



COMMONWEALTH OF PENNSYLVANIA
PENNSYLVANIA PUBLIC UTILITY COMMISSION
COMMONWEALTH KEYSTONE BUILDING
400 NORTH STREET, HARRISBURG, PA 17120

BUREAU OF
INVESTIGATION
&
ENFORCEMENT

June 7, 2022

Via Electronic Filing

Rosemary Chiavetta, Secretary
Pennsylvania Public Utility Commission
Commonwealth Keystone Building
400 North Street
Harrisburg, PA 17120

Re: Joint Petition of Metropolitan Edison Company, Pennsylvania Electric Company, Pennsylvania Power Company, and West Penn Power Company for Approval of Default Service Programs for the Period June 1, 2023 through May 31, 2027
Docket Nos.: P-2021-3030012, P-2021-3030013, P-2021-3030014
and P-2021-3030021

I&E Pre-Served Testimony

Dear Secretary Chiavetta:

Enclosed for electronic filing please find the following prepared **Pre-Served Testimony & Verification Statement** of the Bureau of Investigation and Enforcement's (I&E) witness in the above-captioned proceeding, that was introduced into the record at the hearings held by Administrative Law Judge Watson on April 13 and 14, 2022:

- **I&E Statement No. 1 - Keller**
- **I&E Statement No. 1-SR – Keller**
- **Verification Statement – Keller**

Copies are being served on parties per the attached Certificate of Service. Should you have any questions, please do not hesitate to contact me.

Sincerely,

Allison C. Kaster
Deputy Chief Prosecutor
Bureau of Investigation and Enforcement
PA Attorney ID No. 93176
(717) 783-7998
akaster@pa.gov

ACK/jfm
Enclosures

cc: ALJ Jeffrey A. Watson, OALJ-Pittsburgh (*Cover Letter & Certificate of Service via email*)
Nick Miskanic, Legal Assistant, OALJ (*Cover Letter & Certificate of Service via email*)
Per Certificate of Service (*Cover Letter & Certificate of Service via e-mail*)

I&E Statement No. 1
Witness: Christopher Keller

PENNSYLVANIA PUBLIC UTILITY COMMISSION

v.

METROPOLITAN EDISON COMPANY
PENNSYLVANIA ELECTRIC COMPANY
PENNSYLVANIA POWER COMPANY
WEST PENN POWER COMPANY

Docket No. P-2021-3030012
Docket No. P-2021-3030013
Docket No. P-2021-3030014
Docket No. P-2021-3030021

Direct Testimony

of

Christopher Keller

Bureau of Investigation and Enforcement

Concerning:

PURCHASE OF RECEIVABLES PROGRAM

1 **Q. PLEASE STATE YOUR NAME AND BUSINESS ADDRESS.**

2 A. My name is Christopher Keller. My business address is Pennsylvania Public
3 Utility Commission, Commonwealth Keystone Building, 400 North Street,
4 Harrisburg, PA 17120.

5

6 **Q. BY WHOM ARE YOU EMPLOYED AND IN WHAT CAPACITY?**

7 A. I am employed by the Pennsylvania Public Utility Commission (Commission) in
8 the Bureau of Investigation & Enforcement (I&E) as a Fixed Utility Financial
9 Analyst.

10

11 **Q. WHAT IS YOUR EDUCATIONAL AND EMPLOYMENT BACKGROUND?**

12 A. An outline of my education and employment is attached as Appendix A.

13

14 **Q. PLEASE DESCRIBE THE ROLE OF I&E IN RATE PROCEEDINGS.**

15 A. I&E is responsible for protecting the public interest in proceedings before the
16 Commission. I&E's analysis in the proceedings is based on its responsibility to
17 represent the public interest. This responsibility requires the balancing of the
18 interests of the ratepayers, the regulated utility, and the regulated community as a
19 whole.

20

21 **Q. WHAT IS THE PURPOSE OF YOUR DIRECT TESTIMONY?**

22 A. The purpose of my testimony in this proceeding is to respond to the petition filed

1 by Metropolitan Edison Company (Met-Ed), Pennsylvania Electric Company
2 (Penelec), Pennsylvania Power Company (Penn Power), and West Penn Power
3 Company (West Penn) (collectively, Companies) for the sixth Default Service
4 Program and Procurement Plan (DSP VI). The DSP VI is intended to establish the
5 terms and conditions under which the Companies will acquire electric generation
6 supply and provide electric power to default service customers for the period
7 June 1, 2023 through May 31, 2027. In my direct testimony, I will address the
8 Companies' Purchase of Receivables Program (POR Program).

9
10 **Q. PLEASE SUMMARIZE THE COMPANIES' POR PROGRAMS AS**
11 **CURRENTLY IN EFFECT.**

12 A. Currently, the Companies purchase accounts receivable from electric generation
13 suppliers (EGS) at a zero discount rate, meaning the Companies pay the face value
14 of the accounts receivable regardless of whether or not customers pay the full
15 amount due. The Companies recover POR program expenses through the Default
16 Service Support Rider (DSS rider) which is paid by all customers. This means that
17 the risk for nonpayment of a receivable and costs associated with collection are
18 borne by this group (Met-Ed/Penelec/Penn Power/West Penn Statement No. 1, p.
19 12, ln. 14 through p. 13, ln. 13).

20 As a result of the last two DSP proceedings, the Companies added a
21 clawback clause related to EGS write-offs on a pilot basis. Under this clause, an
22 EGS will be subject to a two-prong test to determine if a clawback charge will be

1 assessed. The first prong of the test is to identify EGS' that exceed 200% of the
2 average percentage of total EGS write-offs as a percentage of revenue for the
3 twelve months ended August 31st. If an EGS meets the criteria for the first prong
4 of the test, the second prong will identify those EGS' where the average price
5 charged over the twelve months ended August 31st exceeds 150% of the average
6 price to compare (PTC). Those EGSs that meet the criteria for both prongs will
7 incur an annual charge equal to the difference of the actual EGS' write-offs and
8 200% of the average EGS percentage of write-offs (Met-Ed/Penelec/Penn
9 Power/West Penn Statement No. 1, p. 13, line 14 through p. 14, line 12).

10
11 **Q. WHAT DO THE COMPANIES PROPOSE REGARDING THE**
12 **CLAWBACK CLAUSE?**

13 A. The Companies propose to continue the POR clawback clause on a permanent
14 basis rather than on a pilot basis as was the case the Companies' last two DSP
15 proceedings (Met-Ed/Penelec/Penn Power/West Penn Statement No. 1, p. 16, lines
16 16-17).

17
18 **Q. WHAT ARE THE COMPANIES' REASONS FOR WANTING TO**
19 **CONTINUE THE CLAWBACK CLAUSE?**

20 A. The Companies claim the clawback clause reduces exposure to unreasonable EGS
21 uncollectibles by providing a source of cost recovery from EGS' responsible for an
22 abnormally high share of those uncollectible costs. Additionally, the Companies

1 allege that the clawback clause provides an incentive for EGS' to consider the
2 results of offered pricing programs on the customers' ability to pay, and it benefits
3 customers by reducing uncollectibles that would have otherwise been collected in
4 rates (Met-Ed/Penelec/Penn Power/West Penn Statement No. 1, p. 16, lines 6-17).

5
6 **Q. DO YOU AGREE WITH THE COMPANIES' PROPOSAL TO CONTINUE**
7 **THE CLAWBACK CLAUSE?**

8 A. Yes, however, I recommend continuation on a pilot basis until the next DSP
9 proceeding to further evaluate the effectiveness and possible need for adjustments.
10 Based on the results from 2018 through 2021 (Met-Ed/Penelec/Penn Power/West
11 Penn Exhibit JMS-3, pp. 1-4), the decrease in assessed clawback charges does
12 indicate that EGS' have modified their pricing behaviors and reduced
13 uncollectibles that would have been recovered from ratepayers:

	2018	2019	2020	2021
Met-Ed	\$358,477	\$330,187	\$231,211	\$104,865
Penelec	\$322,083	\$504,433	\$111,597	\$122,330
Penn Power	\$13,522	\$28,404	\$76,090	\$25,138
West Penn	\$238,340	\$132,369	\$195,054	\$203,642
Total	\$932,422	\$995,393	\$613,952	\$456,075

14

1 **Q. WHY IS IT APPROPRIATE TO CONTINUE THE CLAWBACK AS A**
2 **PILOT RATHER THAN MAKE IT PERMANENT AS THE COMPANIES**
3 **PROPOSE?**

4 A. I am concerned that the clawback clause fails to address all EGS uncollectibles.
5 The Companies' clawback clause ignores the fact that all EGS uncollectibles
6 burden the Companies and ratepayers by only charging the EGS' over the 200% of
7 average supplier write-offs threshold. The EGS' under the 200% threshold, even
8 at a high rate such as 175%, would continue to recoup the full amount of
9 receivables without any discount even though not all customers will pay.
10 Suppliers under the 200% threshold have no incentive to maintain or reduce
11 uncollectibles. Therefore, while I recognize that the clawback has modified
12 pricing behaviors and shifted some cost recovery to EGS', it does not address all
13 EGS uncollectibles and should continue on a pilot basis so that all options can be
14 explored in a future DSP proceeding.

15
16 **Q. WHAT IS ANOTHER WAY THAT UNCOLLECTIBLES CAN BE**
17 **ADDRESSED?**

18 A. These uncollectibles can be addressed via a Merchant Function Charge (MFC) on
19 the default service customer side and as a POR discount rate assessed to EGS' on
20 the shopping customer side. As explained below, the use of a discount rate has
21 been widely accepted by the Commission. Under a POR program, the EGS sells
22 its accounts receivable, which allows it to receive immediate payment and avoid

1 the risk of nonpayment by the customer. The EDC often purchases the receivables
2 at a discount to recognize there is a risk that the accounts receivable may not be
3 fully paid by the customers and to recognize that collection of accounts is not
4 without costs. The discount may be attributable to uncollectible expense, i.e., bad
5 debt of the electric generation supplier's customers, and the EDC's administrative
6 costs for billing and collection. In the Companies' 2015 DSP proceeding, I
7 recommended a POR discount¹ and may want to make a similar recommendation
8 in a future proceeding if it appears that the clawback does not adequately address
9 the uncollectible issue.

10
11 **Q. WOULD THERE NEED TO BE ADDITIONAL CHANGES REQUIRED TO**
12 **IMPLEMENT A POR DISCOUNT RATE AND AN MFC?**

13 A. Yes. First, uncollectibles would need to be removed from the DSS rider to ensure
14 that shopping customers are not charged twice for uncollectible costs. Second,
15 supply-related uncollectibles for default service customers would need to be
16 recovered through a charge such as a MFC charge. Finally, default service charges
17 for uncollectibles as well as the discount rate for the purchase of receivables
18 would need to be differentiated by rate class.

¹ Docket No. P-2015-2511333, *et al.*, I&E Statement No. 1, p. 7, lns. 10-14.

1 **Q. HAS THE USE OF A DISCOUNT RATE FOR POR PROGRAMS BEEN**
2 **ACCEPTED BY THE COMMISSION?**

3 A. Yes. The use of a discount rate has been widely accepted by the Commission.
4 Commission regulations state that POR programs for natural gas distribution
5 companies (NGDCs) “shall use a discount rate designed to reflect the NGDC’s
6 actual uncollectible rate for supply service customers and the incremental costs
7 associated with the development, implementation and administration of the POR
8 program.”² In 2009, the Commission granted PPL Electric Utilities Corporation
9 (PPL) permission to utilize a POR program. In its Opinion and Order, the
10 Commission acknowledged discount rates are already being utilized in the gas
11 industry under 52 Pa Code § 62.224 and stated that it did not see a reason why this
12 cannot be applied to the electric industry as follows:

13 We see no difference in the administration of a POR plan for
14 natural gas with that of one for electricity. While the energy
15 products are different, the process of payment and collection of
16 bills is materially the same. There is no reason why our
17 determination regarding the Electric Competition Act should
18 not be consistent with our determination with respect to the
19 Natural Gas Competition Act in this regard. *PPL Electric*
20 *Utilities Corporation Retail Markets*, Docket No. M-2009-
21 2104271, pp. 28-29 (Order entered August 11, 2009).
22

23 **Q. PLEASE RESTATE YOUR RECOMMENDATION.**

24 A. I recommend that the clawback be continued as a pilot program. For the last four
25 years that the clawback has been implemented, it appears that EGS’ have modified

² 52 Pa. Code § 62.224.

1 their pricing behaviors and the Companies' exposure to excessive EGS write-offs
2 has been reduced. However, I remain concerned that the clawback fails to
3 recognize that all EGS uncollectibles burden the Companies and their ratepayers
4 and it may be appropriate to explore a discount method to address all billed EGS
5 revenue in a future proceeding. In order to determine whether such a
6 recommendation is appropriate, I&E maintains that the Companies should be
7 required to provide uncollectibles by shopping customers and default customers
8 broken down rate class in its next DSP proceeding.

9
10 **Q. DOES THIS CONCLUDE YOUR DIRECT TESTIMONY?**

11 **A. Yes.**

Professional and Educational Experience
Christopher Keller

Professional Experience

January 2014 to Present
Fixed Utility Financial Analyst
Pennsylvania Public Utility Commission, Harrisburg, Pennsylvania
Bureau of Investigation & Enforcement

September 2008 to January 2014
Insurance Company Financial Analyst
Pennsylvania Insurance Department, Harrisburg, Pennsylvania
Bureau of Licensing & Financial Analysis

Education and Training

FAI Utility Finance and Accounting for Financial Professionals, Boston, MA
May 21-23, 2014

York College of Pennsylvania, York, Pennsylvania
Master of Business Administration, Finance Concentration, 2008
Bachelor of Science, Accounting, 2006

Testimony Submitted

I have testified and/or submitted testimony in the following proceedings:

- Docket No. R-2021-3026116 – Borough of Hanover – Water (ROR)
- Docket No. R-2021-3025206 – Community Utilities of Pennsylvania – Water Division (ROR)
- Docket No. R-2021-3025207 – Community Utilities of Pennsylvania – Wastewater Division (ROR)
- Docket No. R-2021-3025652 – UGI Utilities, Inc. – Gas Division (1307(f))
- Docket No. R-2021-3024750 – Duquesne Light Company (O&M and ROR)
- Docket No. R-2021-3024296 – Columbia Gas of Pennsylvania, Inc. (ROR)
- Docket No. R-2020-3018929 – PECO Energy Company – Gas Division (ROR)
- Docket No. P-2020-3020914 – Twin Lakes Utilities, Inc. (529 Proceeding)
- Docket No. R-2020-3018835 – Columbia Gas of Pennsylvania, Inc. (ROR)
- Docket No. R-2020-3019680 – UGI Utilities, Inc. (1307(f))
- Docket No. P-2020-3019356 – PPL Electric Utilities Corporation (DSP)
- Docket No. R-2019-3015162 – UGI Utilities, Inc. – Gas Division (ROR)
- Docket No. R-2019-3010955 – City of Lancaster – Sewer Fund (O&M)
- Docket No. R-2019-3009647 – UGI Utilities, Inc. – Gas Division (1307(f))
- Docket No. R-2018-3006818 – Peoples Natural Gas Company LLC (O&M)

**Professional and Educational Experience
Christopher Keller**

Testimony Submitted (Continued)

I have testified and/or submitted testimony in the following proceedings:

- Docket No. R-2018-3000124 – Duquesne Light Company (O&M)
- Docket No. R-2018-3001631 – UGI Central Penn Gas, Inc. (1307(f))
- Docket No. R-2018-3001632 – UGI Penn Natural Gas, Inc. (1307(f))
- Docket No. R-2018-3001633 – UGI Utilities, Inc. (1307(f))
- Docket No. R-2018-2645938 – Philadelphia Gas Works (1307(f))
- Docket No. P-2017-2637855 – Metropolitan Edison Company (DSP)
- Docket No. P-2017-2637857 – Pennsylvania Electric Company (DSP)
- Docket No. P-2017-2637858 – Pennsylvania Power Company (DSP)
- Docket No. P-2017-2637866 – West Penn Power Company (DSP)
- Docket No. R-2017-2602627 – UGI Central Penn Gas, Inc. (1307(f))
- Docket No. R-2017-2602638 – UGI Utilities, Inc. (1307(f))
- Docket No. R-2017-2586783 – Philadelphia Gas Works (O&M)
- Docket No. R-2017-2587526 – Philadelphia Gas Works (1307(f))
- Docket No. I-2016-2526085 – Delaware Sewer Company (529 Proceeding)
- Docket No. R-2016-2531550 – Citizens' Electric Company (O&M)
- Docket No. R-2016-2531551 – Wellsboro Electric Company (O&M)
- Docket No. R-2016-2537349 – Metropolitan Edison Company (CWC and CAP)
- Docket No. R-2016-2537352 – Pennsylvania Electric Company (CWC and CAP)
- Docket No. R-2016-2537355 – Pennsylvania Power Company (CWC and CAP)
- Docket No. R-2016-2537359 – West Penn Power Company (CWC and CAP)
- Docket No. R-2016-2543311 – UGI Central Penn Gas, Inc. (1307(f))
- Docket No. R-2015-2518438 – UGI Utilities, Inc. – Gas Division (CWC and USP)
- Docket No. P-2015-2511333 – Metropolitan Edison Company (DSP)
- Docket No. P-2015-2511351 – Pennsylvania Electric Company (DSP)
- Docket No. P-2015-2511355 – Pennsylvania Power Company (DSP)
- Docket No. P-2015-2511356 – West Penn Power Company (DSP)
- Docket No. R-2015-2468056 – Columbia Gas of Pennsylvania, Inc. (O&M)
- Docket No. P-2014-2404341 – Delaware Sewer Company (529 Investigation)
- Docket No. R-2014-2452705 – Delaware Sewer Company (O&M)
- Docket No. R-2014-2428304 – Borough of Hanover – Water (O&M)
- Docket No. R-2014-2419774 – Wellsboro Electric Company (Customer Choice Support Charge)
- Docket No. R-2014-2420279 – UGI Central Penn Gas, Inc. (1307(f))

Professional and Educational Experience
Christopher Keller

Assisted with the Following Cases

- Docket No. R-2017-2631441 – Reynolds Water Company (ROR)
- Docket No. R-2016-2580030 – UGI Penn Natural Gas, Inc. (ROR)
- Docket No. R-2014-2462723 – United Water Pennsylvania (CWC)
- Docket No. R-2014-2428742 – West Penn Power Company (CWC)
- Docket No. R-2014-2428743 – Pennsylvania Electric Company (CWC)
- Docket No. R-2014-2428744 – Pennsylvania Power Company (CWC)
- Docket No. R-2014-2428745 – Metropolitan Edison Company (CWC)
- Docket No. R-2013-2397353 – Pike County Light & Power Company (Gas) (O&M)
- Docket No. R-2013-2397237 – Pike County Light & Power Company (Electric) (O&M)

**I&E Statement No. 1-SR
Witness: Christopher Keller**

PENNSYLVANIA PUBLIC UTILITY COMMISSION

v.

**METROPOLITAN EDISON COMPANY
PENNSYLVANIA ELECTRIC COMPANY
PENNSYLVANIA POWER COMPANY
WEST PENN POWER COMPANY**

**Docket No. P-2021-3030012
Docket No. P-2021-3030013
Docket No. P-2021-3030014
Docket No. P-2021-3030021**

Surrebuttal Testimony

of

Christopher Keller

Bureau of Investigation and Enforcement

Concerning:

PURCHASE OF RECEIVABLES PROGRAM

TABLE OF CONTENTS

INTRODUCTION 1
PURCHASE OF RECEIVABLES PROGRAM 2

1 **INTRODUCTION**

2 **Q. PLEASE STATE YOUR NAME AND BUSINESS ADDRESS.**

3 A. My name is Christopher Keller. My business address is Pennsylvania Public
4 Utility Commission, Commonwealth Keystone Building, 400 North Street,
5 Harrisburg, PA 17120.

6

7 **Q. BY WHOM ARE YOU EMPLOYED AND IN WHAT CAPACITY?**

8 A. I am employed by the Pennsylvania Public Utility Commission (Commission) in
9 the Bureau of Investigation & Enforcement (I&E) as a Fixed Utility Financial
10 Analyst.

11

12 **Q. ARE YOU THE SAME CHRISTOPHER KELLER WHO SUBMITTED**
13 **THE DIRECT TESTIMONY CONTAINED IN I&E STATEMENT NO. 1?**

14 A. Yes.

15

16 **Q. WHAT IS THE PURPOSE OF YOUR SURREBUTTAL TESTIMONY?**

17 A. The purpose of my surrebuttal testimony is to respond to the rebuttal testimony of
18 Metropolitan Edison Company (Met-Ed), Pennsylvania Electric Company
19 (Penelec), Pennsylvania Power Company (Penn Power), and West Penn Power
20 Company (West Penn) (collectively, Companies) witness Joanne M. Savage (Met-
21 Ed/Penelec/Penn Power/West Penn Statement No. 1R).

1 **Q. DOES YOUR SURREBUTTAL TESTIMONY INCLUDE AN**
2 **ACCOMPANYING EXHIBIT?**

3 A. No. However, I will refer to my direct testimony (I&E Statement No. 1) in this
4 surrebuttal testimony.

5

6 **PURCHASE OF RECEIVABLES PROGRAM**

7 **Q. SUMMARIZE YOUR RECOMMENDATION IN DIRECT TESTIMONY**
8 **FOR THE COMPANIES' PURCHASE OF RECEIVABLES PROGRAM.**

9 A. In direct testimony, I recommended that the clawback clause be continued only on
10 a pilot basis until the Companies' next Default Service Plan (DSP) proceeding.
11 The main reason for my recommendation was that for the last four years the
12 clawback clause has been in place, it appeared that electric generation suppliers
13 (EGS') have modified their pricing behaviors and the Companies' exposure to
14 excessive EGS write-offs had been reduced. However, I also expressed concern
15 that the clawback clause failed to recognize that all EGS' uncollectibles burden the
16 Companies and the ratepayers; therefore, pending more data from an additional
17 phase of the pilot program, it may be appropriate to explore a discount method to
18 address all billed EGS uncollectibles in a future proceeding. With this in mind, I
19 recommended that the Companies be required to track and provide uncollectibles
20 by shopping customers and default service customers, broken down by rate class,
21 in its next DSP proceeding. The availability of this data would be helpful in

1 determining whether the use of a discount rate would be more appropriate in the
2 future (I&E Statement No. 1, pp. 4-8).

3
4 **Q. SUMMARIZE THE COMPANIES' RESPONSE TO YOUR**
5 **RECOMMENDATION.**

6 A. The Companies' witness Joanne M. Savage (Met-Ed/Penelec/Penn Power/West
7 Penn Statement No. 1R) responded to my recommendation by opining that the
8 four-year data from the current pilot period demonstrates the effectiveness of the
9 clawback clause, and she relies upon that conclusion to recommend the clawback
10 clause be continued on a permanent basis. While Ms. Savage agrees that the
11 clawback clause does not address all EGS write-offs, she states that the
12 Companies will have a certain percentage of accounts receivables written off over
13 the normal course of business. She claims that the clawback clause reduces the
14 Companies' exposure to excessive EGS-write offs. Finally, she rejects my
15 argument that a purchase of receivables (POR) discount may be more appropriate,
16 as she claims that it would provide a subsidy to the smaller number of EGS' that
17 create the greatest risk of generating excessive write-offs and charge the highest
18 premiums above the price to compare (Met-Ed/Penelec/Penn Power/West Penn
19 Statement No. 1R, pp. 11-13).

1 **Q. DO YOU AGREE WITH MS. SAVAGE’S RESPONSE THAT THE DATA**
2 **FROM THE FOUR-YEAR PILOT DEMONSTRATES THE**
3 **EFFECTIVENESS OF THE CLAWBACK CLAUSE?**

4 A. No. As stated in my direct testimony, I remain concerned that the clawback clause
5 fails to address all EGS uncollectibles. The Companies’ clawback clause ignores
6 the fact that all EGS uncollectibles burden the Companies and ratepayers by only
7 charging the EGS’ over the 200% of average supplier write-offs threshold. The
8 EGS’ under the 200% threshold, even at a high rate such as 175%, would continue
9 to recoup the full amount of receivables without any discount even though not all
10 customers will pay. Suppliers under the 200% threshold have no incentive to
11 maintain or reduce uncollectibles. While I recognize that the clawback has
12 modified pricing behaviors and shifted some cost recovery to EGS’, it does not
13 address all EGS uncollectibles and should continue only on a pilot basis so that all
14 options can be explored in a future DSP proceeding (I&E Statement No. 1, p. 5).

15 The continuation of the clawback clause on a pilot basis until the next DSP
16 proceeding would allow I&E and other interested parties to further evaluate the
17 effectiveness and the possible need for adjustments.

18
19 **Q. DO YOU AGREE WITH MS. SAVAGE’S RESPONSE THAT A**
20 **DISCOUNT RATE WOULD CREATE A SUBSIDY FOR EGSs WITH**
21 **HIGHER WRITE-OFFS?**

22 A. Yes, however, the use of the clawback clause creates a subsidy for EGSs with

1 lower write-offs where the ratepayers are paying for the uncollectibles that are not
2 collected through the clawback clause. As stated in my direct testimony, the use
3 of a discount rate has been widely accepted by the Commission (I&E Statement
4 No. 1, p. 7, lines 3-8) and addresses all billed EGS revenue compared to only
5 EGS' over 200% of average supplier write-offs (I&E Statement No. 1, p. 5, lines
6 4-7).

7
8 **Q. DO YOU HAVE ANY CHANGES TO YOUR RECOMMENDATION FOR**
9 **THE POR PROGRAM?**

10 A. No. I continue to recommend that the clawback clause be continued as a pilot
11 program until the next DSP proceeding. I also continue to recommend that the
12 Companies be required to provide uncollectible amounts broken down by
13 shopping customers and default customers, and further broken down by rate class,
14 in the next DSP proceeding so that parties and the Commission are able to
15 determine whether a change is warranted.

16
17 **Q. DOES THIS CONCLUDE YOUR SURREBUTTAL TESTIMONY?**

18 A. Yes.

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

Joint Petition of Metropolitan Edison	:	
Company, Pennsylvania Electric	:	Docket Nos. P-2021-3030012
Company, Pennsylvania Power	:	P-2021-3030013
Company, and West Penn Power	:	P-2021-3030014
Company for Approval of Default	:	P-2021-3030021
Service Programs for the Period	:	
June 1, 2023 through May 31, 2027	:	

**VERIFICATION OF THE
BUREAU OF INVESTIGATION AND ENFORCEMENT**

I, Christopher Keller, on behalf of the Bureau of Investigation and Enforcement, hereby verify that the documents preliminarily identified as I&E Statement No. 1 and I&E Statement No. 1-SR were prepared by me or under my direct supervision and control. Furthermore, the facts contained therein are true and correct to the best of my knowledge, information and belief and I expect to be able to prove the same at an Evidentiary Hearing in this matter. This Verification is made subject to the penalties of 18 Pa. C.S. § 4904 relating to unsworn falsification to authorities.

/s/ Christopher Keller
Christopher Keller
Fixed Utility Financial Analyst
Pennsylvania Public Utility Commission
Bureau of Investigation and Enforcement

Dated: April 11, 2022

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

Joint Petition of Metropolitan Edison	:	
Company, Pennsylvania Electric Company,	:	Docket Nos.: P-2021-3030012
Pennsylvania Power Company, and West Penn	:	P-2021-3030013
Power Company for Approval of Default	:	P-2021-3030014
Service Programs for the Period June 1, 2023	:	P-2021-3030021
through May 31, 2027	:	

CERTIFICATE OF SERVICE

I hereby certify that I am serving the foregoing **Pre-Served Testimony** dated June 7, 2022, in the manner and upon the person listed below.

Served via Electronic Mail Only

ALJ Jeffrey A. Watson
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Alliance, and the West Penn Power
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