

**PENNSYLVANIA PUBLIC UTILITY COMMISSION
HARRISBURG, PENNSYLVANIA 17120**

**Petition of PPL Electric Utilities
Corporation for Approval of its
Default Service Plan for the Period
June 1, 2021 through May 31, 2025**

**Public Meeting December 17, 2020
3019356-OSA
Docket No. P-2020-3019356**

STATEMENT OF VICE CHAIRMAN DAVID W. SWEET

Before us is a partial settlement in PPL Electric Utilities Corporation's (PPL) 2021-2025 default service plan (DSP V) proceeding. Two of the remaining issues to be litigated in this proceeding include PPL's Standard Offer Program (SOP) and its Standard Offer Program specifically for those in its Customer Assistance Program (CAP SOP). While I agree with the staff recommendations before us to reject PPL's proposal to amend its regular SOP and to adopt PPL's proposal to end its CAP SOP, I want to explain my reasoning for such support.

PPL's current Standard Offer Program consists of a customer enrolling with an electric generation supplier (EGS) for a fixed price, 12-month contract. The fixed price is 7% off PPL's Price to Compare (PTC) that is in effect at the time the customer enrolls. Following the 12-month contract, a customer may enter into a new contract with the EGS, choose another EGS or return to default service. As with non-SOP shopping, if a customer fails to act at the end of a contract, a supplier is able to roll that customer over to a month-to-month contract. In this proceeding, PPL proposes to change its SOP so that, at the end of the 12-month SOP contract term, a customer who fails to affirmatively act will be automatically returned to default service. PPL argues that this protects customers from being rolled into a month-to-month contract that may be at a rate much higher than either the SOP price or the current PTC.

I recognize that the issue of customers being rolled into month-to-month contracts has been discussed at length over the course of litigation surrounding the implementation of the now over-20-year-old Competition Act.¹ While I would probably not have supported the use of rollover contracts initially, they have become an ingrained feature of shopping. As such, I do not believe that it is wise to create inconsistencies in how the end-of-contract process is handled between SOP and non-SOP shopping. With that in mind, I strongly encourage EGSs to work with *all* customers as much as possible to avoid these rollover contracts.

Secondly, PPL's program specifically designed for CAP customer shopping, the CAP SOP, is very similar to the regular SOP – participating customers are offered a rate that is 7% below the PTC *at the time of enrollment*. However, as the program is currently structured, this rate could become less favorable if the PTC is lowered during the contract term. PPL raises concerns with its current CAP shopping program, arguing two primary issues: (1) a lack of EGS participation and (2)

¹ Electricity Generation Customer Choice and Competition Act – 66 Pa. C.S. § 2807.

harm to CAP customers² and non-CAP customers³ alike due to CAP customers paying EGS rates greater than PPL's PTC. In this instance, CAP customers are more likely to utilize their CAP credits more quickly than if they were default service customers. As such, PPL proposes ending its CAP SOP.

I am voting to approve PPL's CAP shopping request, albeit begrudgingly. I agree with PPL and other stakeholders that the existing CAP SOP is not working well. The Commission proposed, in 2019, a new policy statement regarding CAP shopping, but that proposal has not yet been finally adopted. I would have preferred that PPL propose a program more along the lines of our proposed policy statement. However, because the policy statement has not yet been adopted, I am willing to support the recommendation approving PPL's request to drop CAP shopping for the time being. In doing so, I am relying on the fact that PPL has expressed throughout this proceeding that, "should the Commission issue a future order directing differently than what PPL Electric is proposing in this proceeding, PPL Electric will seek to amend the DSP V with respect to CAP shopping so that it is in compliance with the Commission's directives."⁴ I personally intend to carefully monitor this issue as matters unfold.

For these reasons, I support the Staff Recommendation before us on PPL's DSP V.

Date: December 17, 2020



**DAVID W. SWEET
VICE CHAIRMAN**

² A CAP customer paying a generation rate greater than the PTC may utilize his/her CAP credits more quickly than if he/she was a default service customer.

³ PPL's universal service program costs are recovered from all residential ratepayers.

⁴ PPL Stumpf Testimony at p. 17; PPL M.B. p. 31, footnote 10; PPL R.B. p. 16, footnote 4.