COMMONWEALTH OF PENNSYLVANIA

OFFICE OF CONSUMER ADVOCATE
555 Walnut Street, 5th Floor, Forum Place
Harrisburg, Pennsylvania 17101-1923
(717) 783-5048
800-684-6560

FAX (717) 783-7152
consumer@paoca.org

September 16, 2016

Rosemary Chiavetta, Secretary
PA Public Utility Commission
Commonwealth Keystone Bldg.
400 North Street
Harrisburg, PA 17120

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:

Attached for electronic filing please find the Office of Consumer Advocate's Reply Exceptions in the above-referenced proceeding.

Copies have been served as indicated on the enclosed Certificate of Service.

Respectfully submitted,

/s/ Christy M. Appleby
Christy M. Appleby
Assistant Consumer Advocate
PA Attorney I.D. # 85824

Attachment
cc: Honorable Susan D. Colwell, ALJ
ra-OSA@pa.gov (email only)
Certificate of Service
225919

BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION

Petition of PPL Electric Utilities Corporation	:	
For Approval of a Default Service Program	:	Docket Nos. P-2016-2526627
And Procurement Plan for the Period	:	
June 1, 2017 through May 31, 2021		

REPLY EXCEPTIONS OF
THE OFFICE OF CONSUMER ADVOCATE

Aron J. Beatty
Senior Assistant Consumer Advocate
PA Attorney I.D. #86625
E-Mail: ABeatty@paoca.org

Christy M. Appleby
Assistant Consumer Advocate
PA Attorney I.D. # 85824
E-Mail: CAppleby@paoca.org

For:
Tanya J. McCloskey
Acting Consumer Advocate

Office of Consumer Advocate
555 Walnut Street 5th Floor, Forum Place
Harrisburg, PA 17101-1923
Phone: (717) 783-5048

DATED: September 16, 2016

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I. INTRODUCTION

On August 10, 2016, the Office of Administrative Law Judge issued the Initial Decision (I.D.) of Administrative Law Judge Susan D. Colwell in the above-captioned proceeding. Relevant to these Exceptions, the ALJ approved the proposed "Joint Litigation Position" for implementation of a CAP Shopping Plan to establish the rules for CAP customers to participate in the retail electric choice market. I.D. at 57-63.[1] The Joint Litigation Position was supported by PPL Electric Utilities Corporation (PPL), Office of Consumer Advocate (OCA), Bureau of Investigation and Enforcement (I&E), and the Coalition for Affordable Utility Services and Energy Efficiency in Pennsylvania (CAUSE-PA). The ALJ explicitly rejected the Retail Energy Supply Association's (RESA) proposal to support the "Initial Proposal" presented in PPL's Direct Testimony, which was essentially to maintain the status quo. I.D. at 58-61.[2] The OCA submits that the ALJ's recommendations regarding the CAP Shopping Plan are well reasoned, consistent with the law and sound public policy, and should be upheld.

On September 6, 2016, RESA, PPL, and PPL Industrial Customers Alliance (PPLICA) filed Exceptions. RESA filed Exceptions regarding the ALJ's approval of the CAP Shopping Plan set forth in the Joint Litigation Position. PPL filed Exceptions regarding the ALJ's decision regarding the Time of Use Option (TOU)[3] and the ALJ's proposed CAP Shopping

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[1] The Joint Litigation Position establishes a CAP-SOP program that would be designed to mitigate the impacts of CAP Shopping on CAP customers, CAP credits paid for by other non-CAP residential customers, and the risk of early removal from PPL's CAP program pending a statewide resolution of the CAP customer shopping issue. See, PPL St. 1-RJ. The Joint Litigation Position also requests that the Commission implement a statewide collaborative regarding CAP customer shopping. See, PPL St. 1-RJ.

[2] PPL's Initial Proposal was to provide information to CAP customers about the regular SOP program and to recommend that the Commission hold a statewide collaborative to address CAP shopping issues. See, RESA M.B. at 12-14.

[3] The ALJ's Initial Decision recommended that the Company file a revised Time of Use plan for its DSP IV within three months of the Commission's final determination in this proceeding. I.D. at 64-69.

modification.[4] PPLICA filed Exceptions regarding the publication of changes to Non-Market Based Transmission Service charges. In these Reply Exceptions, the OCA will only address the Exceptions raised by RESA. A full discussion of RESA's issues is presented in the OCA's Main and Reply Briefs.

II. REPLY EXCEPTIONS

OCA Reply to RESA Exception No. 1: The ALJ's Initial Decision correctly concludes that the proponents of the Joint Litigation Position have met their burden of proof and have demonstrated that CAP shopping protections are necessary to address the identified harms. (ID at 39-56; RESA Exc. at 4-10; OCA M.B. at 7-24; OCA R.B. at 4-13)

A. Introduction

In its Exceptions, RESA argues that the ALJ erred in her legal analysis and did not appropriately address potential alternatives to the Joint Litigation Position. RESA Exc. at 4-10. The OCA submits that the ALJ applied the correct legal standard, examined each of the issues identified in RESA's Exceptions and came to the correct conclusion that CAP shopping protections were needed to ensure affordability for CAP customers and reasonable program costs for those supporting the program. The ALJ's decision to approve the Joint Litigation Position was based upon the undisputed identified harms to CAP customers and non-CAP residential ratepayers who pay the costs of the program.

The OCA submits that the Joint Litigation Position provides reasonable interim protections for CAP customers and non-CAP customers who pay for the program. The OCA further submits that the ALJ's recommendation to approve the Joint Litigation Position, with one

[4] The ALJ's Initial Decision recommended a modification to the Joint Litigation Position to provide that after the expiration of the 12-month CAP-SOP contract, the CAP customer may "remain with the EGS which has agreed to the EGS participation requirement that it will not raise rates higher than the PTC was on the reaffirmation date." I.D. at 63. The OCA continues to support the Joint Litigation Position, but the OCA does not object to the ALJ's proposed modification.

modification, is well-reasoned, consistent with the law and sound public policy. The ALJ's Initial Decision should, therefore, be upheld.

B. Legal Standard for CAP Shopping Restrictions

In its Exceptions, RESA argues that the Initial Decision erroneously concludes that the proponents of the Joint Litigation Position have met their burden regarding the implementation of CAP Shopping protections. RESA Exc. At 2-6. RESA also argues that the ALJ did not correctly meet the legal threshold required by the Commonwealth Court's determination in the PECO CAP Shopping case. RESA Exc. at 4-6, citing CAUSE-PA, *et al.* v. Pa. PUC, 120 A. 3d 1087, 1100 (Pa. Cmwlth. Ct. July 14, 2015), *cert denied* 2016 Pa. LEXIS 723 (Pa. April 5, 2016) (PECO CAP Shopping).

RESA argues that the Commonwealth Court's Order in the PECO CAP Shopping proceeding does not support an action by the Commission to limit CAP customer shopping as proposed in the Joint Litigation Position, and that the ALJ's Initial Decision incorrectly applied the PECO CAP Shopping legal threshold requirements. RESA Exc. at 2, 4-5, citing PECO CAP Shopping at 1100; 1106-1107. The OCA submits that RESA's interpretation of the Court's Order is misplaced. The Court clearly held that the Commission has the authority to impose CAP rules that would limit EGS offers. Id. at 1103-1104. The Commonwealth Court concluded:

> [t]he PUC has the authority under Section 2804(9) of the Choice Act, in the interest of ensuring that universal service plans are adequately funded and cost effective, to impose, or in this case approve, CAP rules that would limit the terms of any offer from an EGS that a customer can accept and remain eligible for benefits. The obligation to provide low-income programs falls on the public utility under the Choice Act, not the EGSs. Moreover, the Choice Act expressly requires the PUC to administer these programs in a manner that is cost-effective for CAP participants and non-CAP participants, who share the financial consequences of the CAP participant's EGS choice.

> Our conclusion finds support in the Choice Act's declaration of policy, which both encourages deregulation to allow consumers the opportunity to purchase their supply directly from EGSs and emphasizes the need to continue to maintain programs that assist low-income customers to afford service. 66 Pa. C.S. § 2802(7), (9), (14), (17). So long as it "provides substantial reasons why there is no reasonable alternative so competition needs to bend" to ensure adequately-funded cost-effective, and affordable programs to assist customers who are low-income to afford electric service, *PP&L Indus.*, 780 A.2d at 782, the PUC may impose CAP rules that would limit the terms of any offer from an EGS that a customer could accept and remain eligible for CAP benefits – e.g. EGS rate ceiling, prohibition against early termination/cancellation fees."

PECO CAP Shopping at 1103-1104.

The Commonwealth Court clearly found that the Commission had a dual responsibility under the Electricity Generation Customer Choice and Competition Act (Customer Choice Act) regarding both universal service and retail choice. 66 Pa. C.S. §§ 2802(9), (10), (14), (17), 2803, 2804(8)-(9), and 501(a), (c). The dual responsibility requires the Commission to maintain affordable, cost-effective universal service programs and provides that the Commission may exercise that authority to implement shopping rules for the universal service programs.

ALJ Colwell addressed PPL's responsibility to meet the legal obligations of CAP as follows:

> Accordingly, the EDCs, including PPL Electric, must maintain viable and fully-funded CAP and other universal service programs for the assistance of low-income customers. The funding, although monitored through the reports and litigated program filings, see Pa. Code §§ 54.75 and 54.76, is provided by the other ratepayers in the class. The Commission must ensure that every rate is just and reasonable, 66 Pa. C.S. § 1301, and non-discriminatory, 66 Pa. C.S. § 1304. In other words, the charge that pays for universal service and CAP must be reasonable.
>
> The commitment of the Commission and the Pennsylvania Legislature to providing additional safeguards and programs for the assistance and protection of low-income Pennsylvanians has

> been unwavering. The Public Utility Code mandates these programs and requires the Commission to oversee them. The Commission recognizes the importance of the mandate and wrote its regulations to provide clear direction in the development and implementation of the programs which are meant to act as a safety net to catch the most vulnerable customers. After years of Commission vigilance in the enforcement of protections and programs for the well-being of low-income families, it is simply inconsistent to find that the unfettered vibrancy of the competitive market supersedes the value of ensuring the success of the customer assistance programs that are vital to assist those families in meeting their energy bills.

I.D. at 43-44.

The overwhelming substantial evidence demonstrates that there has been significant harm to both CAP shopping customers and non-CAP residential ratepayers who pay the costs of the program that require a change be made to PPL's current CAP shopping program. Continuing the status quo is not a reasonable alternative to the identified harms. Under the Public Utility Code, the Commission has the clear legal authority, and duty, to maintain affordable, cost-effective universal service programs. 66 Pa. C.S. § 2804(9). Specifically, the Commonwealth Court stated that the "absence of authority to regulate EGS rates alone does not compel the conclusion that the PUC lacks authority to adopt rules attendant to universal service programs that may have the effect of limiting competition and choice with respect to low-income customers." PECO CAP Shopping at 1101.

The OCA submits that the ALJ correctly applied the law and the burden requirements. The record clearly demonstrates that without additional protections for CAP customer shopping, cost-effectiveness and affordability are being compromised.

C. The Initial Decision Properly Analyzes and Rejects RESA's Alternatives to CAP Shopping Rules.

RESA argues that the standard set by the Commonwealth Court's Order is that there must be a "showing of substantial reasons why there are no reasonable alternatives to the proposed restriction on competition." RESA Exc. at 5.[5] RESA argues that the ALJ erroneously failed to analyze the alternatives and erroneously relied upon the CAP shopping data presented. RESA Exc. at 5. The OCA submits that the standard argued by RESA is not the threshold established by the Commonwealth Court in PECO CAP Shopping, and the alternatives identified by RESA were considered and addressed by the record in this case. The ALJ's Initial Decision thoroughly analyzes the harms presented to both CAP customers and non-CAP residential ratepayers who pay the costs of the program and reviewed RESA's preferred alternatives. RESA's proposed "alternatives" do not remedy the harms identified in the record.

The OCA submits that the ALJ examined each of the alternatives in detail in the Initial Decision and correctly found that RESA's position on these issues must be rejected. Once finding that the Commission has the authority to approve restrictions on CAP shopping has been settled, (I.D. at 47, citing PECO CAP Shopping at 1103-1104; see, complete discussion at I.D. at 41-48), the ALJ stated that the discussion "moves to whether there exist substantial reasons why there is no reasonable alternative, and the nature of the restrictions." I.D. at 47. In response to RESA's arguments that the proponents of the Joint Litigation Position had the duty to prove that no reasonable alternative to the Joint Litigation Position exists, the ALJ recognized the overstatement of the necessary showing advanced by RESA. The ALJ concluded:

[5] RESA identified the four alternatives: (1) maintain the status quo; (2) take action following a statewide collaborative; (3) revise the structure of the CAP program to "minimize financial impacts"; or (4) revise the structure of the CAP program so that "CAP customers are placed on equal footing with non-CAP customers." Id. at 5-10.

> It is not feasible to require the Joint Parties present an exhaustive list of all possible alternatives and discuss each one critically. They have shown that they weighed alternatives and are actively promoting the Joint Litigation Position as the best plan. It is legally sufficient to show that alternatives have been evaluated and rejected in favor of the plan ultimately promoted, and to counter the alternatives raised by the party or parties opposing the choice.

I.D. at 47-48, in response to RESA M.B. at 17-18; see also, discussion of alternatives, CAUSE-PA St. 1 at 4-10,14-35, 37-38; OCA St. 2 at 22; CAUSE-PA St. 1-SR at 12; PPL 1-RJ at 4-10; CAUSE-PA M.B. at 22, 26-33; CAUSE-PA R.B. at 15-17; OCA R.B. at 7-13 (regarding why the status quo cannot be maintained and the need for an interim resolution until a statewide collaborative); CAUSE St. 1-SR at 14-16, 18; CAUSE-PA R.B. at 9-13; OCA R.B. at 7-8, 11-12 (regarding why redesigning the CAP program does not address the identified harms). The OCA submits that the ALJ correctly held that alternative CAP protections were explored on the record, that RESA failed to support a workable alternative, and that the CAP-Shopping proposal provides a reasonable and well-tailored solution to the CAP shopping issue. The Company and parties in support of the Joint Litigation Position have met their burden of proof.

D. The Evidence in this Proceeding Demonstrates a Compelling Need to Implement CAP Shopping Protections.

In its Exceptions, RESA argues that the record shows no compelling need for action at this time, and that the status quo should be maintained. RESA Exc. at 6. RESA also argues that the CAP shopping data showing harm to CAP customers does not establish that revisions should be made. RESA Exc. at 9. The OCA submits that, contrary to RESA's contentions, the ALJ correctly concluded that the facts presented in this proceeding justify the implementation of CAP customer shopping protections. I.D. at 48-56.

The facts presented in this case demonstrate the overwhelming need to act now. PPL witness Wukitsch's testimony examines CAP shopping over three different periods, the 24

month period between September 2013-October 2015, the 36-month period from January 2013-October 2015, and finally, the 46-month period from January 2012 through October 2016. PPL St. 3 at 5-13, Exh. MSW-1 through Exh. MSW-2. The 46-month data demonstrates that from January 2012 through October 2015, the average CAP customer who paid more than the PTC paid an average price of $0.11048 per kWh, compared to the average PTC of $0.08475 per kWh. PPL St. 3 at 9. For average CAP shopping customer usage of 1,197 kWh/month, the average CAP shopping customer's monthly energy charges were $31 higher per month than if the customer had paid the PTC, contributing to the unaffordability of electric service and the increase in CAP program costs. PPL St. 3 at 9; OCA St. 1 at 19. From January 2012 through February 2016, 34,780 customers were removed from CAP because they reached their maximum CAP credit, and approximately 79% of those CAP customers were shopping with an EGS during that 18 month CAP program cycle. CAUSE-PA St. 1, Attach. B; CAUSE-PA I.B. at 20. [6]

The ALJ concluded that without any action, the 46-month trend that PPL analyzed will continue. ALJ Colwell explained, as follows:

> An OnTrack customer who pays more than the PTC will use CAP credits at a faster rate and may lose the benefit of reduced rates earlier than necessary. This results in a higher bill and may imperil the customer's ability to pay the electric bill while increasing the risk of service termination. In addition, the collective result of many customers paying higher prices results in the Company's total approved CAP amount being reached, thereby maximizing the amount of subsidization that is ultimately paid by the residential rate class customers.
>
> The Act acknowledges that the Commonwealth must continue the protections, policies and service that now assist customers who are low-income to afford electric service, and this Commission interprets this to include the provision of customer assistance programs. CAP programs are subsidized by the residential rate class customers, and those customers pay higher bills in order to make the CAP programs meaningful for low-income customers. Therefore, it should go without saying that those CAP programs must be administered in a financially

[6] When CAP customers exceed the maximum CAP credit, CAP customers are removed from the CAP program and must pay the full residential rate with no CAP discount for the remainder of the 18-month recertification period.

> responsible fashion and not used to pay higher prices than necessary to third-party EGS who do not subsidize the CAP.
>
> The Parties have submitted substantial evidence to support the imposition of restrictions on CAP participants who want to shop, and RESA has not successfully rebutted that evidence.

I.D. at 55-56.

As the ALJ recognized, maintaining the status quo does nothing to address the fundamental problems raised by CAUSE-PA witness Geller and OCA witness Alexander or address the harms identified by PPL witnesses Rouland and Wukitsch. PPL St. 1 at 46-48; PPL St. 3 at 5-13; CAUSE-PA St. 1 at 34-25; OCA St. 2 at 22; see also, I&E St. 1 at 6-8. PPL and CAUSE-PA identified significant harms to both CAP customers and non-CAP residential ratepayers who pay the costs of the program. The fact is that non-CAP residential ratepayers have paid a net annual increase of $2.74 million in CAP program costs as a direct result of ineffective CAP shopping decisions in the period from January 2012 through October 2015.

Despite the clear data showing harm, RESA argues in Exceptions that "the data does not present a complete picture" and that other benefits may have been enjoyed by CAP customers. RESA Exc. at 10, citing I.D. at 54. The ALJ, however, correctly held that, to the extent the "picture is not complete," it is because RESA failed to "complete" it. The ALJ stated:

> RESA's pointing out that the CAP customers may have enjoyed some other benefit is not persuasive where the actual knowledge of these theoretical benefits is within the records of RESA's own members and not within the records of any other party, including the Company. Pointing out what might have happened is not sufficient to counter the weight of the real data presented by the Company, the veracity of which has not been challenged.

I.D. at 54.

The OCA submits that the benefit to CAP customers is mere speculation on RESA's part. See, OCA R.B. at 10-11. More to the point, this benefit, even if it exists as RESA has

suggested, does not mitigate the harm to non-CAP residential customers. Even for CAP customers, the benefit could be temporary and limited. As the ALJ found, PPL's existing CAP program have had a negative impact on both the affordability of CAP customer bills and on non-CAP residential ratepayers who pay the costs of the program. I.D. at 48-56. The ALJ concluded that "the data is compelling, and it is sufficient to establish a prima facie case in favor of shopping restrictions for CAP customers and to shift the burden of persuasion to RESA." I.D. at 53. The ALJ concluded that the evidence presented demonstrates that the current CAP shopping structure harms both CAP customers and non-CAP residential ratepayers who pay the costs of the program. The OCA submits that the ALJ correctly recognized that the Joint Litigation Position is a reasonable solution at this time.

E. A CAP Program Re-design will not Address the Financial Impacts that PPL's Current CAP Shopping Plan has had on Ratepayers.

In its Exceptions, RESA proposes that PPL's CAP program can be redesigned "to minimize negative financial impacts." RESA Exc. at 6-7. Alternatively, RESA suggests that the structure of the CAP rules can be revised "so CAP customers are placed on equal footing with non-CAP customers with no restrictions on the right to shop." RESA Exc. at 7. In its Exceptions, however, RESA never once references the annual net cost to other ratepayers of $2.74 million annually, or how an unspecified CAP program redesign will minimize the financial impacts for both CAP customers and non-CAP residential ratepayers who pay the costs of the program.

The OCA submits that a redesign of the CAP program will not address the fundamental problem. See, OCA R.B. at 11-12.[7] An unspecified program redesign at some unspecified time in the future cannot resolve the current problems presented by ineffective CAP shopping

[7] The OCA notes that such a determination regarding any CAP redesign would not be made in this proceeding but should be made in the Company's Universal Service and Energy Conservation filing.

decisions for both CAP customers and non-CAP residential ratepayers who pay the costs of the program. The CAP program costs are a zero-sum equation. If, as RESA suggested in its Main Brief, the CAP rates are aligned to the EGS price instead of the default service price, someone will still have to pay the difference between the "asked to pay" amount and the EGS price. See, RESA M.B. at 19. The calculation is no different, and the data shows that the EGS costs will still be higher than the Price to Compare. The impact of higher EGS costs either shifts to CAP shopping customers, who are economically vulnerable, or to non-CAP residential ratepayers who pay the costs of the program. More to the point, the default service price is the price of supply procured under Commission-approved plans and is determined to be just and reasonable. There is no basis for any other metric for affordability.

The OCA submits that a change to the CAP program design will only serve to shift the costs between the economically vulnerable low-income customers or other non-CAP residential ratepayers who pay the costs of the program. The Joint Litigation Position, on the other hand, will mitigate the costs of the program in the interim until a longer-term resolution to the CAP shopping issue can be developed through a statewide collaborative or rulemaking.

F. Conclusion.

The OCA submits that the record clearly demonstrates the current CAP Shopping Plan results in a continuing harm to both CAP shopping customers, and non-CAP customers supporting the program. The ALJ correctly applied the facts presented to the legal requirements for CAP. The OCA submits that the Commission should adopt the ALJ's recommended approval of the Joint Litigation Position as the only reasonable alternative to address the ongoing identified harms. RESA's Exception 1 should be denied.

OCA Reply to RESA Exception No. 2: The ALJ correctly recommended that the Joint Litigation Position be adopted as proposed or modified by the Initial Decision. (RESA Exceptions at 11-13; ID at 57-64)

RESA argues that even if the Commission concludes that the proponents of the CAP Shopping rules have met their legal burden of proof, the Commission may rely upon substantial evidence showing the reasons why the proposed CAP shopping restrictions should not be adopted. RESA Exc. at 11. RESA states that these proposed restrictions would include limiting offers to the CAP-SOP, requiring EGSs to pay a $28 referral fee, and prohibiting EGSs from offering a "competitive" product to CAP customers. Id. RESA argues that "if EGSs do not provide service through the CAP-SOP, then CAP customers will have no opportunities at all to receive supply from an EGS." Id. The OCA submits that RESA's identified issues do not warrant rejection of the CAP-SOP.

The ALJ addressed RESA's arguments on these issues and concluded that it did not make sense to implement no CAP shopping rule protections. The ALJ stated:

> RESA continues by pointing out that the $28 referral fee paid by EGSs to the EDC per customer further exacerbates its issue as it will also have to pay it for the customer who is already signed up with the EGS and wants to re-enroll. The result, RESA predicts, is the withdrawal of all EGSs from the CAP market, thus denying CAP customers even the right to participate in the present SOP. RESA MB at 28-29.
>
> Therefore, RESA's recommendation is to impose no restrictions on CAP shopping and to encourage CAP customers to use the SOP if they do shop. This "cross your fingers and hope they will listen" approach is simply insufficient. It fails to protect the CAP shoppers from the negative effects of paying more than the PTC and reduces the ability of the individual customers to stay on CAP as long as possible. It reduces the overall ability of the CAP program to offer participation to as many customers as possible within the permitted expenditure as well as maximizes the burden on other residential ratepayers who fund CAP, some of whom are themselves low-income customers. And, "CAP customers have had the opportunity to participate in the SOP throughout the period

> analyzed by PPL Wukitsch and the opportunity to choose other, higher-priced products. The PPL analysis demonstrates that this has not successfully managed the costs of the program." OCA RB at 13.

I.D. at 60-61.

The OCA does not agree that the $28 referral fee will inhibit EGS participation. This argument is speculative. The whole point of the initial SOP was to reduce acquisition costs for EGSs in obtaining customers – CAP customers included. The reduced acquisition costs will benefit the EGSs whether the customer acquired is a CAP customer or a non-CAP customer.[8]

RESA's Exceptions argue that if implemented, the Joint Litigation Position will eliminate all shopping opportunities for CAP customers and prevent CAP customers for the opportunity to freely shop. RESA Exc. at 10-13. As discussed in the OCA's Reply Brief, RESA has provided no evidence whatsoever that all EGSs will decline to participate in a CAP-SOP or that CAP customers will not participate in the CAP-SOP. OCA R.B. at 16-18.

The CAP-SOP offers the same 7% off the Price to Compare at the time of enrollment, has the same 12-month contract, and has the same restriction on cancellation or termination fees as the regular SOP. Joint Litigation Position at 2-3. Like the SOP, a CAP customer who terminates a CAP-SOP contract or reaches the end of the 12-month CAP-SOP contract will also be allowed to re-enroll. Joint Litigation Position at 3. There is absolutely no basis to speculate that EGSs will not participate in the CAP-SOP when they do participate in the SOP. While RESA is correct that the CAP-SOP will be the only option available for CAP customers while they are enrolled in the CAP program, the OCA submits that this is a reasonable accommodation to address the harms presented to both CAP shopping customers and non-CAP residential customers who pay the costs of the program during this period.

[8] RESA touts the $50 and $100 gift cards used to obtain customers but there is no need for these higher acquisition costs under the CAP-SOP.

The Joint Litigation Position is meant to be an interim solution until the Commission can develop a more permanent statewide solution through a collaborative or rulemaking on CAP customer shopping. Further, the Joint Litigation Position establishes a fail-safe in the event that EGSs elect not to participate in the CAP-SOP market. The Joint Litigation provides that:

> Until a uniform, statewide approach to CAP shopping can be developed, the parties reserve the right to petition the Commission to re-open the CAP-SOP in the event that there is no EGS participation in the program and/or there are changes in retail market conditions that would otherwise justify reopening the CAP-SOP.

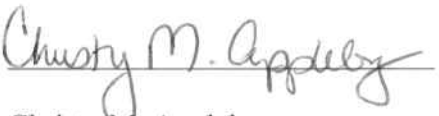
Joint Litigation Position at 4. The OCA submits that this "fail-safe" provides the parties with an opportunity to mitigate the harms caused by CAP customer shopping with no limitations.

The OCA submits that the Joint Litigation Position is the best alternative available on the record. As ALJ Colwell stated in reference to RESA's status quo position, "This "cross your fingers and hope they will listen" approach is simply insufficient." I.D. at 61. RESA's Exceptions on this issue should be denied.

III. CONCLUSION

For the reasons set forth above, and for the reasons set forth in the OCA's Briefs, the OCA submits that the Recommended Decision should be adopted and RESA's Exceptions should be rejected in their entirety.

Respectfully Submitted,



Christy M. Appleby
Assistant Consumer Advocate
PA Attorney I.D. # 85824
E-Mail: CAppleby@paoca.org

Aron J. Beatty
Senior Assistant Consumer Advocate
PA Attorney I.D. # 86625
E-Mail: ABeatty@paoca.org

Counsel for:
Tanya J. McCloskey
Acting Consumer Advocate

Office of Consumer Advocate
5th Floor, Forum Place
555 Walnut Street
Harrisburg, PA 17101-1923
Phone: (717) 783-5048
Fax: (717) 783-7152

DATE: September 16, 2016
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CERTIFICATE OF SERVICE

Petition of PPL Electric Utilities Corporation :
For Approval of a Default Service Program : Docket Nos. P-2016-2526627
And Procurement Plan for the Period :
June 1, 2017 through May 31, 2021

I hereby certify that I have this day served a true copy of the following document, the Office of Consumer Advocate's Reply Exceptions, upon parties of record in this proceeding in accordance with the requirements of 52 Pa. Code Section 1.54 (relating to service by a participant), in the manner and upon the persons listed below:

Dated this 16th day of September 2016.

SERVICE BY HAND DELIVERY and FIRST CLASS MAIL

Gina L. Lauffer, Esquire
Bureau of Investigation &Enforcement
400 North Street
Harrisburg, PA 17120

SERVICE BY E-MAIL and FIRST CLASS MAIL

David B. MacGregor, Esquire
Christopher T. Wright, Esquire
Michael W. Hassell, Esquire
Post & Schell PC
17 North Second Street
12th Floor
Harrisburg, PA 17101

Paul E. Russell, Esquire
Kimberly A. Klock, Esquire
PPL Electric Utilities Corporation
2 North Ninth Street
Allentown, PA 18101

Steven C. Gray, Esquire
Office of Small Business Advocate
Commerce Building, Suite 1102
300 North Second Street
Harrisburg, PA 17101

Todd S. Stewart, Esquire
Hawke McKeon and Sniscak, LLP
100 North 10th Street
Harrisburg, PA 17101
NextEra Energy Power Marketing, LLC

Kenneth L. Mickens, Esquire
316 Yorkshire Drive
Harrisburg, PA 17111
Sustainable Energy Fund

H. Rachel Smith, Esquire
100 Constellation Way, Suite 500C
Baltimore, MD 21202
Exelon Business Services Corp.

Patrick M. Cicero, Esquire
Elizabeth R. Marx, Esquire
Joline Price, Esquire
Pennsylvania Utility Law Project
118 Locust Street
Harrisburg, PA 17101
CAUSE-PA

Daniel Clearfield, Esquire
Deanne M. O'Dell, Esquire
Sarah C. Stoner, Esquire
Eckert, Seaman, Cherin & Mellott, LLC
213 Market St., 8th Floor
Harrisburg, PA 17101
Retail Energy Supply Association

Charles E. Thomas III, Esquire
Thomas Niesen & Thomas, LLC
212 Locust Street, Suite 600
Harrisburg, PA 17101
Noble Americas Energy Solutions LLC

Pamela C. Polacek, Esquire
Adeolu A. Bakare, Esquire
Alessandra L. Hylander, Esquire
McNees, Wallace & Nurick, LLC
100 Pine Street
P.O. Box 1166
Harrisburg, PA 17108-1166
PPLICA

/s/ Christy M. Appleby
Christy M. Appleby
Assistant Consumer Advocate
PA Attorney I.D. # 85824
E-Mail: CAppleby@paoca.org

Aron J. Beatty
Senior Assistant Consumer Advocate
PA Attorney I.D. # 86625
E-Mail: ABeatty@paoca.org

Counsel for
Office of Consumer Advocate
555 Walnut Street
5th Floor, Forum Place
Harrisburg, PA 17101-1923
Phone: (717) 783-5048
Fax: (717) 783-7152
225920