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October 26, 2020

Via Electronic Filing

Rosemary Chiavetta, Esq.
PA Public Utility Commission
P.O. Box 3265
Harrisburg, PA 17105-3265

Re: Petition of PPL Electric Utilities Corporation for Approval of its Default Service Plan for the Period from June 1, 2021 through May 31, 2025 – Docket No. P-2020-3019356

Dear Secretary Chiavetta:

Enclosed for electronic filing please find Inspire Energy Holdings, LLC's ("Inspire") Exceptions in the above captioned matter. Copies to be served in accordance with the attached Certificate of Service.

Sincerely,

A handwritten signature in blue ink that reads "Deanne M. O'Dell".

Deanne M. O'Dell

DMO/lww

Enclosure

cc: Hon. Elizabeth Barnes w/enc.
Cert. of Service w/enc.
ra-osa@pa.gov w/enc.

CERTIFICATE OF SERVICE

I hereby certify that this day I served a copy of Inspire Energy's Exceptions upon the persons listed below in the manner indicated in accordance with the requirements of 52 Pa. Code Section 1.54.

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**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

Petition of PPL Electric Utilities :
Corporation for Approval of a Default :
Service Program and Procurement Plan for : Docket No. P-2020-3019356
the Period June 1, 2021 Through May 31, :
2025 :

**EXCEPTIONS OF
INSPIRE ENERGY HOLDINGS, LLC.**

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I. INTRODUCTION

Inspire Energy Holdings, LLC. (“Inspire”), an electric generation supplier (“EGS”), supports continuation of the Customer Assistance Plan – Standard Offer Program (“CAP-SOP”) of PPL Electric Utilities Corporation (“PPL”). Given all the effort undertaken to create and implement the CAP-SOP and the undeniable benefits received by all PPL’s ratepayers when low-income customers participate, the CAP-SOP should be continued through the next default service plan period (with direction to PPL to comply with the required EGS notice procedures) to be re-evaluated in the next default service proceeding.

The Commission is without legal authority to condition the receipt of financial assistance to low income customers on requiring them to forgo their right to shop as recommended by Administrative Law Judge Elizabeth H. Barnes (“ALJ”) in her October 13, 2020 Recommended Decision (“RD”). While the Commission may “effectively limit competition and choice for low-income customers,” it can do so only when: (1) there is a harm associated with competition; and, (2) there is no reasonable alternative to the rule that restricts competition.¹ Given the Commonwealth Court’s approval of the current PPL CAP-SOP, it has already been deemed to be a reasonable alternative to an outright restriction on shopping as the RD recommends here.² Rather than addressing why the court approved reasonable alternative of CAP-SOP is no longer reasonable or what could be changed to make it more effective, the RD erroneously focused on perceived harms associated with competition and – without any analysis – deemed CAP-SOP to be “ineffective.”³

¹ *Retail Energy Supply Ass'n v. Pa. PUC*, 185 A.3d 1229 (Pa. Commw. Ct. 2018) (emphasis added) (“*PPL CAP-SOP Appeal Order*”).

² *PPL CAP-SOP Appeal Order* at 1223.

³ RD at 36-37.

Importantly, the unrefuted evidence in this proceeding showed that: (1) when low income customers participate in CAP-SOP their CAP benefits are maximized and the overall costs of the universal service program are reduced – a result that will not happen by conditioning CAP benefits on foregoing the right to shop; and, (2) concerns regarding the effectiveness of the current CAP-SOP can be directly traced to PPL’s failure to comply with the EGS notice requirements and the infancy of the current program.

The RD references data from 2018 and 2019 identifying the number of PPL’s CAP participants who were paying more than PPL’s Price to Compare (“PTC”).⁴ According to the RD, these “additional costs associated with CAP shopping” show “significant financial harms” of CAP shopping because they lead to CAP customers exhausting their CAP credits more quickly and other residential customers paying higher CAP shortfall amounts.⁵ The RD finds, without any explanation, that the CAP-SOP has “been ineffective” in protecting against these “harms” and recommends that the Commission adopt PPL’s proposal.⁶ PPL’s proposal is to discontinue the CAP-SOP and require CAP applicants to cancel their existing EGS contracts within two weeks of notification of their CAP eligibility in order to be enrolled.⁷ The recommendation to end the CAP-SOP must be rejected because: (1) the CAP-SOP is a superior alternative to requiring low income customers to forego financial assistance to shop; and, (2) the

⁴ RD at 36.

⁵ RD at 36-37. PPL’s CAP program design includes “CAP Maximums” (or “credits”) which, when exhausted, means that the CAP participant can no longer receive the financial assistance of the CAP program. If the CAP participant is being billed a lesser amount, then his or her “CAP Maximum” or CAP credit will not be reached as quickly. The “CAP shortfall amounts” refer to the difference between what the CAP participant is asked to pay vs the actual billed amount. The CAP shortfall amounts are what non-CAP customers subsidize. The less the delta between the billed and asked to pay amount, the less non-CAP customers are required to subsidize.

⁶ RD at 36 and 42, Ordering ¶ 2.

⁷ PPL St. No. 3 at 15-17.

record does not support the view that the CAP-SOP has been “ineffective” such that it should be discontinued without further consideration.

II. EXCEPTIONS

A. **Exception No. 1: CAP-SOP Is A Superior Alternative To Requiring Low Income Customers To Forego Financial Assistance In Order To Receive Competitive Supply**

Given that the existing CAP-SOP is the Commission and Commonwealth approved reasonable alternative to adopting PPL’s proposal, a recommendation to discontinue it must be rooted in an analysis about why the approach no longer strikes the appropriate balance “between competing policy concerns promoting competition and choice, and protecting access, affordability, and cost-effectiveness” of universal service programs.⁸ Such analysis, as displayed in the table below, shows that the CAP-SOP is a superior alternative to the RD’s recommendation because: (1) CAP-SOP enables low income customers to receive competitive supply and have access to financial benefits; (2) the overall energy bill for CAP participants is lowered forestalling them from reaching their CAP maximum amount sooner so that they can enjoy CAP benefits longer;⁹ (3) CAP participants have the opportunity to support larger societal goals, such as renewable energy;¹⁰ (3) by decreasing the overall energy bills for CAP participants, the amounts other ratepayers are required to subsidize are also less.¹¹

⁸ PPL CAP-SOP Appeal Order at 1223.

⁹ Inspire Main Brief (“MB”) at 7, citing Inspire St. No. 1 at 5, Inspire St. No. 1-SR at 6-8.

¹⁰ Inspire MB at 8, citing Inspire St. No. 1-SR at 8.

¹¹ Inspire MB at 8, citing Inspire St No. 1 at 5 and Inspire St. No. 1-SR at 8.

	RD Recommendation – Must forgo CAP benefits to shop	Inspire Proposal – Retain existing CAP-SOP (and require PPL to comply with existing program terms)
Can low income consumer benefit from both shopping and CAP participation?	No. Customer must choose between shopping or receiving financial assistance via CAP program	Yes. Customer may receive CAP benefits and receive competitive market option via CAP-SOP only
Can low income consumer lower energy bill?	Only if low income consumer forgoes right to receive financial assistance via CAP program	Yes. CAP-SOP participant is billed 7% off PPL PTC at contract formation and price held for one year (record shows this has consistently provided lower bill). ¹²
Does shopping or CAP-SOP participation change amount low income consumer asked to pay?	Yes. If low-income customer elects to shop, then ineligible to pay a reduced bill as part of CAP program. Even if shopping price is at PTC, low income customer will be required to pay full amount billed.	No. Low-income customer is still required to pay the asked-to-pay amount as part of participation in CAP program but amount billed is less than PTC.
Does shopping or CAP-SOP participation maximize CAP benefits for low-income participant?	No. Shopping forecloses ability to receive any financial assistance via CAP program and presents no opportunity for CAP participant to maximize CAP benefits.	Yes. Being billed less than PTC enables CAP participant to maintain CAP benefits longer (i.e. does not reach CAP maximum amount as quickly). ¹³
Can low income consumer support broader goals beyond price?	No. If low income consumer elects to shop for any reason, cannot receive financial benefits of CAP program.	Yes. Inspire offers a renewable product at no additional cost for CAP-SOP participants enabling the consumer to support broader societal goals and receive financial benefits of CAP program. ¹⁴
Are overall costs of the CAP program reduced?	No. If no CAP participant is permitted to shop, no opportunity to reduce their overall energy bills and, therefore, no opportunity to reduce the shortfall non-CAP customers have to pay.	Yes, because CAP-SOP price is lower than PTC, non-CAP customers pay less to cover the shortfall between CAP customer asked to pay amount and billed amount. ¹⁵

The failure to show why the currently effective reasonable alternative (CAP-SOP) should

be abandoned in favor of conditioning the receipt of financial assistance to low income

¹² Inspire MB at 7, citing Inspire Exh. AJS-6 (although PTC decreased in June 2020, Inspire’s CAP-SOP who enrolled prior to June 2020 continue to receive a rate that is 2.55% below PPL’s current PTC; Inspire’s CAP-SOP customers enrolled since March 2020 through July 1, 2020 have received a total monthly savings of \$22,592.40), Inspire St. No. 1-SR at 7-8 (since June 2018, the average percent change of PPL’s PTC has been -.042% meaning that the PTC decreases have not been enough to cause those being billed pursuant to the CAP-SOP to be billed more than the effective PTC.)

¹³ Inspire MB at 7 citing Inspire St. No. 1 at 5; Inspire St. No. 1-SR at 6.

¹⁴ Inspire MB at 8, citing Inspire St. No. 1-SR at 8.

¹⁵ Inspire MB at 8, citing Inspire St. No. 1 at 5.

consumers on forgoing their right to shop constitutes legal error and, therefore, the recommendation to adopt PPL’s proposal must be rejected.

B. Exception No. 2: Record Does Not Support The View That CAP-SOP Has Been “Ineffective” Such That It Should Be Discontinued Without Further Consideration

Rather than addressing or explaining why the benefits of the existing CAP-SOP should be discarded in favor of requiring low income customers to forgo their right to shop to receive financial benefits, the RD relies on data from 2018 and 2019 regarding the amount CAP participants were paying above the PTC to – implicitly – conclude that CAP-SOP has not been effective in removing CAP customers from EGS supply fast enough.¹⁶ The record, however, makes clear that PPL’s failure to comply with required EGS notice requirements and the infancy of the program lead to an inability to fairly evaluate the effectiveness of CAP-SOP at this time.

The undisputed record evidence is clear that PPL did not follow Commission directives to provide EGS monthly notices about the CAP enrollment status of the EGS customers on a regular or consistent basis.¹⁷ While PPL deflects its failed compliance on the availability of the information at its supplier portal, the Commission categorically rejected PPL’s reliance on the supplier portal based on concerns about “the reasonableness and effectiveness of requiring all the suppliers to continually check PPL’s web-portal and to constantly cross-check customer lists to determine which of their customers has recently enrolled in CAP.”¹⁸ Rather, the Commission directed PPL to provide monthly notices to the EGSs and directed the EGSs to act in reliance on

¹⁶ This implicit conclusion is consistent with PPL’s advocacy in this proceeding. See PPL St. No. 3 at 8-9.

¹⁷ The last report received by Inspire was in May 2020 after not having received a report since April 2019. Inspire MB at 10, citing *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, Final Order entered February 9, 2018 (“*PPL CAP-SOP Implementation Order*”) and Inspire St. No. 1-SR at 4-5.

¹⁸ Inspire RB at 4-5, citing *PPL CAP-SOP Implementation Order* at 25 and Ordering Paragraph 4.

PPL's monthly notice.¹⁹ PPL's failure to comply has a direct connection to the concern about CAP participants not being removed from "non-CAP-SOP" EGSs fast enough.²⁰ Consistent with the Commission's directives in the *PPL CAP-SOP Implementation Order*, Inspire relies on PPL's monthly notices to return Inspire customers who have enrolled in PPL's CAP to default service and Inspire does so even more quickly than required by the *PPL CAP-SOP Implementation Order*.²¹ Without PPL complying with the EGS notice requirements and giving EGSs the information they need about the CAP enrollment status of their customers, it cannot be presumed that CAP-SOP is ineffective. On the contrary, PPL is standing as the obstacle to fairly evaluating CAP-SOP. Permitting PPL to flagrantly disregard clear Commission directives and then use that disobedience to support discontinuance of a program that provides superior benefits for all PPL's ratepayers is unreasonable and not in the public interest.

Additionally, the CAP-SOP is in its infancy. Though approved by the Commission in 2016 for implementation on June 1, 2017, there was much uncertainty about both the legality of the CAP-SOP and the transition of EGS customers to default service upon their enrollment in PPL's CAP. These questions were not resolved until the Spring of 2018 with June 2018 marking

¹⁹ *PPL CAP-SOP Implementation Order* at 25 and Ordering Paragraph 4.

²⁰ Clarification is warranted regarding the RD's statement that PPL should be "given leave to end CAP SOP as it is unreasonable to require the default service provider to sponsor a program that provides an initial 7% discount under the PTC, but then allows the vulnerable CAP customers to roll over into a contract with a 50% decrease above the PTC, for months after the SOP contract expire." RD at 29. PPL's CAP participants enrolling in CAP-SOP are not permitted to be placed on any other type of EGS service so long as the customer is enrolled in CAP. In addition, CAP participants are only permitted to "shop" via the CAP-SOP and, therefore, PPL's standard SOP is not available to them.

²¹ Inspire MB at 11, citing Inspire St. No. 1-SR at 5; Inspire Reply Brief at 5-6. Pursuant to the *PPL CAP-SOP Implementation Order*, EGS customers who subsequently enroll in CAP cannot continue to receive EGS service and either at the end of the existing fixed contract or within 120 days for month-to-month contracts, the EGS customer must be returned to default service or receive generation supply through the CAP-SOP. *PPL CAP-SOP Implementation Order* at 22-24. Inspire exercises its contractual right to return an existing customer to default service usually within 30 days upon notice from PPL that the customer has enrolled in PPL's CAP.

the point in time by which all month-to-month EGSs customers enrolled in PPL's CAP were to be transitioned to default service. However, PPL's data regarding the prices paid by CAP participants covers a much longer period of time from 2013 through January 2020.²² Expecting that CAP-SOP is going to completely reverse prior trends in approximately a year and a half is not realistic especially when the Commission directed requirements of the CAP-SOP regarding notice to EGSs have not been followed. In sum, more time and better compliance with the EGS notice requirements of CAP-SOP is necessary to be able to reasonably evaluate whether or not the CAP-SOP is achieving the goals for which it was created.

Finally, though not specifically addressed in the RD, Inspire recognizes that EGS participation in the CAP-SOP is voluntary and necessary to enable consumers to receive the benefit of the program. While PPL cites to the lack of consistent EGS participation as a reason to discontinue the program entirely, Inspire strongly disagrees with this viewpoint. There are no remaining implementation costs for the CAP-SOP and PPL does not believe that on-going costs associated with CAP-SOP are material.²³ Moreover, as discussed previously, resolving legal issues and implementation details for CAP-SOP took a significant period of time creating a great deal of uncertainty for EGSs considering participating in the program. Even in periods of time where no EGSs participate, the benefits of prior CAP-SOP enrollments are on-going and the benefits of future CAP-SOP enrollments are possible.²⁴ Thus, ending the program now without ever determining whether PPL's compliance and a longer period of program implementation stability would make it more effective deprives PPL's ratepayers of their investment and robs

²² PPL St. No. 3 at 22, Table 4.

²³ Inspire MB at 9, citing Inspire Exhs. AJS-1 and AJS-2.

²⁴ Inspire MB at 12.

them of the superior benefits to be had by continuing the CAP-SOP through the next default service plan period.

Given all of the effort undertaken to create the CAP-SOP and the benefits offered through it to all PPL's ratepayers, Inspire urges the Commission to continue the CAP-SOP through the next default service plan period and direct PPL to comply with the required EGS notice provisions. With this direction and the passage of time, a more fair evaluation of the effect of the CAP-SOP can be made in PPL's next default service proceeding. This result is more legally sound and better serves the public interest than tossing aside an existing program and forcing low income consumers to choose between receiving financial benefits or exercising their right to receive competitive service.

III. CONCLUSION

For the reasons discussed above, Inspire urges the Commission to reject the recommendation to discontinue PPL's CAP-SOP, direct PPL to comply with the required EGS notice provisions and determine that the CAP-SOP shall be evaluated in PPL's next default service proceeding.

Respectfully submitted,



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