

PENNSYLVANIA PUBLIC UTILITY COMMISSION
Harrisburg, Pennsylvania 17120

**Petition of FirstEnergy Pennsylvania
Electric Company for Approval of Its
Default Service Program for the Period
from June 1, 2027 to May 31, 2031**

**Public Meeting held October 22, 2026
3060298-OSA
Docket No. P-2026-3060298**

STATEMENT OF VICE CHAIR KIMBERLY BARROW

On February 3, 2026, FirstEnergy Pennsylvania Electric Company filed a Petition with the Commission seeking approval of its Default Service Program, or DSP VII, for the period beginning June 1, 2027 and ending May 31, 2031. After the submission of various rounds of written testimony and an evidentiary hearing, a Joint Petition for Non-Unanimous Settlement was filed on July 2, 2026, by FirstEnergy, the Office of Consumer Advocate (OCA), the Office of Small Business Advocate, the Coalition for Affordable Utility Services and Energy Efficiency in Pennsylvania, Walmart, Inc., and Duquesne Light Company.¹

On August 21, 2026, a Recommended Decision was issued approving FirstEnergy's DSP VII as modified by the Non-Unanimous Settlement. Various parties filed Exceptions.

Long-Term Contracts

FirstEnergy proposed a 100% fixed-price full-requirements (FPFR) product for the residential class with each tranche consisting of a 100% fixed price, load-following full requirements portion with 12-month (45%), 24-month (45%), and 60-month (10%) delivery terms. The OCA originally contested the 60-month FPFR product, but, as part of the Non-Unanimous Settlement, agreed to FirstEnergy's mix because an independent market consultant will evaluate the reasonableness of the 60-month auction results to further protect customers by ensuring that the Commission has an independent analysis of whether the resulting 60-month auction prices reflect reasonable market outcomes.

Sections 2807(e)(3.2) and 2807(e)(3.4) of the Electricity Generation Customer Choice and Competition Act (the Act) provide that the electric power procured shall be a "prudent mix" of spot market purchases, short-term contracts, and long-term purchase contracts, and that the prudent mix shall be designed to ensure adequate and reasonable service and the least cost to customers over time.²

¹ The Joint Petitioners indicated that the Industrial Customer Groups and the Pennsylvania State University did not oppose the Non-Unanimous Settlement. Penn Renewables LLC filed a letter in opposition.

² 66 Pa.C.S. §§ 2807(e)(3.2), 2807(e)(3.4). Noting that Section 2807(e)(3.2) currently limits long-term purchases to 25% of the default service load unless the Commission, after a hearing, determines for good cause that a greater portion of load is necessary to achieve least cost procurement.

PJM Interconnection LLC's (PJM) last two Base Residual Auctions (BRA), announced on December 17, 2025 and July 14, 2026, revealed a system-wide reliability shortfall of 6,516.6 capacity MWs for the 2027/2028 Delivery Year, and 6,831 capacity MWs for the 2028/2029 Delivery Year.³ Our default service contracts are inextricably tied to the wholesale generation markets.

Accordingly, I believe our electric distribution companies should increase procurement of generation supply utilizing long-term contracts. In my view, the 10% slice of long-term contracts agreed-to here is not enough to signal to the generators to build or to continue operating. The statute's prudent mix standard protects against an inordinate shift to more than 25% long-term contracts for good reason, but our electric markets have changed markedly since the passage of the Act, and without adequate market signals, Pennsylvania will continue to see a shortfall of capacity in years to come, with prices over time increasing at a dramatic pace. As such, we should utilize the discretion granted to us by the Act to increase the percentage of long-term contracts.

Return of Customers to Default Service at Contract Expiration

The evidentiary record in this matter shows that FirstEnergy residential shopping customers have paid \$82 million more to electric generation suppliers (EGS) than they would have paid for default service.⁴ We find ourselves squarely in the middle of an affordability crisis and customers are rightfully asking for relief. FirstEnergy's proposal to return residential shopping customers to default service, at contract end, would clearly help those shopping customers to avoid exorbitant variable rates. The Commission has the authority to grant the requested relief now.

With this ongoing affordability crisis, immediate attention is necessary. The record evidence supports granting First Energy's request. And, granting the request to allow residential shopping customers who have not affirmatively opted to continue on EGS contracts, to be returned to default service will save that subset of customers money.

Not only are residential shopping customers in FirstEnergy's service territory terminated from essential electric utility services 10 times more often than non-shopping customers,⁵ FirstEnergy's average per customer write-off balance for shopping customers (\$2,173) was more than double the amount for non-shopping customers (\$972).⁶ It is important to note that utility write-offs are paid for by all customers in rates. Also, of note, in 2025, FirstEnergy residential shopping customers were terminated at rates as high as 22%, compared to just 3% for residential default service customers.⁷

³ 2027/2028 Base Residual Auction Report (December 17, 2025), accessed at <https://www.pjm.com/-/media/DotCom/markets-ops/rpm/rpm-auction-info/2027-2028/2027-2028-bra-report.pdf>; 2028/2029 Base Residual Auction Report (July 14, 2026), accessed at <https://www.pjm.com/-/media/DotCom/markets-ops/rpm/rpm-auction-info/2028-2029/2028-2029-bra-results-report.pdf>.

⁴ FE PA St. 1 (Corrected), pgs. 21-22; FE PA St. 1R, pg. 10; FE PA Exh. DMY-13.

⁵ See CAUSE-PA St. 1, pgs. 23-25; FE PA St. 1R, pg. 9; FE PA Exh. DMY-10.

⁶ See RESA Exh. FL-28.

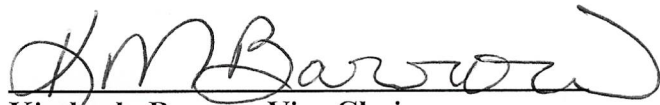
⁷ See CAUSE-PA St. 1, pgs. 23-25; FE PA St. 1R, pg. 9; FE PA Exh. DMY-10.

While I have been advocating for the Commission to convene another retail market investigation, that particular horse has left the barn in that the largest electric distribution company in the state is now asking for relief that such an investigation could deliver. I see no reason to deny FirstEnergy's proposal when a substantial record from a litigated proceeding is already before us; doing so would be a waste of Commission resources.⁸ I am still supportive of a broader investigation but it should not delay action here.

The Electricity Generation Customer Choice and Competition Act,⁹ enacted by the General Assembly in 1996, established electric competition to **control** electric utility costs. FirstEnergy's proposed consumer protection would control the rates paid by residential shopping customers while still allowing shopping, where it makes sense. The proposal does not hurt competition nor prohibit or limit customers' ability to shop, it simply ensures that customers are actively engaged and taking affirmative steps to stay with their supplier.

Denying or delaying FirstEnergy's proposal is a missed opportunity to help with affordability for those shopping customers. Denying or delaying consideration of the proposal also allows uncollectable costs to escalate raising rates for all customers unnecessarily. Finally, denying or delaying the proposal puts vulnerable residential shopping customers at 10 times the risk of non-shopping customers of having essential electric utility service terminated for non-payment.¹⁰

October 22, 2026


Kimberly Barrow, Vice Chair

⁸ This change to shopping rules is similar to the changes made to CAP shopping which were implemented by individual EDCs because time was of the essence for low-income residential customers.

⁹ 66 Pa.CS. §§ 2801-2812.

¹⁰ See CAUSE-PA St. 1, pgs. 23-25; FE PA St. 1R, pg. 9; FE PA Exh. DMY-10.