incurred under the various supplier contracts, AEC-only contract costs, and costs incurred to acquire the supply and administer the DSP VI Program. PPL Electric St. No. 4, pp. 6-7. The costs incurred by PPL Electric to provide Default Service to the Large C&I Customer Class will be recovered through the GSC-2. Costs recovered in the GSC-2 will include PJM spot market energy, PJM capacity charges, the suppliers' charge for all other services based upon winning bids in the annual solicitation, and PPL Electric's costs to acquire the supply and administer the DSP VI Program. PPL Electric St. No. 4, pp. 9-10. The Company also has a TSC, which recovers the demand-related portion of the charges that PPL Electric incurs to provide service to Default Service customers, as well as other non-kW-based charges incurred to provide transmission service. These TSC charges pass through FERC-approved transmission rates charged by PJM pursuant to its Open Access Transmission Tariff (OATT). PPL Electric St. No. 4, p. 4. In its Petition, the Company proposed to change the twelve-month computation period from a starting period of June 1 to a starting period of December 1. Consistent with this change, the Company also proposed to change the reconciliation period from the twelve-months ended March 31 to the twelve-months ended September 30 of each year. The reason for this change is that PPL Electric's FERC-approved transmission formula rate, as recognized in the OATT, has changed and has been approved to be effective January 1 of each year based on FERC Docket ER22-2719-001. The new rate is posted as of October 31 of each year to be effective the following January 1. PPL Electric St. No. 4, p. 5. No parties opposed this change, and it is reflected in the TSC tariff provided as Attachment L to the Settlement.

The Commission's Default Service Regulations require that a Default Service plan be consistent with the legal and technical requirements pertaining to the generation, sale and transmission of electricity of the RTO or other entity in whose control area the default service provider is providing service, and that the default service procurement plan's period of service must align with the planning period of that RTO or

other entity. *See* 52 Pa. Code § 54.185(e)(4). The Company will provide Default Service within the control area of PJM, which is an RTO approved by the FERC. PPL Electric's DSP VI Program is consistent with the legal and technical requirements pertaining to the generation, sale and transmission of electricity of PJM. PPL Electric St. No. 1, pp. 46-47. PPL Electric's DSP VI Program aligns with the PJM's planning period, *i.e.*, begins June 1. PPL Electric St. No. 1, p. 46.

In this proceeding, PPL Electric proposed to continue the four-year plan format that was successfully used in DSP IV and DSP V. PPL Electric St. No. 1, p. 6. This approach will save litigation time and costs for PPL Electric, other parties that participate in DSP proceedings, and the Commission. No party opposed PPL Electric's proposal to continue the four-year program term.

Pursuant to 52 Pa. Code § 54.185(f), a Default Service provider "shall include requests for waivers from the provisions of this subchapter in their Default Service program filing. Consistent with the Commission's regulations, PPL Electric requested a waiver of a limited number of the Commission's regulations as identified below. Specifically, PPL Electric requested the following waivers:

- A waiver to continue to provide semi-annual Price to Compare (PTC) price changes, which has been used in DSP III through V.
- A waiver to continue the issuance of the PTC 30 days in advance of the effective date that was approved for DSP III through DSP V.

As summarized above, PPL Electric's proposed DSP VI plan consists of a prudent mix of products that include spot market purchases, short-term contracts, and

long-term purchase contracts designed to ensure adequate and reliable service at the least cost to customers over time addressing all of the elements prescribed by Section 2807 of the Public Utility Code, the Commission’s regulations, and the Commission’s policies for a Default Service plan. Accordingly, I find the DSP VI Program, as modified by the Settlement, is reasonable, in the public interest, and recommended it be approved without modification.

B. Fixed Price Full Requirements Contracts Term Length

Under the Settlement, the Parties accept the use of 12- and 24-month FPFR contracts for Residential and Small C&I customers, as well as the changes to the auction dates. Settlement ¶ 16. OCA witness, Dr. Ogur, summarized this portion of the Settlement well, stating:

[t]he residential default service load is proposed to be supplied from four sources: 24-month fixed-price full-requirements (“FPFR”) contracts; 12-month FPFR contracts; two existing five-year, 50 megawatt (“MW”) block energy products (expiring on May 31, 2026 and on November 30, 2026, respectively); and 150 MW of Long-Term Power (“LTP”) Product (also referred to in the Petition and supporting testimony as Long-Term Block supply), delivery of which is proposed to commence on June 1, 2026. Energy from existing block energy and LTP Product contracts would make up approximately 10 percent of the residential default service portfolio through May 2026; 20 percent from June 2026 through November 2026; and 15 percent starting in December 2026 and thereafter. The FPFR contracts would make up the bulk of the power supply, with laddered contracts procured every six months to replace prior contracts set to expire. The remaining 85 percent (after the expiration of the existing five-year energy blocks at the end of November 2026) of residential default service load requirement is to be met from 40 tranches of FPFR contracts, of which 32 (80 percent) are 24-month products and eight (20 percent) are 12-month products.

Each residential tranche represents 2.5 percent of the residential default service load after it is offset by the existing energy block and LTP Product deliveries. If the default service load shrinks or increases (e.g., shrinks due to customers migrating to competitive retail supply or increases due to customers returning to default service), the size of the tranches measured in kilowatt-hours (“kWh”) would correspondingly change in size. Thus, the wholesale suppliers assume the “volumetric risk” of an uncertain load obligation.

OCA St. 1 at 4-5.

Furthermore, the FPFR contracts will be procured through a competitive request for proposals process every six months, in February and July of each year, which is consistent with the Company’s approach in the DSP V. OCA St. 1 at 5. Dr. Ogur also concluded that the Company’s proposal met the requirements of the AEPS Act by having the default service wholesale suppliers provide the number and category of Alternative Energy Credits to PPL stating:

since FPFR contracts would supply approximately 85 percent of the residential default service load, PPL would need to self-supply the AECs corresponding to the energy-only block and LTP Product contracts. To fulfill part of that obligation, PPL proposes to enter into 20-year contracts to procure up to 30,000 solar Tier I AECs annually for delivery beginning June 1, 2026.

OCA St. 1 at 5.

Rate stability for Default Service is a valid interest, as previously recognized by the Commission in its approval of 24-month FPFR contracts by other EDCs. PPL Electric St. No. 2, p. 27. Here, the use of 12- and 24-month contracts, with procurements of at least 30% of FPFR supplies every six months, is a reasonable balance of the dual concerns of rate stability and market reflectivity. This balance of rate stability

with reflectiveness is a benefit because it protects consumers from the shock of price fluctuations. Accordingly, I find these Settlement provisions are reasonable, in the public interest, and recommend they be approved without modification.

C. Bilateral Transferred Capacity

In its Petition, PPL Electric proposed to procure a 10-year Long-Term Block contract for 150 MW. The contract would replace 100 MW of block energy contracts expiring in 2026. PPL Electric St. No. 1, p. 15. The contract would be procured in an October 2025 auction, for delivery beginning June 1, 2026. *Id.* In addition to procuring block energy supply, the proposed Long-Term Block product would also obtain capacity (Bilateral Transferred Capacity) to serve customer requirements. However, the OCA opposed the Bilateral Transferred Capacity component of the Long-Term Block product. The OCA expressed concern that the Company's proposed Bilateral Transferred Capacity element of the LTP Product could lock residential default service customers into capacity prices that are higher than prevailing market prices for 10 years in the absence of customer protections built into the procurement process. OCA St. 1 at 6. The OCA also expressed concern that bundling Block Service with Bilateral Transferred Capacity artificially under the LTP Product also unnecessarily restricts competition for both products. OCA St. 1 at 20-21.

To resolve this issue, the Settlement removes the Bilateral Transferred Capacity component from the Long-Term Block contract. The Company further agrees that when submitting bid results for the revised Long-Term Block contract, PPL Electric's independent third-party manager will provide a market report that will provide relevant information to the Commission to assess the bid results. Settlement ¶ 17. These changes are reflected in attachments C and D to the Settlement.

The Settlement adequately resolves the OCA's concerns regarding the proposed bundling of the Block Service and Bilateral Transferred Capacity in the Long-Term Product by removing the unforced capacity provision. The Settlement also provides for a mechanism to conduct an independent evaluation of the bids to ensure transparency and market reflexivity of the offer prices and establishes a necessary consumer protection. Therefore, I find these Settlement provisions are reasonable, in the public interest, and recommend they be approved without modification.

D. Time-of-use

PPL Electric's currently effective Time-of-Use (TOU) Program has two operating periods, 1) a summer term that runs from June 1 through November 30 annually, and 2) a winter term that runs from December 1 through May 31 annually. PPL Electric St. No. 1, p. 51. The summer term on-peak hours are 2:00 PM through 6:00 PM, Monday through Friday, excluding holidays. *Id.* Off-peak hours are all other hours not deemed on-peak and include weekends and holidays. *Id.* The winter term on-peak hours are 4:00 PM through 8:00 PM, Monday through Friday, excluding holidays. *Id.* Off-peak hours are all other hours, including weekends and holidays. *Id.*

In order to set the discounts provided for the TOU supply, PPL Electric relies on the non-TOU residential default service power supply for the provision of power supply to residential TOU customers and applies a formulaic approach to establishing an off-peak price relative to the generation component of the PTC. OCA St. 1 at 25. PPL Electric sets the off-peak price to 90% of the generation component of the PTC, with peak period prices based on average peak-to-off-peak market ratios. *Id.* The ratios are computed as a five-year moving average, updated each year as more recent data become available. *Id.* This rate calculation continues the method approved for DSP V. PPL Electric St. No. 1, p. 51.

Under the Settlement, the parties agreed to maintain the TOU in its current form. Settlement ¶ 18. PPL Electric further agreed to perform a one-time evaluation of the Company's current TOU rate structure and present the results in its next default service filing. Settlement ¶ 19. PPL Electric's evaluation will include an assessment of enrollment rates and customer characteristics conducted through a voluntary survey of customers (e.g., income, air conditioning, rooftop solar and electric vehicles ownership, etc.). *Id.* The survey will include questions regarding whether customers would prefer an incentive-based program, which PPL Electric will use to inform the Company on whether to consider proposing incentive-based time varying rates in future proceedings. *Id.* Additionally, PPL Electric's evaluation will include an analysis of seasonal variation in the calculation of the TOU multipliers. *Id.*

The Settlement maintains the current TOU mechanism, which provides a default TOU product that customers can use as one factor to assess TOU products offered by the competitive market. The Settlement also provides for further assessment of the TOU, which will help to inform the design of future TOU programs in order to attempt to garner more significant consumer interest and peak demands. Thus, I find these Settlement provisions are reasonable, in the public interest, and recommend they be approved without modification.

E. Standard Offer Program

PPL Electric's Standard Offer Program (SOP) was first established in PPL Electric's DSP II Program. PPL Electric St. No. 3, p. 3. The SOP provides for a discount of 7% off the PTC at the time of enrollment for a 12-month period with no termination or cancellation fees. OCA St. 2 at 5. The actual discount provided to the customer varies during the contract term because PPL Electric's PTC is adjusted semi-annually. OCA St. 2 at 5-6. Therefore, if the PTC decreases during the contract, the customer may lose the value of the promised discount or pay more than the default service. OCA St. 2 at 6.

In addition, PPL Electric noted the SOP creates “brand confusion” for customers because “[m]any of these customers do not choose a SOP supplier and are under the mistaken belief that the SOP is a PPL Electric product.” PPL Electric St. No. 3, p. 7. Therefore, customers view the SOP as a competitive option offered by PPL Electric, which does not ultimately support the advancement of the retail market. *Id.* The Company also observed how customers are harmed by the SOP if they fail to act after the SOP contract expires. *Id.* Specifically, upon the expiration of a customer’s SOP contract, the customer can choose to return to default service or enter a new shopping contract with the existing supplier or a new supplier. *Id.* Unless the customer affirmatively elects to change suppliers or return to default service, the customer is automatically enrolled in a new contract with the customer’s existing supplier at a new rate. *Id.* Analysis of customer actions after the conclusion of the SOP contract has shown that most customers do not take any action upon expiration of their SOP contract and therefore are placed on a new contract at a new rate with their existing supplier. *Id.* This result is problematic because the customer’s new rate is oftentimes higher than the currently effective PTC and higher than the customer’s previous rate. *Id.* Furthermore, the Company’s \$28 referral fee charged to EGSs under the SOP has been in place since SOP started in 2013 and is no longer a market rate for this type of service. *Id.*

As a result, PPL Electric proposed to modify the program to return customers to default service at the end of the program. *Id.* However, these proposals were rejected by the OCA, CAUSE-PA, and RESA. The OCA and CAUSE-PA argued that returning a customer to default service would not completely resolve the issues presented by the SOP and recommended that the Company terminate its SOP. OCA St. No. 2, p. 3; CAUSE-PA St. No. 1, p. 28. The OCA contended that “[b]ased on the continuing documentation that customers who enroll may experience either a discount less than 7% as promised or pay more than the PTC during their SOP contract term, as well as the documented impact of higher prices under the negative option renewal policy

after the SOP contract ends, the program reflects defects that cannot be corrected.” OCA St. No. 2, p. 11. The OCA also noted the lack of consistent EGS participation in the SOP and claimed that it is “inappropriate to inject the EDC into the marketing and enrolling [of] customers with an EGS in a mature market that has existed for over 10 years.” OCA St. No. 2, pp. 11-12. Similarly, CAUSE-PA argued that “the data and analysis over time indicates that neither a positive consumer experience, nor active consumer engagement, have materialized” for SOP. CAUSE-PA St. No. 1, pp. 26-27. RESA pointed out that PPL Electric’s proposal to automatically return customers to default service at the end of their initial SOP contract periods was rejected in the Company’s last DSP proceeding. RESA St. No. 1, pp. 41-45. RESA also disputed the Company’s post-SOP contract notice proposals, claiming that they would be unnecessary and confusing due to the notices that EGSs must provide under the Commission’s regulations. RESA St. No. 1, pp. 47-48.

The Settlement adopts the recommendations of the OCA and CAUSE-PA to end the SOP for the DSP VI period. Settlement ¶ 21. Also, all parties reserved their right to make proposals regarding a standard offer program in a future default service proceeding. Settlement ¶ 21.

The Settlement reflects a reasonable compromise of the parties’ positions, especially when viewed within the Settlement as a whole. PPL Electric, OCA, CAUSE-PA, and RESA all identified issues and concerns with the SOP. Given the issues with the SOP, the Settlement adequately resolves those issues by terminating the SOP for the DSP VI period, while reserving the right for parties to make proposals regarding an SOP in a future default service proceeding. Accordingly, I find these Settlement provisions are reasonable, in the public interest, and recommend they be approved without modification.

F. Customer Assistance Program

PPL Electric's current CAP does not allow participating customers to shop EGSs. This was established in PPL Electric's DSP V Program, after it was demonstrated that shopping CAP customers frequently were enrolled in supplier contracts with prices above the PTC. PPL Electric St. No. 3, p.26. The Company's current CAP rules require a customer to cancel their supplier contract as a condition to enroll in CAP. PPL Electric St. No. 3, p. 27.

PPL Electric determined that requiring customers to cancel their supplier contracts on their own, a precondition to entering CAP, can sometimes be a barrier to prompt CAP enrollment. PPL Electric St. in Supp., p. 26. As a result, PPL Electric proposed to modify its procedures so that the Company can automatically return CAP customers to default service upon enrollment in CAP. *Id.* Additionally, the Company proposed that the Commission order that suppliers are prohibited from charging early termination fees to customers who terminate their contracts to enroll in CAP. *Id.* No parties opposed this proposal, and CAUSE-PA actively supported it. CAUSE-PA St. No. 1, p. 34.

The settlement adopts PPL Electric's proposed CAP modifications with regard to shopping. Settlement ¶ 22. These modifications to PPL Electric's CAP rules permit low-income shopping customers to return to default service upon enrollment in CAP without the additional administrative burden and imposition of early termination or cancellation fees. These new CAP rules will help improve timely access to critical rate assistance programs, while also safeguarding against the financial hardships associated with excessive supplier rates. It is also noted that these CAP rules are modeled after the process approved by the Commission for FirstEnergy's CAP. *See Petition of Metro. Edison Co. for Approval of Its Default Service Plan for the Period : From June 1, 2023 through May 31, 2027*, Docket No. P-2021-3030012 (Order entered Aug. 4, 2022).

Therefore, I find this Settlement provision is reasonable, in the public interest, and recommend it be approved without modification.

G. Solar Alternative Energy Credit Procurement

The Settlement adopts PPL Electric's proposed Long-Term contract to procure 30,000 PA Solar AECs annually. Settlement ¶ 23. PPL proposed two mechanisms for obtaining AECs for the Long-Term Block portion of energy. One mechanism will be a 20-year RFP for up to 30,000 PA Solar AECs. PPL Electric St. No. 1, p. 31. The second mechanism is to use auctions to obtain AECs needed to meet additional AEC requirements. PPL Electric St. No. 1, p. 31.

The only party that opposed the Company's proposed long-term contract to acquire Solar AECs was RESA. RESA St. No 1, pp. 53-54. RESA expressed concerns that the long-term procurement of Solar AECs may not accurately reflect market prices for these AECs and thereby affect future Default Service prices. PPL Electric responded by demonstrating that Solar AECs make up only a very small portion of the PTC, and thus will not substantially affect the total Default Service rate for residential customers. The Company further emphasized the positive effect the contract would have on the growth of Solar facilities in Pennsylvania. PPL Electric St. No. 1-R, p. 7.

Solar AECs are required under the AEPS. The procurement of 30,000 PA Solar AECs over a 20-year term will support the growth of solar in the Commonwealth, as 30,000 AECs requires approximately 20 MW of solar generation. The procurement will also contribute to price stability for customers as well as mitigate potential price increases if supply availability diminishes from market participants attempting to procure larger quantities of AECs. Thus, I find this Settlement provision is reasonable, in the public interest, and recommend it be approved without modification.

H. Communications with Shopping Customers

The Settlement provisions in Paragraphs 24 and 25 are designed to address issues raised in the proceeding by RESA and the OCA. These Settlement provisions address the issues raised by RESA's Petition for Declaratory Order filed at Docket No. P-2022-3036985 regarding PPL's communications with the Company's customers about shopping issues that were referred to the instant proceeding. These Settlement provisions also address the OCA's bill presentment concerns.

The Settlement provides that within 60 days after the Commission's Order approving this Settlement, the Company will hold a collaborative to determine the timing, frequency, and content of PPL Electric's written communications sent directly to shopping customers about their contracts and rates for competitive electric generation supply service. Settlement ¶ 24. All parties to the proceeding will be invited to participate in the collaborative. *Id.* During the collaborative, PPL Electric will not send written communications directly to shopping customers that contain the customer's rate for generation supply service or include the name of the customer's EGS. *Id.* This provision in no way impacts information provided on PPL Electric customer bills, information provided to applicants or customers who contact PPL Electric with questions regarding their bill, or information regarding enrollment in PPL Electric's CAP (known as OnTrack). *Id.* This collaborative will include a discussion about whether bill messaging changes are needed to ensure that customers served by a supplier can make a mathematically accurate dollar-for-dollar comparison between their supplier charges and the default service rate. *Id.* This collaborative process will not include and shall not impact the Company's communications with low-income shopping customers regarding enrollment in OnTrack. *Id.* If the collaborative is unable to reach a consensus on the timing, frequency, and content of the communications, then any Party may submit the matter to the Commission's Office of Competitive Market Oversight (OCMO) for a staff decision and the Parties shall request that OCMO issue a staff decision on the timing,

frequency, and content of the communications. *Id.* The Parties shall request that such a decision be issued within 60 days of submission of the matter to OCMO. *Id.* The Parties reserve the right to petition for reconsideration of the staff action, i.e., the OCMO ruling, pursuant to Section 5.44 of the Commission's Regulations, 52 Pa. Code § 5.44. *Id.* PPL Electric's communications developed pursuant to the collaborative process will be disseminated to suppliers in a manner chosen by the Company, including making them available on the supplier web portal. *Id.* Further, the Settlement clarifies that the parameters for the communications with shopping customers established according to Paragraph 24 will be effective for the term of the DSP VI Program and will not affect the Company's ability to post information on its website, respond to media inquiries, present information, data, or documents in other proceedings, or communicate with customers who contact PPL Electric, initiate disputes, file informal complaints, or file formal complaints. Settlement ¶ 25.

Collectively, these provisions represent a reasonable compromise of the parties' positions on PPL Electric's communications with shopping customers. They are designed to enable the Company and interested parties to work collaboratively on the timing, frequency, and content of the shopping communications. If the parties are unsuccessful, the Settlement specifies that the matter will be submitted to OCMO for its review and disposition, subject to further Commission review. Also, the Settlement clarifies the types of communications that PPL Electric can have with its customers while the collaborative is ongoing. In sum, the Settlement provisions set forth a well-designed process for the parties to try to resolve RESA's issues with PPL Electric's shopping communications while continuing to ensure a well-educated and informed customer base. Accordingly, I find these Settlement provisions are reasonable, in the public interest, and recommend they be approved without modification.

I. Price to Compare

In this proceeding, RESA primarily focused on its concerns related to PPL Electric’s messaging to customers and advocating for a statewide investigation to address the current reliance on the EDC provided default service as the price to compare. RESA St. in Supp., p. 1. According to RESA, “[s]imply referring to the utility’s supply price as a ‘Default Service Rate’ would be a significant improvement, along with other enhancements in messaging to support the ability of customers to make more informed decisions when they evaluate competitive offers.” RESA St. No. 1, p. 16.

PPL Electric, OCA, and CAUSE-PA all challenged RESA’s proposal for a statewide investigation on this issue. PPL Electric and CAUSE-PA argued that the instant default service plan proceeding is not the appropriate forum for such a proposal to be made. PPL Electric St. No. 3-R, p. 20; CAUSE-PA St. No. 1-R, p. 4. Also, CAUSE-PA averred that “[t]he PTC is a straightforward and recognizable concept, and provides the only stable point of comparison of the actual commodity cost – allowing consumers to identify and compare the unit cost of the commodity they are buying, and fairly weigh other terms and conditions of the offer against the cost they will pay.” CAUSE-PA St. No. 1-R, p. 4. Similarly, the OCA contended that “[t]he use of the term PTC permeates the Commission’s educational messaging about the retail energy market, appears on all EDC customer bills, and is the basis for comparing offers among suppliers and with default service on the Commission’s shopping web portal.” OCA St. No. 1-R, p. 5. “The suggestion that the costs incurred, and more than twenty years of customer education should be wiped away in favor of a different term for the same service and to promote customer confusion about how to shop and compare is not reasonable.” *Id.*

Under the Settlement, the Parties recognize that RESA raised issues concerning the use of the term “Price to Compare” in this proceeding. Settlement ¶ 26. The Settlement does not address those issues but reserves the rights of all parties to raise

and/or respond to those issues in a future proceeding. *Id.* This provision provides clarity on the issues raised in this proceeding while reserving the rights of the parties to respond, in future proceedings, to the issues about the continued use of the term PTC. Therefore, I find this Settlement provision is reasonable, in the public interest, and recommend it be approved without modification.

J. Petition for Declaratory Order

In another proceeding at Docket No. P-2022-3036985, RESA filed a Petition for Declaratory Order claiming that PPL Electric's communications with shopping customers about their rates for electric generation supply service were unlawful. That proceeding was held in abeyance pending the Commission's disposition of the instant DSP VI Petition. Paragraphs 24 and 25 of the Settlement set forth the process by which interested parties will work collaboratively to try to develop mutually acceptable shopping communications. As such, this proceeding has addressed, through the Settlement, the issues raised by RESA regarding PPL Electric's shopping communications. For these reasons, under the Settlement, RESA has agreed to withdraw its Petition for Declaratory Order filed at Docket No. P-2022-3036985 with prejudice as to the communications expressly identified in that proceeding. Settlement ¶ 27. The withdrawal of that Petition for Declaratory Order with prejudice will help conserve the parties' time and resources. Moreover, given the collaborative process outlined in the Settlement, there is no need to further address the Company's historic communications with shopping customers. Thus, I find this Settlement provision is reasonable, in the public interest, and recommend it be approved without modification.

CONCLUSIONS OF LAW

1. The Commission has jurisdiction over the subject matter of, and the parties to, this proceeding. 66 Pa.C.S. § 2807.

2. PPL Electric has the burden of proof in this proceeding to establish that it is entitled to the relief it is seeking. 66 Pa.C.S. § 332(a).

3. PPL Electric must establish its case by a preponderance of the evidence. *Samuel J. Lansberry, Inc. v. Pa. Pub. Util. Comm'n*, 578 A.2d 600 (Pa. Cmwlth. 1990).

4. To meet their burden of proof, the default service provider must present evidence more convincing, by even the smallest amount, than that presented by any opposing party. *Se-Ling Hosiery v. Margulies*, 70 A.2d 854 (Pa. 1950).

5. All decisions of the Commission must be supported by substantial evidence. 2 Pa.C.S. § 704.

6. "Substantial evidence" is such relevant evidence that a reasonable mind might accept as adequate to support a conclusion. More is required than a mere trace of evidence or a suspicion of the existence of a fact sought to be established. *Norfolk & W. Ry. Co. v. Pa. Pub. Util. Comm'n*, 413 A.2d 1037 (Pa. 1980); *Erie Resistor Corp. v. Unemployment Comp. Bd. of Rev.*, 166 A.2d 96 (Pa. Super. 1961); *Murphy v. Pa. Dept. of Pub. Welfare, White Haven Center*, 480 A.2d 382 (Pa. Cmwlth. 1984).

7. Commission policy promotes settlements. *See* 52 Pa. Code § 5.231.

8. A settlement lessens the time and expense that the parties must expend litigating a case and, at the same time, conserves precious administrative resources. The Commission has indicated that settlement results are often preferable to those achieved at the conclusion of a fully litigated proceeding. 52 Pa. Code § 69.401.

9. In order to accept a settlement, the Commission must determine that the proposed terms and conditions are in the public interest. *Pa. Pub. Util. Comm'n v. York Water Co.*, Docket No. R-00049165 (Order entered Oct. 4, 2004); *Pa. Pub. Util. Comm'n v. CS Water & Sewer Assocs.*, 74 Pa.P.U.C. 767 (1991).

10. Act 129 of 2008 seeks to ensure the availability to all Pennsylvanians of “adequate, reliable, affordable, efficient and environmentally sustainable electric service at the least cost, taking into account any benefits of price stability over time.” Preamble to Act 129, 2008 Pa. Legis. Serv. Act 2008-129 (H.B. 2200).

11. Act 129 of 2008 declares that it is in the public interest to adopt “energy procurement requirements designed to ensure that electricity obtained reduces the possibility of electric price instability, promotes economic growth and ensures affordable and available electric service to all residents.” Preamble to Act 129, 2008 Pa. Legis. Serv. Act 2008-129 (H.B. 2200).

12. PPL Electric is a default service provider as defined by the Public Utility Code and has an obligation to provide electric generation supply service. 66 Pa.C.S. § 2807(e).

13. Default service providers must follow a Commission-approved competitive procurement plan that includes auctions, requests for proposal, and/or bilateral agreements and a prudent mix of spot market purchases, short-term contracts, and long-term purchase contracts designed to ensure adequate and reliable service at the least cost to customers over time. 66 Pa.C.S. §§ 2807(e)(3.1), (3.2).

14. A default service provider’s plan must include prudent steps necessary to negotiate favorable generation supply contracts, prudent steps necessary to

obtain least cost generation supply contracts on a long-term, short-term and spot market basis and that neither the default service provider nor its affiliated interest has withheld from the market any generation supply in a manner that violates federal law. 66 Pa.C.S. § 2807(e)(3.7).

15. The Joint Petition for Approval of Settlement is recommended to be adopted in its entirety without modification because it is reasonable, in the public interest, and consistent with Commission regulations regarding settlements.

ORDER

THEREFORE,

IT IS RECOMMENDED:

1. That the Joint Petition for Approval of Settlement filed on August 27, 2024, as submitted by PPL Electric Utilities Corporation, the Office of Consumer Advocate, the Office of Small Business Advocate, the Coalition for Affordable Utility Services and Energy Efficiency in Pennsylvania, and the Retail Energy Supply Association, at Docket No. P-2024-3047290, be approved without modification.

2. That the Petition for Approval of its Default Service Plan VI Program filed on March 12, 2024, by PPL Electric Utilities Corporation at Docket No. P-2024-3047290 be approved as modified by the Settlement filed on August 27, 2024.

3. That, upon acceptance and approval of by the Commission of the tariff supplements filed by PPL Electric Utilities Corporation consistent with this

