

# Morgan Lewis

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December 2, 2024

## VIA eFILING

Rosemary Chiavetta, Secretary  
Pennsylvania Public Utility Commission  
Commonwealth Keystone Building  
400 North Street  
Harrisburg, PA 17105-3265

**Re: Petition of PECO Energy Company for Approval of Its Default Service Program for the Period from June 1, 2025 through May 31, 2029  
Docket No. P-2024-3046008**

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Dear Secretary Chiavetta:

Enclosed for filing in the above-captioned proceeding please find the **Answer of PECO Energy Company To Petitions for Reconsideration and/or Clarification of the Commission's Opinion and Order Entered November 7, 2024 (the "Answer")**.

As evidenced by the enclosed Certificate of Service, copies of the Answer are being served on Administrative Law Judges Eranda Vero and Arlene Ashton, all parties of record and the Office of Special Assistants.

Sincerely,



Kenneth M. Kulak

KMK/ap

Enclosures

c: Per Certificate of Service (w/encls.)  
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**BEFORE THE  
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

**PETITION OF PECO ENERGY** :  
**COMPANY FOR APPROVAL OF ITS** :  
**DEFAULT SERVICE PROGRAM FOR** : **Docket No. P-2024-3046008**  
**THE PERIOD FROM JUNE 1, 2025** :  
**THROUGH MAY 31, 2029** :

**CERTIFICATE OF SERVICE**

I hereby certify and affirm that I have this day served a copy of the **Answer of PECO Energy Company To Petitions for Reconsideration and/or Clarification of the Commission’s Opinion and Order Entered November 7, 2024** on the following persons in the manner specified in accordance with the requirements of 52 Pa. Code § 1.54:

**VIA ELECTRONIC MAIL**

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Dated: December 2, 2024

*Counsel for PECO Energy Company*

**BEFORE THE  
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

**PETITION OF PECO ENERGY COMPANY :  
FOR APPROVAL OF ITS DEFAULT :  
SERVICE PROGRAM FOR THE PERIOD : DOCKET NO. P-2024-3046008  
FROM JUNE 1, 2025 THROUGH MAY 31, :  
2029 :**

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**ANSWER OF PECO ENERGY COMPANY  
To Petitions for Reconsideration and/or Clarification of the Commission’s Opinion and  
Order Entered November 7, 2024**

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**I. INTRODUCTION**

On November 7, 2024, the Pennsylvania Public Utility Commission (the “Commission”) entered its Opinion and Order (the “Order”) in the above-captioned proceeding concerning PECO Energy Company’s (“PECO’s” or the “Company’s”) sixth default service plan. The plan covers the period June 1, 2025 through May 31, 2029. In the Order, the Commission approved the Joint Petition for Non-Unanimous Settlement (the “Settlement”) filed on July 10, 2024 with one modification, after considering the competing arguments of the settling parties and the only two parties that opposed the settlement – the Retail Energy Supply Association (“RESA”) and NRG Energy, Inc. (“NRG”). Specifically, the Commission directed PECO to continue the parameters of its current Standard Offer Program (“SOP”) and rejected the change described in Paragraph 64 of the Settlement that would require affirmative consent for an SOP customer to remain with an electric generation supplier (“EGS”) after expiration of the SOP’s 12-month introductory period.

On November 22, 2024, Petitions for Reconsideration and/or Clarification (the “Petitions”) were filed by the Office of Consumer Advocate (“OCA”) and the Coalition for

Affordable Utility Services and Energy Efficiency in Pennsylvania and the Tenant Union Representative Network (together, “CAUSE-PA/TURN”). In their respective Petitions, the OCA and CAUSE-PA/TURN request that the Commission reconsider its rejection of the Settlement provision revising the rules that apply at the end of the SOP contract term. CAUSE-PA/TURN also requested clarification of the evidentiary bases that would support modifications to the SOP design recommended by the Commission in its Retail Markets Investigation in 2011. Similarly, the OCA requested clarification of statements in the Order regarding the \$800 million in customer bills for electric generation above the price to compare (“PTC”) are limited to the Commission’s finding of an insufficient nexus between that amount and the SOP if the Commission denies OCA’s Petition and reaffirms the Order.

Pursuant to 52 Pa. Code § 5.572(e), PECO submits this Answer to the Petitions filed by the OCA and CAUSE-PA/TURN. As explained below, PECO generally agrees with the OCA and CAUSE-PA/TURN that the SOP modification in the Settlement is supported by substantial record evidence and is in the public interest. Continuing the SOP for DSP VI with the change agreed to by the settling parties preserves the original purpose of the SOP by introducing customers to the competitive market, while addressing concerns raised by the OCA and the CAUSE-PA/TURN about customers passively rolling over into high-priced contracts with their EGSs at expiration of their SOP contracts.<sup>1</sup>

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<sup>1</sup> PECO also does not oppose appropriate clarification of the evidentiary standard applicable to proposed changes to retail market enhancements, including the SOP.

## II. ANSWER TO THE PETITIONS

### A. The OCA's and CAUSE-PA/TURN's Request for Reconsideration of the Commission's Modification to the SOP-Related Provisions of the Settlement

In their Petitions, both the OCA and CAUSE-PA/TURN ask the Commission to reconsider its conclusion that the record evidence in this case that PECO shopping customers paid \$800 million more than the PTC over the last six years – evidence that was supported by unrefuted testimony from several witnesses – does not support the Settlement's modification to PECO's SOP. *See* OCA Petition, pp. 5-14; CAUSE-PA/TURN Petition, pp. 6-9, 12-15. PECO does not oppose reconsideration of this issue and continues to support Commission approval of the change to the current end-of-contract options for SOP customers that the Company agreed to in Paragraph No. 64 of the Settlement.

PECO agrees with the OCA and CAUSE-PA/TURN that the Commission has the power to change the SOP design at any time, including what happens at the end of the 12-month introductory period. "Standard offer" customer referral programs are not mandated by the Public Utility Code, and the design of such programs suggested by the Commission over a decade ago is not prescribed by regulation. PECO also agrees that it is reasonable and in the public interest for the Commission to modify its prior SOP guidelines to (1) facilitate active shopping choices and (2) address the OCA's and CAUSE-PA/TURN's concerns about SOP customers unknowingly rolling over into contracts with their SOP supplier given the prices EGSs charged PECO shopping customers in recent years.

Moreover, contrary to RESA's and NRG's arguments discussed in the Order (p. 72), transferring SOP customers to default service that take no action at the end of the 12-month term is not anti-competitive and does not discourage customer choice. To the contrary, SOP customers can already switch to another EGS or return to default service at any time or remain

with their SOP supplier. In addition, outside of the SOP, EGSs may continue to convert contracts for shopping customers that do not respond to the required regulatory notices. The only difference from today is that if SOP customers do not make an affirmative decision to remain with their SOP EGS in response to those notices, they will be returned to default service and they will be informed of that arrangement before executing an SOP contract. Existing SOP contracts will not be affected as this change will only apply to SOP contracts with customers that are executed after June 1, 2025.

As the OCA and CAUSE-PA/TURN point out in their Petitions, on the same day that the Order was entered, the Commission approved a settlement of PPL Electric Utilities Corp.'s ("PPL's") default service proceeding at Docket No. P-2024-3047290 that would eliminate PPL's SOP effective June 1, 2025 ("*PPL Order*"). PECO notes that Paragraph No. 63 of the Settlement allows for termination of the SOP if the Commission were to adopt an outcome consistent with its decision in the *PPL Order* on reconsideration.

### III. CONCLUSION

WHEREFORE, for the foregoing reasons, PECO does not oppose the Petitions and supports Commission approval on reconsideration of PECO's SOP during DSP VI with the modification set forth in the Settlement.

Respectfully submitted,



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Dated: December 2, 2024

*Counsel for PECO Energy Company*

**VERIFICATION**

I, Sulma Dalessio, hereby declare that I am the Director of Energy Acquisition for PECO Energy Company; that, as such, I am authorized to make this verification on its behalf; that the facts set forth in the foregoing Answer are true and correct to the best of my knowledge, information and belief; and that I make this verification subject to the penalties of 18 Pa.C.S. § 4904 pertaining to false statements to authorities.

Date: December 2, 2024



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Sulma Dalessio