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July 8, 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,

A handwritten signature in black ink, appearing to read 'Sarah C. Stoner'.

Sarah C. Stoner

SCS/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 Surrebuttal 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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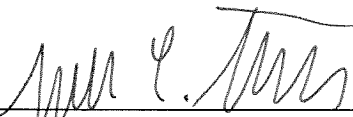
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Sarah C. Stoner, Esq.

Dated: July 8, 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 :

SURREBUTTAL TESTIMONY

OF

MATTHEW WHITE

On Behalf of

Retail Energy Supply Association

Topics Addressed:

Default Service Plan Term
Standard Offer Program
CAP Shopping

July 8, 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.

5 **Q. HAVE YOU PREVIOUSLY SUBMITTED TESTIMONY IN THIS**
6 **PROCEEDING?**

7 A. Yes. I submitted direct testimony on behalf of the Retail Energy Supply Association
8 (“RESA”)¹ pre-marked as RESA St. No. 1 and served to the parties on June 3, 2016
9 regarding the proposed default service plan of PECO Energy Company (“PECO” or
10 “Company”). I also submitted rebuttal testimony on behalf of RESA pre-marked as
11 RESA St. No. 1-R and served to the parties on June 24, 2016.

12 **Q. WHAT IS THE PURPOSE OF YOUR REBUTTAL TESTIMONY?**

13 A. The purpose of this rebuttal testimony is to:

- 14 • Support PECO’s proposal for a two-year term for its DSP IV;
15 • Explain why the proposals of OCA Witness Barbara Alexander regarding issues
16 related to the Standard Offer Program (“SOP”) and Customer Assistance Program
17 (“CAP”) customer shopping should be rejected; and
18 • Respond to PECO’s recommendation that no operational changes be made to the
19 SOP to address the issue of suppliers receiving mail returned as undeliverable.
20

21 **II. DEFAULT SERVICE PLAN TERM**

22 **Q. IN YOUR REBUTTAL TESTIMONY, YOU SUPPORTED PECO’S PROPOSAL**
23 **FOR A TWO-YEAR TERM FOR DSP IV. (RESA ST. 1-R AT 2-3). HAVE ANY**

¹ 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.

1 **OF THE PARTIES OPPOSED PECO'S PROPOSAL FOR A TWO-YEAR DSP**
 2 **TERM?**

3 A. Yes. OCA Witness Ogur proposed a four-year term for DSP IV on the basis that a longer
 4 DSP term will reduce litigation costs and administrative costs. (OCA St. No. 1 at 19).

5 **Q. HOW DOES PECO RESPOND TO OCA'S PROPOSAL TO EXTEND THE**
 6 **TERM OF DSP IV TO FOUR YEARS?**

7 A. PECO appropriately responded that a two-year term is consistent with the Commission's
 8 regulations, the Commission's approval of a two-year term for DSP II and DSP III, and
 9 the Commission's Default Service Policy Statement that states that default service
 10 programs should be for two years.² PECO further explained that a two-year period would
 11 ensure that "PECO can evaluate and refine its procurement plan to address developing
 12 market conditions which it might not otherwise be able to address under the longer four-
 13 year term proposed by the OCA." (PECO St. No. 2-R at 3).

14 **Q. DO YOU CONTINUE TO BELIEVE THAT A FOUR-YEAR PLAN TERM**
 15 **SHOULD NOT BE ADOPTED?**

16 A. Yes, for the reasons explained in my Rebuttal Testimony. (RESA St. 1-R at 2-3).

17 **Q. IF, NONETHELESS, A FOUR-YEAR PERIOD IS ESTABLISHED FOR DSP IV,**
 18 **WHAT DO YOU RECOMMEND?**

19 A. If, despite my view to the contrary, a four-year term is approved for PECO's DSP IV, I
 20 recommend that conditions be placed on that term, as accomplished in FirstEnergy's DSP
 21 IV settlement. FirstEnergy's DSP IV settlement requires that a stakeholder collaborative
 22 be held in October 2017 to discuss the procurement plan and current market conditions.³
 23 The collaborative process will provide the opportunity for any party to present

² 52 Pa. Code § 69.1804.

³ FirstEnergy DSP IV Settlement at 5-6, ¶ 1(a)(l)(a).

1 information supporting an alternative procurement plan. Furthermore, the settlement
2 requires FirstEnergy to make filings after two years on a number of important issues that
3 impact suppliers. If the Commission were to assess that a four-year term is appropriate
4 for PECO's DSP IV, I recommend that it impose a similar market check-up process
5 comparable to that contained in FirstEnergy's DSP IV settlement, including requiring
6 PECO to make proposals after two years that would enhance the retail electric market,
7 similar to what is required of FirstEnergy.

8 **III. STANDARD OFFER PROGRAM**

9 **Q. HOW DOES PECO RESPOND TO OCA'S PROPOSAL THAT THE SUNSET**
10 **DATE FOR THE STANDARD OFFER PROGRAM BE THE END OF DSP IV?**

11 A. PECO appropriately responded that OCA's proposal is unnecessary because, as proposed,
12 the SOP would terminate at the end of DSP IV (on May 31, 2019). PECO further
13 responded that any extensions of the SOP should be addressed in its next default service
14 proceeding.

15 **Q. DO YOU AGREE WITH PECO'S POSITION THAT A SUNSET DATE FOR THE**
16 **SOP SHOULD NOT BE SET?**

17 A. Yes. PECO properly objected to OCA's proposal to set a sunset date for the SOP. I
18 agree that the continuation of the SOP is a matter that should be addressed in the next
19 default service program proceeding.

20 **Q. WHAT OTHER MODIFICATIONS DOES WITNESS ALEXANDER PROPOSE**
21 **REGARDING PECO'S SOP?**

22 A. OCA Witness Alexander also proposes: (1) a revision of PECO's SOP training materials
23 and scripts to eliminate any reference to a 7% discount; (2) a modification to PECO's
24 procedures so that customer service representatives ("CSR") would need to complete the
25 task that was requested on the call and obtain affirmative customer consent prior to

1 transferring the call to Allconnect, its third-party administrator; (3) additional CSR
2 training on issues including the potential for savings through enrolling in the SOP; (4)
3 elimination of the reference to PECO's SOP as its "Smart Energy Choice" program; and
4 (5) that PECO perform a survey of participating SOP customers regarding their
5 experience and understanding of the program.

6 **Q. HOW DOES PECO WITNESS MCCAWLEY RESPOND TO THE VARIOUS**
7 **PROPOSALS OF MS. ALEXANDER?**

8 A. In response to Ms. Alexander's proposal that PECO eliminate any reference to a 7%
9 discount in its scripts and training materials, PECO counters that the scripts and training
10 materials were revised pursuant to the Commission-approved settlement in its DSP III
11 proceeding and identify the relationship between the SOP discount and the Price-to-
12 Compare ("PTC"). In addition, PECO asserts that OCA has not provided evidence that
13 the existing scripts cause customer confusion or dissatisfaction and that the elimination of
14 any reference to a 7% discount off the PTC may confuse customers. (PECO St. No. 2-R
15 at 7-8). In response to Ms. Alexander's proposal that CSRs complete the task that was
16 requested on the call and obtain affirmative customer consent prior to transferring the call
17 to Allconnect, PECO shared that its process and scripts on this matter were revised based
18 on best practices shared among Pennsylvania EDCs and stakeholders and that Ms.
19 Alexander's proposal is inappropriate. (PECO St. No. 2-R at 9). Next, PECO indicated
20 that it will incorporate Ms. Alexander's suggestions on training topics into its semi-
21 annual "refresher" training sessions for its CSRs regarding the SOP. (PECO St. No. 2-R
22 at 9). PECO opposes Ms. Alexander's characterization that the name of its SOP, "Smart
23 Energy Choice," is misleading and asserts that she did not provide a compelling reason to
24 cease using the name and "brand" that customers are familiar with. (PECO St. No. 2-R at

1 9-10). Lastly, PECO responded to Ms. Alexander's proposed survey regarding
2 customer's experience with the SOP by articulating its belief that such a survey would be
3 irrelevant to the continuation of the SOP and that a portion of costs associated with a
4 survey would be recovered from residential default service customers. (PECO St. No. 2-
5 R at 10).

6 **Q. DO YOU AGREE WITH PECO WITNESS MCCAWLEY'S RESPONSES TO MS.**
7 **ALEXANDER'S PROPOSALS?**

8 A. Yes. PECO's testimony accurately reflects that the proposals of Witness Alexander to
9 modify the SOP program are inappropriate and/or irrelevant to the continuation of the
10 SOP. As explained in detail on pages 8 to 12 of my Rebuttal Testimony, Ms. Alexander
11 has failed to demonstrate that the proposals on eliminating the reference to the 7%
12 discount, modifying the SOP scripts and training materials, and performing a survey of
13 SOP customers is necessary. RESA believes that Witness Alexander's proposed
14 modifications to the SOP will not only potentially confuse customers, but will also lead
15 to unnecessary costs.

16 **Q. HOW DOES PECO RESPOND TO THE CONCERN EXPRESSED IN YOUR**
17 **DIRECT TESTIMONY THAT SOP SUPPLIERS, IN SOME INSTANCES,**
18 **RECEIVE MAIL RETURNED UNDELIVERABLE AS A RESULT OF BAD**
19 **ADDRESSES?**

20 A. PECO Witness McCawley responded that PECO already provides EGSs participating in
21 the SOP up-to-date customer mailing addresses as part of the SOP enrollment process.
22 Witness McCawley asserts that an operational change to the SOP is not necessary and
23 that "any changes to customer mailing addresses during the interim period between an
24 EGS's receipt of the enrollment report and distribution of its SOP welcome packet should
25 be addressed on a case-by-case basis through PECO's Supplier Support hotline." (PECO
26 St. No. 2-R at 10-11).

1 **Q. PLEASE RESPOND TO PECO'S RECOMMENDATION THAT NO**
2 **OPERATIONAL CHANGES BE MADE TO THE SOP TO ADDRESS THE ISSUE**
3 **OF SUPPLIERS RECEIVING MAIL RETURNED AS UNDELIVERABLE.**

4 A. RESA appreciates PECO's willingness to work with suppliers to address the issue of
5 EGSs receiving mail returned as undeliverable. However, addressing an issue that is not
6 isolated to just one supplier on a case-by-case basis is not an efficient use of time and
7 resources. Therefore, RESA believes that it will be in the best of interest of customers if
8 suppliers and PECO establish an open forum for all affected suppliers and PECO to
9 address these concerns and implement processes as determined necessary.

10 **IV. OCA'S RECOMMENDATIONS REGARDING CUSTOMER ASSISTANCE**
11 **PROGRAM ("CAP") CUSTOMERS**

12 **Q. WHAT RECOMMENDATION DOES OCA WITNESS ALEXANDER HAVE IN**
13 **REGARDS TO CAP CUSTOMER SHOPPING?**

14 A. OCA Witness Alexander agrees with Mr. Geller's proposal that no changes be made to
15 PECO's CAP customer shopping policy until June 1, 2017, the commencement of
16 PECO's Default Service Program IV. (OCA St. No. 2-R at 4). In other words, OCA and
17 CAUSE-PA both support not permitting CAP customers to shop until at least June 1,
18 2017.

19 **Q. DO YOU AGREE WITH WITNESS ALEXANDER'S RECOMMENDATION?**

20 A. No. As explained in my Rebuttal Testimony, if a CAP shopping program is not
21 implemented in PECO's territory until the beginning of DSP IV, CAP customers will
22 miss opportunities to apprise themselves of the benefits of the competitive market.
23 (RESA St. 1-R at 18).

1 **Q. HOW DOES OCA WITNESS ALEXANDER CHARACTERIZE THE AMOUNT**
2 **THAT CAP CUSTOMERS PAY WHEN SHOPPING FOR GENERATION**
3 **SUPPLY SERVICE IN OTHER SERVICE TERRITORIES?**

4 A. Ms. Alexander represents that, based on data provided in Witness Geller's testimony on
5 shopping in other service territories (CAUSE-PA St. No. 1 at 27), that on average, CAP
6 customers pay more for generation supply service than the PTC when served by a
7 supplier. (OCA Statement No. 2-R at 3).

8 **Q. DO YOU AGREE WITH MS. ALEXANDER'S CHARACTERIZATION THAT**
9 **CAP CUSTOMERS PAY MORE FOR GENERATION SUPPLY SERVICE**
10 **WHEN SHOPPING FOR GENERATION SUPPLY SERVICE?**

11 A. No. Ms. Alexander's characterization is incomplete and inaccurate. The statistics she
12 relies on in Mr. Geller's testimony focus on a single point in time and do not take into
13 account: (1) a specific contract term with an EGS to show whether the CAP customer
14 paid a higher price for the entire term of their contract with EGSs; and (2) whether the
15 CAP customer – when he or she first chose the EGS – obtained some benefit or incentive
16 for switching to a supplier (such as a gift card, energy audit, or some other innovative
17 product or service such as a smart thermostat). As a result, the point of time used for
18 comparison in Mr. Geller's testimony is not reflective of the conditions CAP shopping
19 customers have experienced over their entire shopping experience. Moreover, CAP
20 shopping customers have the ability to switch to default service or another EGS or enroll
21 with their existing supplier for another product. CAP shopping customers may have also
22 decided that other benefits or incentives received outweigh the price being paid. Even
23 the incomplete statistics Ms. Alexander relies on reflect that at least 58% of CAP
24 customers paid at or less than the PTC every month from January 2012 through February
25 2016 in PPL's service territory. (CAUSE-PA St. No. 1 at 27).

1 **Q. WHAT CHANGES DOES MR. GELLER PROPOSE IN HIS DIRECT**
2 **TESTIMONY TO THE DESIGN OF A CAP SHOPPING PLATFORM IN PECO'S**
3 **SERVICE TERRITORY?**

4 A. Mr. Geller suggests that, through this avenue, effective June 1, 2017, PECO CAP
5 customers should be limited to shopping only through a modified CAP SOP. Mr. Geller
6 proposes that CAP customers be guaranteed to always have a rate that is at or lower than
7 the Price-to-Compare. (CAUSE-PA St. 1 at 31-32). Mr. Geller recommends that EGSs
8 participating in the CAP SOP who serve CAP customers be required to serve CAP
9 customers at a 7% discount off the PTC at the time of enrollment and that, in the event
10 the PTC drops below more than 7% at any time during the customer's enrollment, the
11 EGS must either re-enroll the customer in a new SOP enrollment at 7% off the then
12 applicable PTC or return the customer to default service. Mr. Geller also proposes that
13 the CAP SOP require EGSs at the end of the 12-month SOP contract to: (1) re-enroll a
14 CAP customer in a new contract that is 7% off the then-applicable PTC, in accordance
15 with the terms described above; or (2) return the customer to default service if they stop
16 serving CAP customers. (CAUSE-PA St. 1 at 32).

17 **Q. HOW DOES OCA WITNESS ALEXANDER RESPOND TO MR. GELLER'S**
18 **PROPOSAL THAT A SPECIFIC CAP VERSION OF THE STANDARD OFFER**
19 **PROGRAM BE IMPLEMENTED?**

20 A. Ms. Alexander agrees that CAUSE-PA Witness Geller's proposal to have a specific CAP
21 version of the SOP would be an "acceptable interim approach" and that his "fundamental
22 criterion for a CAP shopping program be approved in this proceeding." (OCA St. No. 2-
23 R at 5-6). Ms. Alexander identifies issues that she believes need to be resolved or
24 considered to finalize Mr. Geller's proposal. (OCA St. No. 2-R at 5-6). Furthermore,
25 Ms. Alexander recommends that PECO convene a broad stakeholder group in late 2016

1 and early 2017 to formulate the details of the program to be implemented on or about
2 June 1, 2017. (OCA St. No. 2-R at 6).

3 **Q. DO YOU AGREE WITH WITNESS ALEXANDER'S CONCLUSION THAT**
4 **WITNESS GELLER'S CAP SHOPPING PROPOSAL IS AN "ACCEPTABLE**
5 **INTERIM APPROACH"?**

6 A. No. As I detailed more fully in my Rebuttal Testimony (RESA St. 1-R at 17), the
7 Commonwealth Court of Pennsylvania and the Commission have already evaluated
8 PECO's CAP Shopping Plan proposal in DSP II that would have precluded EGSs from
9 charging CAP customers rates in excess of the prevailing PTC.⁴ The Commission
10 rejected that component of PECO's plan and, on appeal, the Commonwealth Court found
11 that record evidence supported the Commission's ruling that an EGS price ceiling would
12 be anti-competitive and limit the products available to CAP customers in PECO's service
13 territory. CAUSE-PA and OCA's proposal would directly conflict with that directive.⁵
14 Also, the Commission recently directed PECO to file a revised CAP Shopping Plan in its
15 current DSP III, in accordance with the Commonwealth Court's Order.⁶ As PECO has
16 not yet filed a revised CAP Shopping Plan in its current DSP III, it would be
17 inappropriate to establish interim measures in this proceeding when the parties do not
18 have information available regarding PECO's revised plan.

⁴ *Coalition for Affordable Util. Servs. and Energy Efficiency in Pennsylvania, et al. v. Pa. Pub. Util. Comm'n*, 120 A.3d 1087, 1103-1104 (Commw. Ct. 2015), appeal denied, 2016 WL 1383864 (Pa. Apr. 5, 2016) ("Commonwealth Court CAP Shopping Decision"); *Petition of PECO Energy Co. for Approval of Its Default Service Plan*, Docket No. P-2012-2283641 (Order entered January 24, 2014).

⁵ See *Commonwealth Court CAP Shopping Decision*.

⁶ *Petition of PECO Energy Company for Approval of its Default Service Plan*, Docket No. P-2012-2283641 (Secretarial Letter issued May 11, 2016).

1 **Q. DID PECO ADDRESS THE TIMING ISSUE OF ITS CAP SHOPPING PLAN?**

2 A. Yes. PECO Witness McCawley testified that the appropriate time to consider changes to
3 the CAP shopping design is after data is available regarding the experience of CAP
4 customers under PECO's to-be-filed CAP Shopping Plan. (PECO St. NO. 2-R at 15).
5 Witness McCawley shared that he expects PECO to file a revised CAP Shopping Plan in
6 August 2016 to be effective in the first quarter of 2017. (PECO St. NO. 2-R at 13).

7 **Q. DO YOU SUPPORT PECO'S APPROACH?**

8 A. Yes. I support PECO's recommendation that PECO CAP customer shopping be
9 addressed after data is available regarding its revised CAP Shopping Plan that it expects
10 to file in August 2016. If the Commission should want a stakeholder process on CAP
11 shopping, I believe that the most efficient approach would be for a statewide stakeholder
12 process. Therefore, I do not support the stakeholder process proposed by OCA Witness
13 Alexander.

14 **Q. DO YOU BELIEVE THAT A STAKEHOLDER PROCESS TO FORMULATE**
15 **THE DETAILS OF A SPECIFIC CAP VERSION OF THE STANDARD OFFER**
16 **PROGRAM IN PECO'S TERRITORY IS NECESSARY AND/OR**
17 **APPROPRIATE?**

18 A. No. I do not support the restrictions that Ms. Alexander proposes be addressed in the
19 stakeholder process, as explained above, and believe that the development of a CAP
20 version of the SOP in PECO's territory is inappropriate and unnecessary at this time.

21 **V. CONCLUSION**

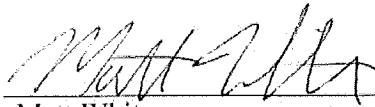
22 **Q. DOES THIS COMPLETE YOUR DIRECT TESTIMONY?**

23 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: July 8, 2016



Matt White
General Counsel Regulatory and
Legislative Affairs
IGS Energy