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September 6, 2016

VIA ELECTRONIC FILING

Rosemary Chiavetta, Secretary
Pennsylvania Public Utility Commission
Commonwealth Keystone Building
400 North Street, 2nd Floor North
P.O. Box 3265
Harrisburg, PA 17105-3265

Re: Petition of PPL Electric Utilities Corporation for Approval of a Default Service Program and Procurement Plan for the Period June 1, 2017 through May 31, 2021
Docket No. P-2016-2526627

Dear Secretary Chiavetta:

Enclosed please find the Exceptions of PPL Electric Utilities Corporation in the above-referenced proceeding. Copies will be provided as indicated on the Certificate of Service.

Respectfully submitted,

Christopher T. Wright

CTW/skr
Enclosure

cc: Honorable Susan D. Colwell
Certificate of Service
Office of Special Assistants (*via e-mail*)

CERTIFICATE OF SERVICE

I hereby certify that a true and correct copy of the foregoing has been served upon the following persons, in the manner indicated, in accordance with the requirements of 52 Pa. Code § 1.54 (relating to service by a participant).

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Date: September 6, 2016

Christopher T. Wright

BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION

Petition of PPL Electric Utilities Corporation for Approval of a Default Service Program and Procurement Plan for the Period June 1, 2017 through May 31, 2021	: : : : :	Docket No. P-2016-2526627

EXCEPTIONS OF PPL ELECTRIC UTILITIES CORPORATION

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Counsel for PPL Electric Utilities Corporation

Dated: September 6, 2016

I. INTRODUCTION

In this proceeding, PPL Electric Utilities Corporation ("PPL Electric" or the "Company") requests Pennsylvania Public Utility Commission ("Commission") approval of its fourth Default Service Program and Procurement Plan ("DSP IV Program") to establish the terms and conditions under which PPL Electric will acquire and supply Default Service or provider of last resort service ("Default Service"), from June 1, 2017 through May 31, 2021 (the "DSP IV Program Period"). On July 19, 2016, a Joint Petition for Partial Settlement ("Settlement") was filed to resolve all issues raised in this proceeding, except for the reserved issue of shopping by customers enrolled in PPL Electric's Customer Assistance Program ("CAP").[1]

Pertinent to these Exceptions, the Settlement addressed the uncertainty created by the Commonwealth Court's decision that PPL Electric's current Time of Use ("TOU") plan does not comply with Section 2807(f)(5) of the Public Utility Code, 66 Pa.C.S. § 2807(f)(5), and the subsequent remand of that proceeding to the Commission for further proceedings. This remand occurred in the late stages of the DSP IV proceeding and, as a result, the impact of this remand could not be considered within the context of the DSP IV proceeding. To address this issue, the Settlement provided that the Company will develop and file a new TOU plan that complies with the Commission's direction/order in the TOU remand proceeding. (Settlement ¶ 30)

The Settlement also reserved for litigation the issue of whether the Commission should impose limitations on CAP customers' ability to shop for electric supply from electric generation suppliers ("EGSs"). As further explained below, PPL Electric, I&E, OCA, and CAUSE-PA

[1] PPL Electric, the Commission's Bureau of Investigation and Enforcement ("I&E"), the Office of Consumer Advocate ("OCA"), the Office of Small Business Advocate ("OSBA"), PP&L Industrial Customer Alliance ("PPLICA"), Retail Energy Supply Association ("RESA"), and Exelon Generation Company, LLC ("ExGen") were Signatory Parties to the Settlement. Coalition for Affordable Utility Services and Energy Efficiency in Pennsylvania ("CAUSE-PA"), the Sustainable Energy Fund ("SEF"), NextEra Energy Power Marketing, LLC ("NextEra"), and Noble Americas Energy Solutions LLC ("Noble") were not parties to the Settlement but indicated that they do not object.

entered into a Joint Litigation Position formally withdrawing their original CAP shopping proposals and supporting a single revised CAP shopping proposal, *i.e.*, the Customer Assistance Program Standard Offer Referral Program ("CAP-SOP"). RESA, on the other hand, opposed the adoption of any limits on CAP shopping in this proceeding.

By Secretarial Letter dated August 17, 2016, the Commission issued the Initial Decision ("ID") of Administrative Law Judge Susan D. Colwell. Therein, the ID concluded that, with the exception of the TOU provisions, the Settlement should be approved. With respect to the TOU settlement provisions, the ID concluded PPL Electric must include a TOU plan as part of its DSP IV Program. Therefore, the ID recommended that the Commission require PPL Electric to develop and file a TOU plan within three months of the final Commission order in this proceeding. (ID, pp. 68, 74)

With respect to the CAP shopping issue reserved for litigation, the ID recommended the CAP shopping proposal jointly supported by PPL Electric, I&E, OCA, and CAUSE-PA be adopted with one modification. Specifically, the ID recommended a third, new option be added when a CAP customer reached the end of their 12-month CAP-SOP contract. This third option, which was not addressed on the record, would allow the CAP customer to remain with an EGS that has agreed to offer rates that are at or below the Price to Compare ("PTC") in effect at the time the contract expired. (ID, pp. 63, 75)

PPL Electric generally agrees with the findings and conclusions set forth in the ID. However, PPL Electric herein excepts to the ID's recommended modifications to the TOU settlement provision and the CAP-SOP. As explained below, PPL Electric's TOU plan should be addressed and resolved in the TOU remand proceeding. Further, in PPL Electric's view, the recommended modification to the CAP-SOP should be rejected, as it would be difficult to

implement, confusing to customers, and would appear to require PPL Electric to monitor, track, and potentially enforce multiple EGS contracts offered to CAP customers with varying terms and conditions.

For these reasons, as more fully explained below and in PPL Electric's Initial Brief and Response Brief, which are incorporated herein, the Company excepts to the ID and requests that the Commission adopt the Settlement and the CAP-SOP without modification.

II. EXCEPTION

A. EXCEPTION No. 1 - Time of Use Program

Section 2807(f)(5) of the Public Utility Code provides that a default service provider shall offer TOU rates to all customers with smart meter technology. 66 Pa.C.S. § 2807(f)(5). Pursuant to its third Commission-approved default service program ("DSP III Program"), the Company provides a TOU rate option to Residential and Small C&I customers through its tariff, which relies on the retail market and EGSs to provide TOU service to customers. (PPL St. 1, pp. 41-42) The Company proposed to continue in DSP IV the TOU rate option as approved in the DSP III Program. (PPL St. 1, pp. 43-44)

Subsequent to the Company's filing of the DSP IV Program, PPL Electric's DSP III Program TOU rate option was rejected by the appellate courts and remanded to the Commission for further proceedings. *The Dauphin County Industrial Development Authority v. Pennsylvania Public Utility Commission*, 123 A.3d 1124 (Pa. Cmwlth. 2015), *petition for allowance of appeal denied*, 2016 Pa. LEXIS 1131 (Pa. June 1, 2016). Based on this new development late in the DSP IV proceeding, PPL Electric agreed, as part of the Settlement to wait for the Commission's direction/order in the TOU remand proceeding and file and implement a TOU plan consistent with the Commission's guidance. (Settlement ¶¶ 27, 29)

The ID concluded that Section 2807(f)(5) of the Public Utility Code, 66 Pa.C.S. § 2807(f)(5), requires PPL Electric to include a TOU program in its DSP IV Program. Therefore, the ID recommended the Settlement be modified to require PPL Electric to develop and file a TOU plan within three months of the final Commission order in the proceeding. (ID, pp. 68)

The Company acknowledges that Section 2807(f)(5) of the Public Utility Code requires default service providers to submit one or more TOU and real-time pricing plans. The Company also conceptually agrees with the ID that a new TOU plan must be filed and approved by the Commission, and that this filing be made as soon as reasonably possible. However, given the history of the Company's TOU program and the fact that the most-current version has been determined to be unlawful and remanded to the Commission for further proceedings, PPL Electric believes it is more efficient for the Company to wait for Commission's input and guidance on a lawful and appropriate TOU program under Section 2807(f)(5).

As recognized in the ID, PPL Electric's TOU program has a long and frustrating history. (ID, p. 64) PPL Electric has made numerous filings with the Commission in an effort to implement a lawful and successful TOU program. However, all of these prior TOU programs proved unworkable, which lead to the Commission directing that the TOU rates initially approved in August 25, 2011, should continue until a successor program was approved.[2]

On May 1, 2012, PPL Electric submitted a new TOU proposal as part of its DSP II Program to replace the "frozen" TOU rates. The Commission rejected this TOU proposal and

[2] The TOU rates were "frozen" in September 1, 2011, pursuant to Commission Order entered August 25, 2011 at Docket No. R-2011-2264771, and subsequent orders entered August 30, 2012 at Docket No. R-2011-2269771 and entered May 23, 2013 at Docket No. P-2012-2302074. The "frozen" TOU rates (on- and off-peak) were substantially higher than the price-to-compare ("PTC") for each applicable rate class.

ordered the Company to submit a new TOU rate proposal.[3] The Commission also entered an order encouraging PPL Electric to implement a competitive retail bid process in order to use EGSs to meet the TOU rate requirement.[4]

On August 23, 2013, PPL Electric filed a petition requesting Commission approval of a new TOU pilot program to replace the "frozen" TOU rates. Consistent with the Commission's Jan. 24, 2013 Order, PPL Electric proposed to utilize EGSs under the TOU pilot program to fulfill its obligation to offer a TOU rate option to its default service customers as set forth in Section 2807(f)(5) of the Public Utility Code. The Commission approved the TOU pilot program on September 11, 2014.[5] A detailed history of the Company's TOU program and TOU pilot is provided in the *TOU Pilot Order*.

During the pendency of the TOU pilot proceedings, PPL Electric filed its DSP III program. As part of the Commission-approved settlement of the DSP III Program, PPL Electric agreed to continue the TOU program without modification.[6] However, during the course of the DSP III proceeding, the TOU pilot program was appealed to the Commonwealth Court. By Opinion and Order entered September 9, 2015, the Commonwealth Court found that PPL Electric's TOU rate option, which relies on the retail market and EGSs to provide TOU service to customers, was unlawful because the plain language of Section 2807(f)(5) of the Public Utility

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[3] *Petition of PPL Electric Utilities Corporation for Approval of a Default Service Program and Procurement Plan for the Period June 1, 2013 through May 31, 2015*, Docket Nos. P-2012-2302074, et al. (order entered May 23, 2013).

[4] *Petition of PPL Electric Utilities Corporation for Approval of a Default Service Program and Procurement Plan*, Docket No. P-2012-2302074, Slip Op. at 116, 194 (order entered Jan. 24, 2013).

[5] *See Petition of PPL Electric Utilities Corporation for Approval of a New Pilot Time-of-Use Program A case stemming from: Petition of PPL Electric Utilities Corporation for Approval of a Default Service Program for the Period June 1, 2013 through May 31, 2015*, Docket No. P-2013-2389572, 2014 Pa. PUC LEXIS 690, 316 P.U.R.4th 167 (order entered Sept. 11, 2014) ("*TOU Pilot Order*").

[6] *See Petition of PPL Electric Utilities Corporation for Approval of a Default Service Program and Procurement Plan for the Period June 1, 2015 Through May 31, 2017*, Docket No. P-2014-2417907 (order entered Jan. 15, 2015).

Code provides that there can be only one default service provider, and that PPL Electric, as the default service provider, cannot satisfy this obligation through EGSs. *The Dauphin County Industrial Development Authority v. Pennsylvania Public Utility Commission*, 123 A.3d 1124, 1135 (Pa. Cmwlth. 2015).

Both the Commission and PPL Electric sought Pennsylvania Supreme Court review of the Commonwealth Court's decision. Consequently, the outcome of PPL Electric's TOU program was uncertain. Given the uncertainty of the outcome of PPL Electric's TOU program on appellate review, PPL Electric proposed in its DSP IV Program to continue the TOU rate option as approved in the DSP III Program. However, shortly before the date scheduled for hearings in the DSP IV proceeding, the Pennsylvania Supreme Court rejected the Commission's and PPL Electric's requests for appellate review of the Commonwealth Court's decision. *See The Dauphin County Industrial Development Authority v. Pennsylvania Public Utility Commission*, 2016 Pa. LEXIS 1131 (Pa., June 1, 2016). Consequently, the Commonwealth Court's decision that PPL Electric's TOU program is unlawful under Section 2807(f)(5) became final and the matter was remanded to the Commission for further proceedings.

Given the events described above, the Commission should recognize that PPL Electric's TOU program is, to some degree, stuck between the proverbial "rock and a hard place."[7] Both the Commission and PPL Electric have spent significant time and effort in trying to develop and implement a lawful and successful TOU program. However, the Commonwealth Court found PPL Electric's current TOU plan, and its reliance upon EGSs as encouraged by the Commission, to be unlawful and remanded it back to the Commission for further proceedings. Pa. R.A.P.

[7] Indeed, as the ID noted "[t]here is little left for the Company to try, and the standard has once again hardened to the clear wording of the statute. It is time to recognize that the solution might well be legislative." (ID, p. 68)

2591(a) requires the Commission to proceed in accordance with the Commonwealth Court's order. To date, the Commission has not acted on remand. As a result, the outcome of the TOU program is unknown and should wait further guidance by the Commission.

Under these unique circumstances, it would be reasonable and prudent for PPL Electric to wait for the Commission's order on remand before filing a new TOU plan. Given that the Court rejected the use of EGSs as encouraged by the Commission, it is entirely unknown whether the Commission on remand will direct the Company to implement the TOU contingency plan (which also relies upon the use of an EGS to provide TOU rates), implement a modified contingency plan, file an entirely new TOU proposal, or direct some other action. If PPL Electric were to develop and file a separate TOU plan as recommended by the ID before the Commission acts on the Court's remand, such a filing could be inconsistent with TOU program recommendations offered by the Commission on remand.

The ID correctly notes that, even if PPL Electric files a TOU program before the Commission's remand proceeding, the filing may be subsumed into the Commission's TOU remand proceeding. However, given the long and frustrating history of PPL Electric's TOU program, waiting for guidance and input from the Commission may facilitate the development and implementation of an appropriate TOU program. Further, awaiting the Commission's guidance on the TOU rate option will avoid the potential risk that PPL Electric develops and files a TOU plan that may be unacceptable or inconsistent with the Commission's view on a lawful and appropriate TOU program under Section 2807(f)(5) of the Public Utility Code.

Based on the foregoing, PPL Electric respectfully requests that the Commission adopt the Settlement without modification. PPL Electric submits that the TOU provisions of the Settlement are in the public interest and should be adopted because they properly recognize the

history of the Company's TOU program, and the fact that the matter has been remanded back to the Commission for further proceedings. For these reason, it is reasonable and appropriate to wait for further guidance from the Commission before developing and filing a new TOU plan as recommended in the ID.

B. EXCEPTION No. 2 - CAP Shopping

The single issue reserved for litigation in this proceeding is whether there should be limitations on CAP customers' ability to shop for electric supply from EGSs and, if so, what limitations should be applied to CAP shopping. PPL Electric, I&E, OCA, and CAUSE-PA jointly supported the CAP-SOP shopping proposal set forth in PPL Electric's rejoinder testimony, PPL St. 1-RJ. (*See* Joint Litigation Position, Tr. p. 38) RESA was the only party that opposed the jointly proposed CAP-SOP.

The CAP-SOP shopping proposal recommends the Commission initiate a statewide collaborative open to all interested stakeholders and/or initiate a new rulemaking proceeding to address CAP shopping issues on a uniform, statewide basis. (PPL St. 1-RJ, pp. 6-7) In the interim, PPL Electric will implement a CAP-SOP shopping proposal designed to operate similarly to the Company's existing, traditional SOP. Importantly, the CAP-SOP will allow CAP customers to continue to shop while, at the same time, mitigating the unrefuted, significant negative impacts of CAP shopping until a uniform, statewide approach to CAP shopping can be developed. (PPL St. 1-RJ, p. 7)

If approved, the interim CAP-SOP would permit CAP customers to shop subject to the following limitations:

> (a) Effective June 1, 2017, the CAP-SOP is the only vehicle that a CAP customer may use to shop and receive supply from an EGS.

(b) Any CAP customer shopping request that does not get processed through the CAP-SOP will be denied.

(c) EGSs participating in the CAP-SOP must agree to serve customers at a 7% discount off the PTC at the time of enrollment. This price shall remain fixed for the 12-month CAP-SOP contract unless terminated earlier by the customer.

(d) CAP customers may terminate the CAP-SOP contract at any time and without any termination or cancellation fees or other penalties.

(e) A CAP customer who terminates a CAP-SOP contract or whose CAP-SOP contract reaches the end of its term can re-enroll in the CAP-SOP.

(f) At the conclusion of a 12-month CAP-SOP contract, the CAP customer will be returned to the CAP-SOP pool and be re-enrolled in a new CAP-SOP contract, unless the CAP customer requests to be returned to default service or is no longer a CAP customer.

(g) EGSs must enroll separate from the standard SOP to be a participating supplier in the CAP-SOP. EGSs would be free to voluntarily elect to participate in none, one or the other, or both the traditional SOP and the proposed CAP-SOP. Enrollment will be for a three-month period, and shall conform to the enrollment process for the standard SOP. EGS may opt in to participate in the CAP-SOP on a quarterly basis, and are free to leave the CAP-SOP on a quarterly basis.

(PPL St. 1-RJ, pp. 7-8) If the Commission approves the CAP-SOP proposal, a collaborative open to all interested parties will be held within 90 days of the date of a final order in this proceeding to develop CAP-SOP specific scripts for the Company's Customer Service Representatives and/or PPL Solutions.[8] (PPL St. 1-RJ, pp. 8-9)

For the purpose of transitioning CAP customers who are shopping as of the CAP-SOP June 1, 2017 effective date:

[8] PPL Solutions is the third party vendor that enrolls customers in the SOP. By contract, PPL Solutions receives a $28 fee for each SOP referral to EGSs.

(a) All CAP customer shopping fixed-term contracts in effect as of the effective date of the CAP-SOP will remain in place until the contract term expires and/or is terminated.

(b) Once the existing CAP customer shopping contract expires or is terminated, the CAP customer will have the option to enroll in the CAP-SOP or return to default service, but in any event will only be permitted to shop through the CAP-SOP.

(c) PPL Electric will revise its CAP recertification scripts/process so that all existing CAP shopping customers receiving generation supply on a month-to-month basis after June 1, 2017 will be required at the time of CAP recertification to enroll in the CAP-SOP or return to default service, but in any event will only be permitted to shop through the CAP-SOP.

(PPL St. 1-RJ, pp. 8-9)

In addition, until a uniform, statewide approach to CAP shopping can be developed, the parties may petition the Commission to re-open the CAP-SOP if no EGS participates in the program and/or changes in retail market conditions otherwise justify reopening the CAP-SOP. (PPL St. 1-RJ, p. 9)

In its Initial Brief, PPL Electric explained in detail that the jointly proposed CAP-SOP is a reasonable CAP-shopping alternative. The CAP-SOP fairly and equitably balances competing interests because it allows CAP customers to continue to shop while, at the same time, helps to mitigate the real and present adverse impacts that CAP shopping can have on CAP credits, risk of early removal from CAP, and the CAP costs that are paid by other Residential customers. (*See* PPL Electric Initial Brief, Section VI.C) CAP customers would receive a discount of 7% off of the then-current PTC, although there is no guarantee that the SOP price will continue to be below the PTC during the entire term of the 12-month CAP-SOP contract because PPL Electric's PTC changes every 6 months. To protect against CAP customers entering into contracts with EGSs above the PTC for an extended period of time, CAP customers must enter into a new CAP-SOP shopping contract each year, or return to default service.

The ID recommended adoption of the CAP-SOP with one modification. Specifically, the ID recommended the CAP-SOP be modified to "allow EGSs who are separately participating in the CAP-SOP to have the flexibility to charge rates up to and equal to the PTC to CAP customers after the first 12 months of the 7% discount if their written contracts so provide." (ID, p. 62) According to the ID, this modification would serve two purposes: (1) it would allow EGSs to avoid paying the $28 CAP-SOP referral fee for CAP customers who continue to shop under the CAP-SOP; and (2) it would mitigate RESA's concern that the CAP-SOP will eliminate shopping for CAP customers. (ID, pp. 62-63). PPL Electric excepts to the recommended modification of the CAP-SOP for the following reasons.

First, the CAP-SOP is the result of multiple rounds of testimony and discovery in this proceeding. PPL Electric, OCA, and CAUSE-PA each proposed separate and distinctly different measures to address the undisputed impacts of CAP shopping in PPL Electric's service territory.[9] Importantly, OCA and CAUSE-PA originally contended that CAP customer shopping be limited at all times to prices at or below the PTC, in order to ensure that CAP shopping would never cost more than default service.[10] However, the parties identified several concerns and issues with the development and implementation of each of the initially proposed CAP shopping proposals. Through their analysis and review of CAP shopping in this case, PPL Electric, I&E, OCA, and CAUSE-PA determined that the three separate CAP shopping alternatives initially proposed by PPL Electric, OCA, and CAUSE-PA were not reasonable or appropriate alternatives to address the impacts of CAP shopping. Consequently, PPL Electric, I&E, OCA, and CAUSE-PA entered into a Joint Litigation Position that: (i) withdrew the three separate CAP shopping proposals;

[9] *See* PPL Electric St. No. 1, pp. 47-48; OCA Statement No. 2, pp. 21-22; CAUSE-PA Statement No. 1, pp. 33-37; CAUSE-PA Statement No. 1-SR, pp. 18-20.

[10] *See* OCA Statement No. 2, p. 21; CAUSE-PA Statement No. 1, p. 33.

and (ii) supported a single revised CAP shopping proposal, the "CAP-SOP." (Tr. p. 38) Importantly, the Joint Litigation Position requires CAP customers to reenroll in the CAP-SOP annually.

Second, no party proposed the recommended modification to the CAP-SOP during this proceeding. Although RESA opposed the CAP-SOP, it did not propose or otherwise support the recommended modification to the CAP-SOP. As a result, the parties have not had the opportunity to evaluate this modification, nor have they had the opportunity to submit any evidence regarding this new proposal.

Third, the Settlement already addresses the ID's concern regarding continued payment of the $28 referral. Specifically, the Settlement provides that all customers requesting enrollment in the traditional SOP, both new and re-enrollments, will be placed into the SOP "pool" and randomly assigned to EGSs voluntarily participating in the SOP at that time. (Settlement ¶ 35) This provision of the Settlement reduces the possibility that EGSs will be required to continue to pay the $28 referral fee for the same SOP customer because the customer will be randomly assigned to a participating EGS rather than assigned to the same participating EGS. Notably, this provision of the Settlement was fully supported by RESA.

Similar to the traditional SOP, the CAP-SOP provides that, at the conclusion of a 12-month CAP-SOP contract, the CAP customer will return to the CAP-SOP pool and be re-enrolled in a new CAP-SOP contract, unless the CAP customer requests a return to default service or is no longer a CAP customer. Thus, at the end of the 12-month CAP-SOP period, a CAP customer will either return to default service or be randomly assigned to a participating EGS. Further, EGSs are free to leave the CAP-SOP on a quarterly basis to avoid paying the $28 referral fee. These features of the CAP-SOP reduce the possibility that EGSs will be required to

continue to pay the $28 CAP-SOP referral fee for all CAP customers who continue to shop under the CAP-SOP after their 12-month CAP-SOP contracts expire.

Fourth, RESA's prediction — that the CAP-SOP will eliminate CAP shopping because no EGSs would be willing to serve customers under the CAP-SOP — is misplaced and unsupported by the record. RESA's allegation that EGSs may be unwilling to participate in the CAP-SOP is inconsistent with the fact that the exiting traditional SOP has been highly successful. (*See* PPL Response Brief, pp. 25-26) Further, it is not clear RESA's own members agree EGSs would not participate in the CAP-SOP. (*See* PPL Response Brief, pp. 25-26) RESA's assertions therefore should be rejected.

Finally, the recommended modification would be difficult and burdensome to implement, and deviates from the universally agreed upon "standardization" of the Standard Offer Program. The proposed modification would require non-standard contracts that could be different for EGSs participating in the CAP-SOP. Under the recommended modification, EGSs participating in the CAP-SOP must decide whether to include a provision in their contracts to extend the CAP-SOP for a further term at a rate up to the then-current PTC. Thus, at the end of the 12-month CAP-SOP contract, one EGS contract may provide that it will offer CAP customers rates up to the PTC while other EGSs' contracts may not. This is contrary to the standardization of contracts critical to a successful SOP. If contracts contain non-standard terms, customers could complain that they were assigned to an EGS who did not offer terms the customer anticipated. At a minimum, this differential treatment of CAP customers could confuse CAP customers.

It also would be difficult, time consuming, costly, and require changes to the Company's system to track which EGS contracts are offering CAP customers' rates up to the PTC and which are not. Indeed, there could be an indeterminate number of different EGS contract terms after

the initial 12-month CAP SOP period, which would be very difficult and time consuming for PPL Electric track. The proposed modification to the CAP-SOP also will require a significant re-work of the call scripts and will significantly extend the time a customer is on the phone reviewing the options with a PPL Electric customer service representative. These changes will increase program costs for the development and administration of the CAP-SOP.

Moreover, the ability of EGSs to offer CAP customers any rate up to the PTC at the end of their 12-month CAP-SOP contract could result in multiple different rates being offered to CAP customers due to (i) the timing of changes in PTC and (ii) the unrestricted ability of EGSs to offer any variety of rates that are at or below the PTC. It would be extremely difficult and time consuming, costly, and require system changes to monitor and track each of these EGS contracts to ensure that the rate being offered is no more than the PTC in effect at the time the original 12-month CAP-SOP ends. This added responsibility may not be placed upon PPL Electric without approval of a mechanism to recover the added costs. *See Columbia Gas of Pa. v. Pa. PUC*, 613 A.2d 74, 80 n.9 (Pa. Cmwlth. 1992).[11] These additional costs would add to the CAP costs borne by non-CAP residential customers.

Also, it is not clear what would be the consequences if an EGS offers a CAP customer a rate in excess of the PTC in effect at the time the 12-month CAP-SOP ends and who is responsible for taking enforcement action. Indeed, it is entirely unknown under the proposed modification to the CAP-SOP what happens to such EGS contracts with CAP customers, whether the CAP customer remains with the EGS but at a lower rate, whether the CAP customer is returned to default service or to the CAP-SOP pool, and whether the CAP customer is removed from CAP. Moreover, it is entirely unclear who is responsible to take action against an

[11] The amount of additional costs is unknown because this proposed modification was not considered on the record of this case.

EGS that offers a CAP customer a rate in excess of the PTC in effect at the time the 12-month CAP-SOP ends (*i.e.*, the CAP customer, PPL Electric, the Commission, etc.). All of these details must be addressed before the proposed modification to the CAP-SOP can be implemented. However, because no party proposed the recommended modification to the CAP-SOP during this proceeding, these details have not been considered or developed and it is entirely unknown how they would be addressed if the recommended modification to the CAP-SOP is adopted.

Based on the foregoing, PPL Electric respectfully excepts to the recommended modification of the CAP-SOP and requests that the CAP-SOP jointly proposed and supported by the Company, I&E, OCA, and CAUSE-PA be adopted without modification. In the event the Commission adopts the recommended modification to the CAP-SOP, PPL Electric urges the Commission to clarify that the Company is not required to track, monitor, or enforce any of the terms, conditions, or rates of EGSs' contracts offered to CAP customers at the end of the initial 12-month CAP-SOP contract.

III. CONCLUSION

WHEREFORE, for all the foregoing reasons, as well as those more fully explained in its Initial and Response Briefs, PPL Electric Utilities Corporation respectfully takes exception to the Initial Decision of Administrative Law Judge Susan D. Colwell and respectfully requests that the Pennsylvania Public Utility Commission adopt the Settlement, including the TOU provisions, and the jointly proposed CAP-SOP without modification.

Respectfully submitted,

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