PULP
PENNSYLVANIA
UTILITY LAW PROJECT

July 10, 2026

Via Email Only

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Re: Petition of FirstEnergy Pennsylvania Electric Company for Approval of Its Default Service Program for the Period June 1, 2027 to May 31, 2031
Docket No. P-2026-3060298

CAUSE-PA Main Brief

Greetings, Your Honors -

Attached, please find the **Main Brief of the Coalition for Affordable Utility Services and Energy Efficiency in Pennsylvania (CAUSE-PA)**, which is being circulated in accordance with the litigation schedule established in the above noted proceeding, as follows:

As indicated on the attached Certificate of Service, service on the parties was accomplished by email only.

Respectfully submitted,

Elizabeth R. Marx, Esq.
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CC: Secretary Matthew Homsher (Via E-File: Cover Letter and Certificate of Service Only)
Certificate of Service

BEFORE THE PENNSYLVANIA PUBLIC UTILITY COMMISSION

Petition of FirstEnergy Pennsylvania Electric Company for Approval of Its Default Service Program for the Period June 1, 2027 to May 31, 2031	: : : :	Docket No. P-2026-3060298

CERTIFICATE OF SERVICE

I hereby certify that I have this day served copies of **Main Brief of the Coalition for Affordable Utility Services and Energy Efficiency in Pennsylvania (CAUSE-PA)**, upon the parties of record in the above captioned proceeding in accordance with the requirements of 52 Pa. Code § 1.54.

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Date: July 10, 2026

BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION

PETITION OF FIRSTENERGY PENNSYLVANIA ELECTRIC COMPANY FOR APPROVAL OF ITS DEFAULT SERVICE PROGRAM FOR THE PERIOD FROM JUNE 1, 2027 THROUGH MAY 31, 2031	:	**DOCKET NO. P-2026-3060298**

MAIN BRIEF OF THE COALITION FOR AFFORDABLE UTILITY SERVICES AND ENERGY EFFICIENCY IN PENNSYLVANIA (CAUSE-PA)

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July 10, 2026

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I. INTRODUCTION

The Coalition for Affordable Utility Services and Energy Efficiency in Pennsylvania (CAUSE-PA), files this Main Brief in support of the resolution of all issues consistent with the Joint Petition for Non-Unanimous Settlement (Joint Petition or Settlement).

For the foregoing reasons, and as detailed further in CAUSE-PA's Statement of Support, the terms of the proposed Settlement are supported by substantial, unrebutted record evidence and are consistent with all applicable laws and policies. CAUSE-PA therefore urges the Honorable Deputy Chief Administrative Law Judge (DCALJ) Mark A. Hoyer, the Honorable Administrative Law Judge (ALJ) Erin L. Gannon, and the Pennsylvania Public Utility Commission (PUC or Commission) to approve the proposed Settlement, without modification, and to disregard the unsupported arguments advanced by the non-settling parties in this case.[1]

A. Procedural History

CAUSE-PA incorporates by reference the procedural history set forth in paragraphs 1-12 of the Joint Petition, as supplemented in CAUSE-PA's Statement in Support, filed with the Commission on July 2, 2026.

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[1] CAUSE-PA incorporates by reference the Joint Proposed Findings of Fact, Conclusions of Law, and Ordering Paragraphs, filed by the settling parties on July 10, 2026.

B. Non-Unanimous Settlement

As explained in its Statement in Support, CAUSE-PA supports resolution of the contested issues consistent with the terms and conditions detailed in the proposed Settlement.[2]

CAUSE-PA intervened to ensure that FirstEnergy Pennsylvania's (FE PA or the Company) proposed Default Service Plan (DSP or DSP VII), and all related programs, terms, and conditions of service, are appropriately designed to ensure that FE PA's default service remains accessible and affordable for low income consumers and other vulnerable consumer groups. In turn, CAUSE-PA sought to investigate FE PA's voluntary retail market programs and related supplier rules, and the justness and reasonableness of its related proposals.[3]

CAUSE-PA joined as a signatory party to the proposed Settlement because the terms and conditions therein are squarely in the public interest and are supported by substantial evidence that was not credibly rebutted in the record. If approved, the terms of the Settlement will advance critical reforms to FE PA's current DSP and related rules and programs necessary to help to reduce high rates of termination and uncollectible expenses

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[2] CAUSE-PA's Main Brief is limited to addressing the contested issues for which it has taken an affirmative position through litigation. There are several issues resolved in the Joint Settlement, including but not limited to time of use rates and maximum CAP credit thresholds, which are addressed in CAUSE-PA's Statement in Support but were not contested by the non-settling parties and, as such, will not not addressed through briefing.

[3] CAUSE-PA Petition to Intervene and Answer at 4, para. 12.

and resulting higher costs to all residential ratepayers, thereby improving the justness and reasonableness of FE PA's service in full compliance with all applicable laws and policies of the Commonwealth.

While various provisions of the proposed Settlement are opposed by the Retail Energy Supply Association (RESA) and other intervening supplier parties, the overwhelming weight of the evidence clearly supports a conclusion that the terms contained therein will advance the public interest and are consistent with applicable laws and policies of the Commission and, more broadly, the Commonwealth.

C. Legal Standards

1. Burden of Proof and Evidentiary Standards

The proponent of a rule or order bears the burden of proof[4] and, in an administrative proceeding, must produce a preponderance of the evidence in support of their proposal or claim.[5] To meet a preponderance of the evidence standard, a party must present evidence that is more convincing than the evidence presented by an opposing party.[6] While the burden of production may shift between the parties, the burden of persuasion remains with the proponent of the rule or order.[7] Commission decisions must, in turn, be supported by

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[4] 66 Pa. C.S. § 332(a)

[5] Samuel J. Lansberry, Inc. v. Pa. PUC, 578 A.2d 600 (Pa. Commw. Ct. 1990).

[6] Se-Ling Hosiery, Inc. v. Margulies, 70 A.2d 854 (Pa. 1950); Hurley v. Hurley, 754 A.2d 1283, 1285 (Pa. Super 2000).

[7] Se-Ling Hosiery, Inc. v. Margulies, 70 A.2d 854 (Pa. 1950); Hurley v. Hurley, 754 A.2d 1283, 1285 (Pa. Super 2000).

substantial record evidence, which is defined as "a quantum of evidence which a reasonable mind might accept as adequate to support a conclusion."[8]

2. Electricity Generation Customer Choice and Competition Act (Choice Act)[9]

As aptly described by the Commonwealth Court, "the overarching goal of the Choice Act is competition through deregulation of the energy supply industry, leading to reduced electricity costs for consumers."[10] To achieve this overarching goal, the Choice Act contains a host of policies, standards, duties, and obligations designed to promote healthy competition and permit consumers to choose their energy supplier – while at the same time ensuring appropriate safeguards to ensure energy remains universally accessible and affordable to all consumers.[11] The Choice Act "does not demand absolute and unbridled competition."[12] To the contrary, it is well settled that competition must bend to address "other important concerns" – including the panoply of policy priorities, consumer protections, and obligations enshrined in the Choice Act and the Public Utility Code.[13]

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[8] Norfolk & Western Ry. Co. v. Pa. PUC, 413 A.2d 1037 (Pa. 1980); Burleson v. Pa. PUC, 461 A.2d 1234 (Pa. 1983).

[9] 66 Pa. C.S. §§ 2801 *et seq*.

[10] Retail Energy Supply Assoc. v. Pa. PUC, 230 C.D. 2017 (Pa. Commw. Ct. 2017), quoting CAUSE-PA v. Pa. PUC, 120 A.3d 1087, 1101 (Pa. Commw. Ct. 2015).

[11] 66 Pa. C.S. §§ 2802(9), (10), 2803, 2804(9).

[12] CAUSE-PA v. Pa. PUC, 120 A.3d 1087, 1101 (Pa. Commw. Ct. 2015).

[13] Id. at 1103; 66 Pa. C.S. §§ 2802, 2804, 2807, 2809.

FE PA is the statutory default service provider.[14] Default service must be procured through a competitive process, consistent with a commission-approved competitive procurement plan.[15] To be approved, a default service plan must include a prudent mix of contracts designed to ensure adequate and reliable service at the least cost over time[16] – as supported by substantial record evidence.

In addition to serving as default service provider, the Choice Act also imposes an obligation on FE PA to perform customer billing and collections which "shall, at a minimum, be maintained at the same level of quality under retail competition."[17] While the Choice Act *permits* EDCs to perform consolidated billing functions for suppliers, it also expressly forbids imposition of any requirement on an EDC to assume responsibility for a suppliers' receivables.[18]

As the Choice Act recognizes in its declaration of policy, "Electric service is essential to the health and well-being of residents, to public safety and to orderly economic

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[14] 66 Pa. C.S. § 2807(e)

[15] 66 Pa. C.S. § 2807(e)(3.1), (3.2), (3.4).

[16] 66 Pa. C.S. § 2807(e)(3.1), (3.2), (3.4).

[17] 66 Pa. C.S. § 2807(c), (d).

[18] 66 Pa. C.S. § 2807(c). "The electric distribution company shall not be required to forward payment to entities providing services to customers, and on whose behalf the electric distribution company is billing those customers, before the electric distribution company has received payment for those services from customers." 66 Pa. C.S. § 2807(c)(3).

development, and electric service should be available to all customers on reasonable terms and conditions.[19] The Act declares, "The Commonwealth must, at a minimum, continue the protections, policies and services that now assist customers who are low-income to afford electric service" in the competitive environment.[20]

In furtherance of these strong policy pronouncements, the Choice Act explicitly authorizes the Commission to impose rules and regulations on both EDCs and suppliers as necessary to ensure service quality (inclusive of billing, collections, and termination standards) is "maintained at the same level of quality under retail competition" that "does not deteriorate" over time.[21] The Choice Act also explicitly obligates the Commission to ensure that universal service and energy conservation policies and programs are adequately funded and appropriately designed and administered to allow low income customers to maintain electric service to their home.[22] The Commonwealth Court has consistently held

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[19] 66 Pa. C.S. § 2802(9).

[20] 66 Pa. C.S. § 2802(10).

[21] 66 Pa. C.S. §§ 2807(d), 2809(e) ("In regulating the service of electric generation suppliers, the commission shall impose requirements necessary to ensure that the present quality of service provided by electric utilities does not deteriorate, including … assuring that 52 Pa. Code Ch. 56 (relating to standards and billing practices for residential utility service) are maintained.").

[22] 66 Pa. C.S. §§ 2803, 2804(9). The term "universal service and energy conservation" is broadly defined in the Choice Act as inclusive of the "policies, protections and services that help low-income customers to maintain electric service. ..."

that competition must bend when necessary to meet the consumer protection and universal service obligations enshrined in the Choice Act.[23]

3. Regulatory Waiver

The Commission may waive its regulations if the requested waiver is in the public interest under the Commission's statutory authority to rescind or modify regulations or orders.[24] A request to the Commission for waiver of regulations must set forth clearly and concisely the interest of the petitioner in the subject matter, the specific amendment, waiver or repeal requested, and appropriate reference to the statutory provision or other authority involved. The petition must set forth the purpose of and the facts claimed to constitute the grounds requiring the regulation, amendment, waiver or repeal.[25]

D. Summary of Argument

The record in this case contains clear and uncontroverted evidence that residential shopping customers in FE PA's service territory have been charged hundreds of millions of dollars in excessive rates and in turn face substantially higher termination rates and uncollectible expenses.[26] Low income customers are charged even higher rates – with even

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[23] CAUSE-PA v. Pa. PUC, 120 A.3d 1087, 1101, 1103 (Pa. Commw. Ct. 2015); Retail Energy Supply Assoc. v. Pa. PUC, 230 C.D. 2017 (Pa. Commw. Ct. 2017).

[24] Duquesne Light Petition for Waiver of the Three Business Day Switching Requirements Under 52 Pa. Code § 57.174, Docket No. P-2014-2448863, at 8 (Order entered Dec. 4, 2014) (citing 66 Pa. C.S. § 501(a)).

[25] 52 Pa. Code § 5.43(b).

[26] CAUSE-PA St. 1 at 15-25; CAUSE-PA St. 1-R at 13-19.

more severe consequences. As explained below, and as further detailed in CAUSE-PA's Statement in Support, the retail market protections contained within the proposed Settlement meet the moment in that they are designed to preserve direct access to the retail market for customers who choose to switch to a retail supplier, but are also narrowly tailored to curtail discrete, specific and documented harm to all residential customers caused by the current paradigm. These reasonable and measured proposals are supported by substantial record evidence and are appropriately narrow and targeted to prevent further deterioration of customer service standards and erosion of universal service protections in violation of the clear obligations, standards, and policy priorities enshrined in the Choice Act and elsewhere in the Code.[27]

Specifically, the record contains unimpeached evidence that residential shopping customers have been charged over $888 million more than the applicable price to compare over a 100-month period, from August 2017 through December 2025.[28] This is an aggregate charge, factoring in all the rates charged to residential customers during this time. On an average per customer basis, residential customers are consistently charged hundreds of dollars more each year compared to the applicable default service price.[29]

The record further shows that confirmed low income (CLI) shopping customers were consistently charged hundreds of dollars more compared to other residential shopping

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[27] 66 Pa. C.S. §§ 2802 (10), 2803, 2804(9), 2807(d), 2809(e).

[28] CAUSE-PA St. 1 at 16-17 & Exhibit 1.

[29] CAUSE-PA St. 1 at 22 & Exhibit 1.

customers, and over a thousand dollars more than the default service price.[30] Specifically, on an average per customer basis from 2022 through 2025, across all four divisions, confirmed low income shopping customers were charged a price premium between 31-42% above the default service price, while confirmed low income shopping customers were charged a price premium as high as 56% above the applicable default service price.[31]

The record is clear that excessive charges in the competitive market are driving substantially higher rates of involuntary termination and uncollectible expenses, which in turn drives up rates for all residential customers.[32] In 2025, termination rates for residential shopping customers ranged between 14-22% across FE PA's four divisions, compared to just 1-3% for residential default service customers.[33] Also in 2025, on a per customer basis, shopping related uncollectible expenses were more than two times higher in Met-Ed and West Penn divisions and more than three times higher in Penelec and Penn Power divisions, as compared to default service uncollectible expenses.[34]

Average uncollectible expenses associated with shopping accounts across FE PA's four rate districts ranged between $23-38 per customer in 2025, compared to $8-$15 per customer for uncollectible expenses associated with default service accounts.[35]

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[30] CAUSE-PA St. 1 at 23.

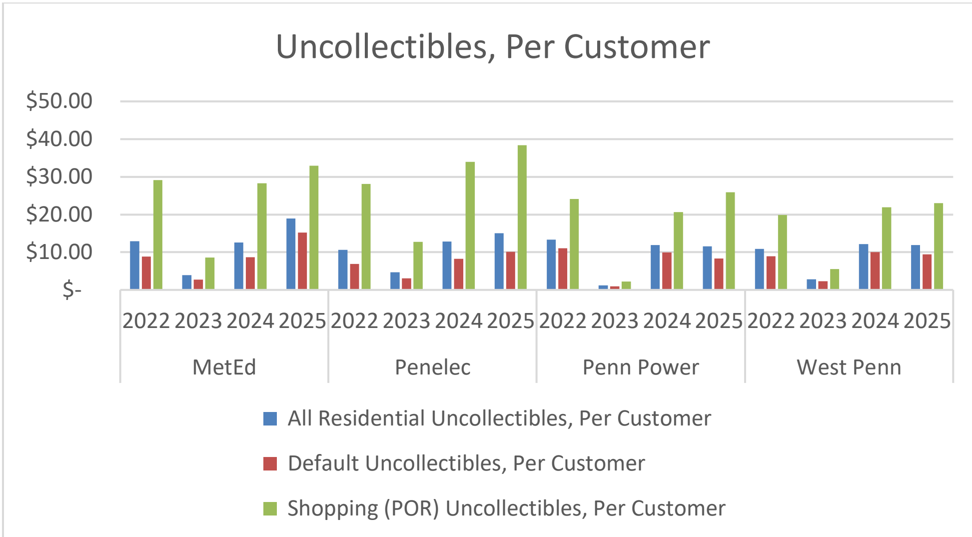
[31] CAUSE-PA St. 1 at 19-21 & Exhibits 2 & 3.

[32] CAUSE-PA St. 1-R at 17-18; CAUSE-PA Exhibit 1-R.

[33] CAUSE-PA St. 1 at 24, T.7.

[34] CAUSE-PA St. 1-R at 17-18, CAUSE-PA Exhibit 1-R.

[35] CAUSE-PA St. 1-R at 17-18, CAUSE-PA Exhibit 1-R.



Of course, higher uncollectible expenses are associated with more collections activities and correspondingly higher collections costs – further inflating rates for other residential customers.[36]

Excessive rates of termination drive other adverse impacts on the health, safety, and wellbeing of households across FE PA's service territory – especially among low income and other vulnerable customer groups.[37] There are over 400,000 estimated low income households in FE PA's service territory that subsist on income levels which fall woefully short of meeting basic needs.[38] These households are already struggling to keep up with rising energy rates and are often forced to make impossible choices between food, medicine, water, heat, and other basic needs.[39] Low income customers are facing the

[36] CAUSE-PA St. 1-R at 17-18, CAUSE-PA Exhibit 1-R.

[37] CAUSE-PA St. 1 at 23-25; CAUSE-PA St. 1-R at 17-19; CAUSE-PA Exhibit 1-R.

[38] CAUSE-PA St. 1 at 10-11.

[39] CAUSE-PA St. 1 at 12-13.

greatest price premium in the competitive market, and face the furthest ranging negative consequences from excessive retail market prices.

Taken as a whole, the record reveals a clear and undeniable need to ensure that residential customers are protected from the excessive pricing being charged by certain retail suppliers while crafting rules that protect direct access to the retail market consistent with the statutory requirements of the Public Utility Code. The settlement creates a clear and appropriately narrow pathway to amend FE PA's default service plan and related programs, rules, and terms and conditions of service, including FE PA's Purchase of Receivables (POR), Customer Referral Program (CRP), and the procedures in place at the end of a contract period when consumers are passively rolled into a new rate without making an affirmative choice. The record supports the undeniable conclusion that the current retail market rules must "bend" to ensure that FE PA can meet its statutory obligations to provide just and reasonable service. There are simply no viable alternatives on the record supported by any evidence, let alone substantial evidence, capable of addressing the material and pervasive harm caused to residential and low income customers by the current market rules.[40] Rather than constructively engage the facts, RESA and the

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[40] A restriction on competition is necessary when, one, there is a harm associated with competition and, two, there is no reasonable alternative to the rule that restricts competition. Retail Energy Supply Assoc. v. Pa. PUC, 230 C.D. 2017 (Pa. Commw. Ct. 2017), citing CAUSE-PA v. Pa. PUC, 120 A.3d 1087, 1101-1103 (Pa. Commw. Ct. 2015).

suppliers in this case simply encourage the Commission to look the other way and argue to maintain the status quo or, worse, to artificially inflate the cost of default service.[41]

As discussed more thoroughly in CAUSE-PA's Statement in Support, the provisions of the proposed Settlement – inclusive of the contested retail market programs and rules addressed below – are appropriately designed to address and remediate documented harm to residential and low income customers and to ensure full compliance with all applicable laws and policies.[42] CAUSE-PA submits that FE PA's default service plan and related proposals, as modified by the proposed Settlement, are just, reasonable, and squarely in the public interest – in conformance with all applicable laws and policies – and should be approved without modification.

II. <u>DEFAULT SERVICE PROCUREMENT AND IMPLEMENTATION PLANS</u>

CAUSE-PA closely monitored and reviewed issues regarding default service procurement and implementation plans raised by other parties in this case, though it did not sponsor testimony on these issues. Nevertheless, CAUSE-PA submits that FE PA's default service procurement and implementation plans, as modified by the proposed Settlement, are reasonably designed to provide reliable service and produce default service rates at the least cost over time – in conformance with existing law and policy.[43] CAUSE-

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[41] *See generally* RESA St. 1 at 11-12; TSE St. 1 at 14-15; CAUSE-PA 1-R at 5-6.

[42] 66 Pa. C.S. §§ 2802 (10), 2803, 2804(9), 2807(d), 2809 (e).

[43] 66 Pa. C.S. § 2807(e).

PA reserves the right to respond to arguments advanced by other parties regarding FE PA's default service procurement and implementation plans through its Reply Brief

III. CLASSIFICATION OF NON-RESIDENTIAL DEFAULT SERVICE CUSTOMERS

CAUSE-PA did not sponsor witness testimony regarding FE PA's proposal to classify non-residential customers based on Maximum Registered Peak Load (MRPL). Nevertheless, CAUSE-PA actively monitored and reviewed the MRPL proposals in this proceeding, and believes the provisions in the proposed Settlement are in the public interest and supported by substantial evidence in this case. CAUSE-PA reserves the right to respond to MRPL issues raised by other parties through its Reply Brief.

IV. RATE DESIGN AND COST RECOVERY

CAUSE-PA did not take an affirmative position on rate design and cost recovery issues in this proceeding. While certain of the supplier parties criticized the calculation and makeup of the default service price to compare (PTC),[44] their criticism can best be described as philosophical rather than factual as none of the suppliers presented evidence that FE PA's PTC calculation contained in its Commission approved tariff was incorrect or inconsistent with the requirements of the Public Utility Code, regulations, or Commission orders. CAUSE-PA reserves the right to respond to arguments advanced by other parties regarding rate design and cost recovery through its Reply Brief.

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[44] *See* RESA St. 1 at 11-12, 31; TSE St. 1 at 14-15.

V. CUSTOMER REFERRAL PROGRAM

The record evidence is clear: the Customer Referral Program (CRP) is not producing positive outcomes for participants, and is demonstrably contributing to excessive charges, termination rates, and uncollectible expenses borne by other ratepayers.[45] As such, this optional retail market enhancement program should cease operations on May 31, 2027, as contemplated by the settlement terms in FE PA's prior DSP proceeding and the terms of the proposed Settlement in this proceeding.[46]

Unsurprisingly given the extensive record evidence of excessive charges in the residential retail competitive market, participation in CRP is waning: "[T]he record reflects limited supplier participation and low customer uptake" in CRP – evidencing a clear lack of interest in the program. As of March 2026, there was just one active supplier participant, and just 3% of eligible customers were enrolled.[47]

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[45] CAUSE-PA St. 1 at 15-25 & Exhibits 1-3; CAUSE-PA 1-R at 17-18 & Exhibit 1-R.

[46] CAUSE-PA St. 1 at 28; Joint Petition at 17, para. 63-63. None of the participants in FE PA's CRP collaborative – which included representation from the Retail Energy Supply Association (RESA) – recommended continuation of the program. This collaborative process has held in advance of FE PA's DSP, with the express intent of determining whether data supported a proposal to continue the CRP or to advance a successor program. None of the participants in FE PA's CRP collaborative – which included representation from the Retail Energy Supply Association (RESA) – recommended continuation of the program. CAUSE-PA St. 1 at 28; FE PA St. 4 at 11-12.

[47] CAUSE-PA St. 1 at 28; OCA St. 2 at 6; FE PA St. 3 at 11.

The CRP is a voluntary and optional retail market enhancement program, with origins in the Commission's 2011 Retail Market Investigation.[48] At the time, the Commission concluded that a utility-administered referral program *may* be a "viable means to educate consumers about the retail electric market [that] may allow customers to achieve savings on their bills."[49] This sentiment was incorporated in a formal Commission policy statement, which provides: "The public interest would be served by *consideration* of customer referral programs in which retail customers are referred to EGSs."[50] The CRP was intended to provide consumers with an "easy, low-risk on-ramp to the competitive market that would teach consumers how to effectively engage in the market to achieve the promise of savings envisioned by the Choice Act."[51]

In short, the CRP has run its course and is no longer necessary or prudent. To the contrary, the program has proven to have a detrimental impact on residential and low income customers – deteriorating the quality of service to consumers and the ability for low income customers to maintain service to their home in direct violation of the Choice Act.[52] It has been almost 15 years since the Commission's 2011 Retail Market Investigation, over which time the Commission, utilities, and consumers have gained

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[48] CAUSE-PA St. 1 at 27.

[49] Investigation of Pennsylvania's Retail Electricity Market: Intermediate Work Plan, Final Order, Docket No. I-2011-2237952, at 30-33 (order entered March 2, 2012).

[50] 52 Pa. Code § 69.1815 (emphasis added).

[51] CAUSE-PA St. 1 at 27.

[52] 66 Pa. C.S. §§ 2802 (10), 2803, 2804(9), 2807(d), 2809(e).

substantial experience with the program and with the market itself. In that time, the Commission has spent considerable resources on education and marketing, and has developed a robust statewide website – papowerswitch.com – that "provides a clear and concise means for customers to compare offers and to shop for retail electric service if they wish to do so."[53] It is no longer appropriate for FE PA, the incumbent default service provider, to serve as a direct conduit for consumers to access the retail market – "[p]articularly when this market has resulted in materially adverse harm to consumers."[54] It is also material to the Commission's consideration of this term of the settlement that the Commission recently approved the discontinuation of similar referral programs in PPL Electric and Duquesne Light service territories.[55] The same result should prevail based on the record in this proceeding.

While the CRP may afford participants a short-term discount, this fact alone "does not overcome the larger reality that the residential shopping market overall and in aggregate

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[53] CAUSE-PA St. 1 at 28-29; CAUSE-PA St. 1-R at 28.

[54] CAUSE-PA St. 1 at 29.

[55] See CAUSE-PA St. 1-R at 29 (citing Petition of PPL Electric Utilities Corporation for Approval of a Default Service Program and Procurement Plan for the Period from June 1, 2025 through May 31, 2029, Final Order, Docket No. P-2024-3047290 (order dated Nov. 7, 2024); Petition of Duquesne Light Company for Approval of its Default Service Plan for the Period from June 1, 2025 through May 31, 2029, Final Order, Docket No. P-2024-3048592 (order dated Jan. 14, 2025).

has not delivered net benefits to FE PA's residential customers."[56] The CRP provides a passive on-ramp to the competitive market but does not promote the active engagement necessary to set up consumers for success. Short-term savings achieved at the outset of the CRP give way to higher prices – either during or at the end of the contract term.[57] The data in this case shows clearly that hundreds of CRP participants are rolled onto a higher price contract at the end of the CRP term,[58] placing participants at greater risk of termination and exposing other ratepayers to higher uncollectible expenses.

For the reasons outlined above, CAUSE-PA submits that the terms of the proposed Settlement allowing the CRP to terminate on May 31, 2027, consistent with the terms of settlement in FE PA's last DSP proceeding, will further the public interest, is consistent with the priorities and obligations outlined in the Choice Act, and are supported by

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[56] CAUSE-PA St. 1-R at 29. There is insufficient record evidence to support continuation of the CRP as it is questionable whether consumers could find a lower rate in the residential retail market at the end of the initial CRP term, even if they are actively engaged. In direct testimony, Town Square Energy East (TSE) attempted to analyze offers available in FE PA's service territory. See TSE St. 1 at 11; TSE Exhibit RM-3. While a few offers highlighted by TSE touted prices lower than the default service rate on a per kWh basis, a closer examination of the terms revealed that none of the offers would have produced a bill that is at or below the PTC for an average residential customer after application of monthly fees and other charges. CAUSE-PA St. 1-R at 13.

[57] OCA St. 2 at 6.

[58] OCA St. 2 at 7-8 & Exhibit BA-3.

substantial record evidence in this case. As such, the proposed Settlement should be approved by the Commission.

VI. SUPPLIER COORDINATION TARIFF CHANGES AND RETAIL SHOPPING ISSUES

FE PA's proposed supplier coordination tariff amendments and related procedural changes are supported by substantial, unrebutted evidence of harm to all ratepayers. As discussed, excessive charges for residential and low income shopping customers are driving substantially higher rates of involuntary terminations and excessive levels of uncollectible expenses – driving up the rates for all residential ratepayers. Specifically, in addition to allowing its CRP to terminate as planned on May 31, 2027, discussed above, FE PA proposed the following adjustments to its retail market rules and programs, which are incorporated into the terms of the proposed Settlement[59]:

- To require suppliers enrolling customers on fixed term contracts after June 1, 2027, to return those customers to default service at the end of the contract unless the customer affirmatively chooses to remain with the EGS in response to notices sent by the EGS as required by the Commission's regulations. To facilitate this change, FE PA is seeking formal waiver of 52 Pa. Code § 54.10(3).[60]
- To require EGSs offering variable rate contracts after June 1, 2027, to provide an attestation of affirmative consent to remain in the variable rate contract on a quarterly basis.[61]
- To modify its Purchase of Receivables (POR) Program to require all suppliers that wish to use the POR to offer rate ready billing and charge a

[59] Joint Petition at 17-18, para. 65-68.

[60] DSP VII Petition at para. 48-52; Joint Petition at 18, para. 66.

[61] DSP VII Petition at para. 51; Joint Petition at 18, para. 66.

> rate that is at or below the FE PA default service price at the time of the customer's enrollment or rate change transaction.[62]

As discussed in turn below, these proposals – as memorialized in the proposed Settlement are narrowly tailored to address the harms identified in the record while preserving access to the retail markets for customers who affirmatively choose to receive supply service from a retail supplier. As such, the proposed modifications to existing rules are just, reasonable, and in the public interest, as the changes will help to stem real and ongoing harm to residential and low income customers and the further deterioration of basic customer service and universal service mandates in accordance with the Choice Act and, more broadly, the Public Utility Code.[63] There is no record evidence that supports continuation of the status quo which causes significant, material and adverse harm to customers with no tangible or clear public benefits. The Commission should not continue to permit the status quo, which has caused residential consumers to incur more than $888 million in excess charges above the PTC over a consistent 100-month period, as well as significant material increased terminations and accumulated arrearages/uncollectible expenses.[64] FE PA's

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[62] DSP VII Petition at para. 55; Joint Petition at 18, para. 67.

[63] The Choice Act does not demand "unbridled competition" – to the contrary, the Act itself contains a multitude of priorities that sometimes conflict. See CAUSE-PA v. Pa. PUC, 120 A.3d 1087 (Pa. Commw. Ct. 2015); see also 66 Pa. C.S. §§ 2802 (10), 2803, 2804(9), 2807(d), 2809 (e). Beyond the Choice Act, the Public Utility Code likewise contains competing priorities that must be balanced to advance the public interest.

[64] CAUSE-PA St. 1 at 23-24; CAUSE-PA Exhibits 1-3; CAUSE-PA St. 1-R at 17-18; CAUSE-PA Exhibit 1-R.

proposals, as discussed, will not deprive consumers of the ability to choose to be served by any supplier of their choice – without restriction. The proposals will simply require consumers to make an affirmative choice, alleviating the risk that consumers will face unjust and unreasonable consequences – including excessive charges or involuntary termination – merely because they missed a renewal deadline.

A. Return of Customers to Default Service at Contract Expiration

The proposed Settlement adopts FE PA's proposal to ensure that customers are making an affirmative choice to pay the rate charged by suppliers at the expiration of a fixed price contract rather than passively rolling onto a rate. This preserves and honors retail choice and creates safeguards to ensure adequate protections for customers, including non-shopping customers who have to pay higher uncollectible rates as a result of excessive retail rates charged to shopping customers. Rather than passively roll into a new rate chosen by a supplier, customers would revert to default service if they do not affirmatively consent to a new contract term during the renewal period. CAUSE-PA fully supports FE PA's formal waiver of Section 54.10(3) of the Commission's regulations to effectuate this procedural change, as it is supported by the overwhelming and uncontroverted evidence.[65]

As noted above, the Commission may waive its regulations if the waiver is in the public interest under the Commission's statutory authority to rescind or modify regulations

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[65] Joint Petition at 20, para. 73. Section 54.10 (3) currently allows suppliers to roll customers into a new fixed or variable rate of the suppliers' choosing, so long as the supplier does not assess a cancellation fee. 52 Pa. Code § 54.10 (3).

or orders and is supported by facts to constitute the grounds requiring the regulation, amendment, waiver or repeal.[66] FE PA's request meets each of these standards. It is just, reasonable, and squarely in the public interest to ensure that shopping customers are only charged rates that they knowingly and intentionally agree to accept. Under FE PA's proposal and pursuant to the terms of the proposed Settlement, consumers will retain direct access to the market and will have the ability to choose any product they wish, at any time, without added fees or restrictions. If a customer does not make an affirmative choice, they "would literally 'default' to default service."[67] This intuitive procedure at the end of the contract term would prevent the well-documented harm in the retail market without restraint on consumer choice.[68] Quite the opposite of restraint, this procedure would restore choice – empowering consumers to explore the market without worrying whether a missed deadline could result in economic disaster.[69] Electricity to a home is not the same as a gym membership, and should not be subject to auto-renewal at a new price without affirmative, informed consent.[70]

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[66] See Duquesne Light Petition for Waiver of the Three Business Day Switching Requirements, at 8 (order entered Dec. 4, 2014) (citing 66 Pa. C.S. § 501(a)); 52 Pa. Code § 5.43(b).

[67] CAUSE-PA St. 1-R at 24.

[68] CAUSE-PA St. 1-R at 24-26.

[69] CAUSE-PA St. 1-R at 25-26.

[70] CAUSE-PA St. 1-R at 25-26.

The current paradigm, allowing suppliers to charge a different rate at the end of a contract term without informed consent, is undeniably driving higher rates of termination and uncollectible expenses among residential shopping customers.[71] These stark disparities in termination rates and uncollectible expenses are not the result of a conscious choice by consumers. Involuntary termination is not a choice. Rather, these outcomes are the result of a process that allows suppliers to passively roll customers onto a rate of the suppliers' choosing without customers' explicit informed consent.[72]

By returning customers to default service at contract expiration, absent affirmative consent to remain with a supplier, FE PA's proposal, as memorialized in the proposed Settlement, will help alleviate the well-documented harm that excessive retail market rates cause residential and low income customers. CAUSE-PA submits that this revised procedure will further the public interest, is supported by substantial record evidence, and should be approved without delay or modification. To the extent necessary, FE PA's

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[71] CAUSE-PA St. 1 at 23-24; CAUSE-PA Exhibits 1-3; CAUSE-PA St. 1-R at 17-18; CAUSE-PA Exhibit 1-R. From 2022 through 2025, residential shopping customers were charged rates between 31-42% higher than the default service price, and low income shopping customers were charged rates between 37-56% higher than the default service price. CAUSE-PA St. 1 at 21, T.4; CAUSE-PA Exhibit 3. Termination rates in 2025 ranged between 14-22% for residential shopping customers, compared to just 1-3% for residential default service customers, CAUSE-PA St. 1 at 24-25, and uncollectible expenses were between 2-3 times higher for residential shopping accounts compared to default service accounts. CAUSE-PA St. 1-R at 18.

[72] CAUSE-PA St. 1-R at 26.

request for regulatory waiver should likewise be approved, as it squarely meets the requirements for regulatory waiver.

B. Quarterly Affirmation for Variable Rate Contracts

In addition to facilitating affirmative choice at the end of a fixed term contract, the proposed Settlement adopts FE PA's proposal to require suppliers to provide an attestation of affirmative consent from consumers enrolled in a month-to-month variable rate contract.[73] As explained above, the prolonged patterns of excessive pricing in the residential retail market are deeply troubling – costing residential ratepayers in excess of $888 million over a 100-month period, disproportionately impacting low income households.[74] These excessive charges in the competitive market are having a direct impact on the rate of payment troubled accounts and involuntary termination rates for shopping customers.[75]

Consistent with the arguments advanced above regarding the critical need for affirmative consent to a new product at the end of a fixed rate contract, it is just, reasonable, and firmly in the public interest to require that suppliers charging a month-to-month variable rate attest to whether the consumer provided affirmative consent to be charged in this manner.

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[73] Joint Petition at 18, para. 66.

[74] CAUSE-PA St. 1 at 16-20.

[75] CAUSE-PA St. 1 at 9, 22-24; CAUSE-PA St. 1-R at 25-26; CAUSE-PA Exhibits 1-3, 1-R.

C. Changes to Purchase of Receivables (POR) Program

It bears mentioning from the outset that POR is a voluntary program by FE PA. EDCs are not required by the Choice Act to purchase a suppliers' receivables, nor can FE PA be compelled by the Commission to do so.[76] Given this, FE PA should be afforded wide latitude to structure its POR in a manner that is consistent with its clear obligations under the Public Utility Code, including the requirement to only charge rates that are just and reasonable. Under FE PA's current POR program, the Company purchases the receivables of suppliers participating in utility consolidated billing – allowing suppliers to be paid before customers pay their bill. This is a tremendous benefit to suppliers because it avoids any risk to suppliers if shopping customers are unable to pay and, in doing so, eliminates any incentive for suppliers to charge affordable rates.[77] Suppliers also avoid standard collections-related costs carried by normal businesses. As a result, a host of additional costs are passed on to other ratepayers – including higher collections costs, higher uncollectible expenses, higher involuntary termination rates, and the associated negative consequences to health, safety, and wellbeing of residential consumers.[78]

Under the current structure, which allows unfettered access to POR by all suppliers, there has been clear and unequivocal harm to residential ratepayers caused by excessive supplier charges. FE PA has attempted over the years to take an iterative approach to rein

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[76] 66 Pa. C.S. § 2807(c)(3).

[77] CAUSE-PA St. 1 at 31-32.

[78] CAUSE-PA St. 1 at 10-14, 31-32.

in excessive charges by suppliers. For example, as part of a prior DSP, FE PA implemented a "clawback" provision that attempted to prevent pass-through of excessive uncollectible charges.[79] The "clawback" provision has not eliminated the harm to other ratepayers driven by excessive uncollectible expenses. Uncollectible rates for residential shopping accounts are between 2-3 times higher than uncollectible expenses associated with default service accounts.[80] These costs are shouldered by other ratepayers. Having proven ineffective, FE PA sought to ensure that its POR would no longer perpetuate harm to its customers. This is consistent with the Company's statutory duties to ensure its rates charged are just and reasonable, to prevent the erosion of customer service standards, and to ensure low income and other vulnerable customers can connect and maintain service, consistent with the policies, standards, and obligations enshrined in the Choice Act.[81]

The proposed Settlement modifies the POR program, requiring suppliers to utilize "rate-ready" billing and limiting participation to suppliers charging rates that do not exceed the applicable default service rate. This modification achieves parity for all charges collected by FE PA: Moving forward, both default service charges and supplier charges will be rate ready and not higher than the PTC. These adjustments to FE PA's POR rules are critically important to restrain excessive uncollectible costs passed on to residential consumers, unnecessarily inflating residential customer bills. Critically, the revised POR

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[79] CAUSE-PA St. 1 at 32.

[80] CAUSE-PA St. 1-R at 17-18.

[81] 66 Pa. C.S. §§ 2802, 2804, 2807, 2809.

rules will continue to allow all suppliers to participate in utility consolidated billing, without restriction. Going forward, suppliers that charge more than the PTC or who wish to use bill ready billing will get paid only when their customers remit payment to FE PA.

The changes to POR are necessary and narrowly tailored to address proven harm to residential ratepayers, as supported by substantial record evidence in this case. As discussed, residential shopping customers have faced excessive charges, on net exceeding $888 million since August 2017, and low income customers have been subjected to even higher rates – despite their well-documented inability to pay. On a per customer basis, residential shopping customers were charged well over $1,000 more than the applicable default service price since 2022, and low income shopping customers were charged several hundred dollars more.[82] These higher prices have served to exacerbate rising energy insecurity for low income families.[83] The evidence is clear: Uncollectible expenses associated with residential shopping accounts are substantially higher than uncollectible expenses associated with default service accounts. From 2022 through 2025, POR-related uncollectible rates ranged between 22-56% higher than default service uncollectible rates, and in 2025 on a per customer basis, POR-related uncollectible expenses ranged between $23-$38, compared $8-$15 for default service uncollectible expenses.[84]

[82] CAUSE-PA St. 1 at 22-23, T.5 & 6.

[83] CAUSE-PA St. 1 at 10-14.

[84] CAUSE-PA Exhibit 1-R.

The requirement that suppliers utilize rate ready billing is an important safeguard not only to prevent the pass-through of excessive costs to other ratepayers, but also to ensure that non-commodity charges are properly excluded from POR. Commission regulation expressly prohibits termination of service for nonpayment of non-basic service charges, in whole or in part.[85] But as CAUSE-PA's witness explained, "Bill ready billing does not allow FE PA to differentiate between basic and non-basic charges, so a utility may not terminate service unless it can verify that the charges included in the bill include only nonbasic charges."[86]

As noted above, there are no legal requirements for FE PA to operate a POR. In fact, the Public Utility Code expressly *prohibits* the Commission from *requiring* an EDC to operate a POR.[87] While Commission policy finds it is in the public interest to *consider* the availability of rate and bill ready billing, and to *consider* POR programs, this is not the same as a finding that these conventions *are* in the public interest.[88] When POR was first advanced in the 2011 Retail Market Investigation as a potential voluntary market enhancement program, the Commission had no data to assess how it would impact uncollectible expenses – "the mechanism was advanced as a policy preference, with the

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[85] 52 Pa. Code § 56.83.

[86] CAUSE-PA St. 1-R at 23-24.

[87] 66 Pa C.S. § 2807 (c)(3).

[88] 52 Pa. Code §§ 69.1813-1814.

hope of supporting healthy retail market growth."[89] Data collected since 2011 suggests POR "allows suppliers to act with impunity, charging excessive rates without regard to whether the customer is ultimately able to pay" – at other ratepayers' expense.[90] These well-documented consequences to residential and low income consumers is having a compounding effect on service quality and universal service standards – deteriorating collections standards, exacerbating termination rates, and eroding the ability for low income customers to maintain service to their home.[91]

The provisions of the proposed Settlement, memorializing FE PA's proposed POR rules, are appropriately measured and narrowly tailored to allow POR to remain available to suppliers that want the substantial benefit of guaranteed payment and alleviation of collections costs - while at the same time protecting residential consumers from bearing excessive collections costs. CAUSE-PA submits that the proposed POR rules within the proposed Settlement are supported by substantial evidence, will further the public interest, and should be approved without modification or delay.

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[89] CAUSE-PA St. 1-R at 21.

[90] CAUSE-PA St. 1-R at 21.

[91] 66 Pa. C.S. §§ 2802 (10), 2803, 2804(9), 2807(d), 2809(e).

VII. CONCLUSION

For the foregoing reasons, and as explained in further detail in its Statement in Support, CAUSE-PA urges DCALJ Hoyer, ALJ Gannon, and the Commission to approve the proposed Settlement in its entirety, without modification. The evidence of harm to residential and low income customers in support of the proposals contained in the proposed Settlement is not only substantial, it is overwhelming. The reforms contemplated in the proposed Settlement are firmly in the public interest and are fully compliant with and in furtherance of the Choice Act and, more generally, the Public Utility Code.

Respectfully submitted,
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