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June 3, 2016

**Via Email and First Class Mail**

Hon. Cynthia Williams Fordham  
Administrative Law Judge  
PA Public Utility Commission  
801 Market St., Suite 4063  
Philadelphia, PA 19107

Re: Petition of PECO Energy Company for Approval of its Default Service Program for the  
Period from June 1, 2017 through May 31, 2019, Docket No. P-2016-2534980

Dear Judge Fordham:

On behalf of the Retail Energy Supply Association ("RESA") enclosed please find the Surrebuttal Testimony of Matthew White with regard to the above-referenced matter. Copies to be served in accordance with the attached Certificate of Service.

Sincerely,



Deanne M. O'Dell

DMO/lww  
Enclosure

cc: Cert. of Service w/enc.  
Rosemary Chiavetta, Secretary (COS only)

## CERTIFICATE OF SERVICE

I hereby certify that this day I served a copy of RESA's Direct Testimony 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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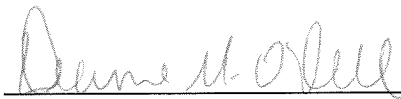
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Deanne M. O'Dell, Esq.

Dated: June 3, 2016

**BEFORE THE  
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

Petition of PECO Energy Company For :  
Approval of its Default Service :  
Program for the Period from June 1, : Docket No. P-2016-2534980  
2017 Through May 31, 2019 :

**DIRECT TESTIMONY**

**OF**

**MATTHEW WHITE**

**On Behalf of**

**Retail Energy Supply Association**

Topics Addressed:

Transparency of NITS  
SOP Operational Issue

June 3, 2016

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1 **I. INTRODUCTION AND BACKGROUND**

2 **Q. PLEASE STATE YOUR NAME AND TITLE.**

3 A. My name is Matthew White. I am employed by Interstate Gas Supply, Inc. (“IGS” or  
4 “IGS Energy”) as General Counsel, Legislative and Regulatory Affairs. My business  
5 address is 6100 Emerald Parkway, Dublin, Ohio 43016.

6 **Q. PLEASE DESCRIBE YOUR EDUCATIONAL BACKGROUND AND WORK  
7 HISTORY.**

8 A. I have a Juris Doctor (J.D.) and Masters in Business Administration (M.B.A.) from the  
9 College of William & Mary. I also have a Bachelor of Arts (B.A.) from Ohio University.  
10 I started my career in energy working at the law firm of Chester, Wilcox & Saxbe as an  
11 energy and utilities lawyer. At Chester Wilcox I participated in numerous regulatory  
12 proceedings relating to utility matters, including natural gas and electric rate cases and  
13 electric power siting cases. I also have worked on power and gas sales transactions. At  
14 the beginning of 2011, I was hired into IGS Energy’s rotation program where I spent the  
15 next 16 months working in various departments throughout the company, including the  
16 electric and gas supply and risk departments, learning IGS’ entire business. In 2012, I  
17 began full-time as an attorney in IGS’ regulatory affairs department. In 2014, I was  
18 promoted to Manager, Legal and Regulatory Affairs at IGS. In 2015, I was promoted to  
19 my current position, General Counsel, Regulatory and Legislative Affairs. In my current  
20 position I oversee the regulatory and legislative activities for IGS Energy throughout the  
21 country. My team is responsible for electric and natural gas litigation for IGS Energy,  
22 including electric and natural gas rate cases and other proceedings that relate to energy.

1 **Q. HAVE YOU SUBMITTED TESTIMONY AT ANY REGULATORY BODIES**  
2 **BEFORE?**

3 A. Yes. I have submitted written testimony in the following cases: Pennsylvania Public  
4 Utility Commission Docket Numbers (1) R-2015-2469665, R-2015-2468056, and R-  
5 2015-25511333 (consolidated) and (2) P-2016-2526627; Public Utilities Commission of  
6 Ohio Case Nos. 12-1685-GA-AIR, 13-2385-EL-SSO, 12-426-EL-SSO, 14-841-EL-SSO,  
7 15-50-GA-RDR, 14-1051-EL-UNC, 14-1693-EL-RDR and 14-1693-EL-RDR; Michigan  
8 Public Service Commission Case Nos. U-17131, No. U- 17332 and U-17882; Kentucky  
9 Public Service Commission Case No. 2013-00167 and 14-1297-EL-SSO; Illinois  
10 Commerce Commission Case No. 14-0312; Maryland Public Service Commission Case  
11 No. 9221.

12 **Q. ON WHOSE BEHALF ARE YOU TESTIFYING IN THIS PROCEEDING?**

13 A. My testimony is submitted on behalf of the Retail Energy Supply Association  
14 (“RESA”).<sup>1</sup>

15 **Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY?**

16 A. Regarding the default service program (“DSP IV”) filed by PECO Energy Company  
17 (“PECO”), I recommend that the Commission:

- 18 • Direct PECO to implement measures to enhance the transparency of NITS  
19 Non-Market-Based (“NMB”) Charges; and,
- 20 • Direct PECO to review its Standard Offer Program (“SOP”) process and  
21 implement changes as needed to ensure that SOP suppliers are provided the  
22 most accurate and up-to-date customer mailing addresses.

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<sup>1</sup> The comments expressed in this filing represent the position of the Retail Energy Supply Association (RESA) as an organization but may not represent the views of any particular member of the Association. Founded in 1990, RESA is a broad and diverse group of more than twenty retail energy suppliers dedicated to promoting efficient, sustainable and customer-oriented competitive retail energy markets. RESA members operate throughout the United States delivering value-added electricity and natural gas service at retail to residential, commercial and industrial energy customers. More information on RESA can be found at [www.resausa.org](http://www.resausa.org).

1 **II. TRANSPARENCY OF NITS**

2 **Q. HOW DOES PECO CURRENTLY HANDLE PJM TRANSMISSION-RELATED**  
3 **CHARGES?**

4 A. PECO recovers the following PJM transmission-related charges on a non-bypassable  
5 basis: (1) Generation Deactivation/RMR charges (PJM bill line 1930) set after December  
6 4, 2014; (2) RTEP charges (PJM bill line 1108); and, (3) Expansion Cost Recovery  
7 charges (PJM bill line 1730). (PECO St. No. 2 at 10). PECO is responsible for and  
8 recovers Network Integration Transmission Service (“NITS”)<sup>2</sup> and Non-firm Point-to-  
9 Point Transmission costs through its unbundled, bypassable Transmission Service  
10 Charge. (PECO St. No. 2 at 10-11).

11 **Q. DOES PECO PROPOSE ANY CHANGES TO THIS CURRENT PROCESS?**

12 A. No.

13 **Q. HAS RESA PREVIOUSLY OPPOSED THE MANNER IN WHICH PECO**  
14 **HANDLES NITS?**

15 A. Yes. While RESA fully supported PECO’s shift in recovery mechanism for the other  
16 PJM transmission-related charges to non-bypassable rider during the most recent PECO  
17 default service proceeding, RESA did advocate that PECO should be required to assume  
18 the cost responsibility for NITS for all load.<sup>3</sup> Doing so would be a fair and equitable way  
19 to ensure that all customers (whether default service customers or shopping customers)  
20 are only required to pay the actual costs of these non-market based charges.

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<sup>2</sup> NITS costs are essentially fully regulated cost-of-service rates that are imposed on all Load Serving Entities (“LSEs”) based on each LSE’s share of load served. Accordingly, all customer load on an EDC’s system is allocated a share of transmission service costs based on the customer’s Network Service Peak Load Contribution.

<sup>3</sup> *Petition of PECO Energy Company for Approval of its Default Service Program for the period from June 1, 2015 through May 31, 2017*, Docket No. P-2014-2409362, Opinion and Order entered December 4, 2014 at 47-54.



1 **Q. IS RESA MAKING THE SAME PROPOSAL IN THIS PROCEEDING?**

2 A. No. RESA recognizes that the Commission elected not to adopt RESA’s proposal in  
3 PECO’s prior default service proceeding. While RESA maintains the validity of its  
4 approach, it does not expect that the Commission has changed its view and has chosen to  
5 focus its resources on other matters.

6 **Q. IS THERE A POTENTIALLY LESS CONTROVERSIAL WAY FOR THE**  
7 **COMMISSION TO AMELIORATE SOME OF THE CONCERNS OF RESA**  
8 **REGARDING THESE CHARGES?**

9 A. Yes. In the recently Commission-approved FirstEnergy DSP IV settlement, FirstEnergy  
10 agreed to implement the following changes regarding NITS:

- 11 • The Companies will provide notice to EGSs and default service suppliers of  
12 any public, docketed FERC filings that modify the NITS rate for any  
13 transmission company providing service to one of the Companies. This  
14 includes but is not limited to any informational filings implementing annual  
15 rate changes under a formula rate. All such notices will be provided via email  
16 through the Supplier Support communications process, and through updating  
17 FAQs on the default service auction website not later than ten days after such  
18 filing is made at the FERC. All communications will be archived on the  
19 Companies’ Supplier Support website, as well as the Companies’ default  
20 service auction website.
- 21 • The Companies will add a page to their Supplier Support website titled “NITS  
22 Rate Information.” This page will include the information and notices  
23 referenced in the foregoing provision. The website will also include a  
24 prominent table displaying the currently-effective NITS rate for each of the  
25 Companies, the effective dates of the NITS rate, and a column labeled “Future  
26 NITS Rate.” The “Future NITS Rate” will reflect any proposed rate filed at  
27 the FERC as well as the proposed effective date of the rate.<sup>4</sup>

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<sup>4</sup> *Joint Petition of Metropolitan Edison Company, Pennsylvania Electric Company, Pennsylvania Power Company and West Penn Power Company for Approval of their Default Service Programs*, Docket Nos. P-2015-2511333, P-2015-2511351, P-2015-2511355, P-2015-2511356, Recommended Decision April 15, 2016 at 15, (adopted as final action of the Commission by Order entered May 19, 2016).

1 **Q. DO YOU BELIEVE SIMILAR TRANSPARENCY MECHANISMS ARE**  
2 **APPROPRIATE FOR PECO?**

3 A. Yes. While the FirstEnergy DSP IV Settlement involved a number of interrelated and  
4 intertwined issues, this particular settlement term was narrowly focused on attempting to  
5 address the long-standing dispute between stakeholders about how to treat NMB Charges.  
6 In my opinion, this settlement term was a practical and reasonable outcome from a policy  
7 perspective and applying it here is even more appropriate given that PECO does assume  
8 the cost responsibility for NITS for wholesale default service suppliers while EGSs are  
9 required to assume the cost responsibility themselves. Providing all market participants  
10 (including EGSs) information about these unpredictable charges is a reasonable way to  
11 enable fair access to data that will enable all suppliers to analyze these charges and  
12 determine how to address them. Improving the ability of all market players to analyze  
13 and estimate these charges is a good outcome for customers.

14 **III. SOP OPERATIONAL ISSUE**

15 **Q. DO YOU HAVE ANY CONCERNS REGARDING THE CURRENT STANDARD**  
16 **OFFER PROGRAM PROCESSES?**

17 A. Yes. I have one operational issue. Once a customer has selected the SOP Supplier, SOP  
18 Suppliers use the address contained in the enrollment file from PECO to send a welcome  
19 packet that includes the required disclosure statement.<sup>5</sup> In some instances, the mail is  
20 returned undeliverable as a result of bad addresses. If SOP Suppliers are unable to  
21 provide the written disclosure statements as required by the Commission, there is a  
22 concern that the SOP Suppliers could be found to have violated the regulation.

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<sup>5</sup> 52 Pa. Code §54.5(b).

1 **Q. HOW DO YOU PROPOSE TO ADDRESS THIS ISSUE?**

2 A. PECO has the most up-to-date information used for billing purposes. Therefore, PECO  
3 should be directed to review its SOP and implement changes as needed to ensure that  
4 SOP suppliers are provided the most accurate and up-to-date mailing addresses.

5 **IV. CONCLUSION**

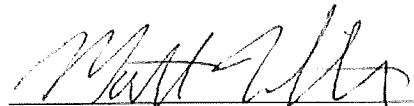
6 **Q. DOES THIS COMPLETE YOUR DIRECT TESTIMONY?**

7 A. Yes.

**VERIFICATION**

I, Matt White, hereby state that: (1) I am the General Counsel Regulatory and Legislative Affairs for IGS Energy; (2) that I am authorized to submit this testimony on behalf of the Retail Energy Supply Association, (3) the facts set forth in this testimony are true and correct (or are true and correct to the best of my knowledge, information and belief); and (4) that I expect to be able to prove the same at a hearing held in this matter. I understand that the statements herein are made subject to the penalties of 18 Pa. C.S. § 4904 (relating to unsworn falsification to authorities).

Dated: June 3, 2016

  
\_\_\_\_\_  
Matt White  
General Counsel Regulatory and  
Legislative Affairs  
IGS Energy