

**DEFAULT SERVICE REQUIREMENTS IN PENNSYLVANIA**

**Jointly Submitted by AARP, the Pennsylvania Utility Law Project,  
Community Legal Services, Inc, and the Pennsylvania Coalition Against Domestic Violence**

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As representatives of residential consumers in Pennsylvania, AARP<sup>1</sup>, The Pennsylvania Utility Law Project<sup>2</sup> (“PULP”), Community Legal Services, Inc.<sup>3</sup> (“CLS”), and the Pennsylvania Coalition Against Domestic Violence<sup>4</sup> (“PCADV”) support the implementation of Default Service for essential electric service pursuant to the statutory policies set forth in Pennsylvania law. These policies require the Commission to maintain and adhere to the following polestar principles:

- The provision of Default Service at the “least cost to customers over time.”<sup>5</sup>
- The continuity of protections, policies and services that assist low-income customers to afford electric service;<sup>6</sup>
- The assurance that the quality of service provided does not deteriorate;
- That adequate reserve margins of electric supply are maintained; and,
- That standards and billing practices for residential utility service are maintained.<sup>7</sup>

Our policy vision regarding the requirements for Default Service is a reflection of the requirements of the law as well as our experience and evidence that most customers prefer

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<sup>1</sup> AARP is a nonprofit, nonpartisan organization that helps people 50+ have independence, choice and control in ways that are beneficial and affordable to them and society as a whole. AARP has members residing in each of Pennsylvania’s counties and representing all segments of the socio-economic scale. Moreover, a substantial percentage of AARP’s members live on fixed or limited incomes and depend on reliable electric service for adequate heat, lighting, and powering life-saving medical devices. AARP has previously submitted comments on the various initiatives associated with the Commission’s Retail Markets Investigation, of which this proposal is a part.

<sup>2</sup> PULP is a specialized statewide project of the Pennsylvania Legal Aid Network designated to assist low-income utility and energy residential consumers. For over 30 years PULP has represented the interests of low income Pennsylvanians in energy and utility matters through direct representation, statewide advocacy, and support and assistance to the staff and clients of local legal aid programs, non-profits and community-based agencies. PULP staff has been actively involved in the technical conferences hosted by OCMO in this Retail Markets Investigation.

<sup>3</sup> CLS is a not for profit law firm that provides free legal service to the low income residents of Philadelphia. Each year, CLS receives hundreds of requests for legal assistance on utility issues. CLS’s Energy Unit represents individuals and client groups in utility matters, advocates for affordable utility service on reasonable terms, and conducts community education on utility consumer rights.

<sup>4</sup> The Pennsylvania Coalition Against Domestic Violence (PCADV) is a private nonprofit organization working at the state and national levels to eliminate domestic violence, secure justice for victims, enhance safety for families and communities, and create lasting systems and social change. PCADV has previously submitted comments on behalf of the 60 domestic violence programs across the Commonwealth, and the thousands of victims and families each program serves, regarding various initiatives associated with the Retail Markets Investigation. PCADV is particularly concerned with the safety and privacy of domestic violence survivors and their continued ability to access safe, secure, and affordable electricity.

<sup>5</sup> 66 Pa C.S. § 2807(e) Obligation to serve.

<sup>6</sup> 66 Pa CS §2802 (10)

<sup>7</sup> 66 Pa CS § 2809 (e)

stability and predictability in their utility rates. Though consumers understand that utility rates are subject to change, it is difficult for households (or businesses) to budget for essential utility service rates that can change substantially every month or every three months. Relying on short term prices for Default Service transfers an enormous risk to residential consumers that their essential electric service will be unaffordable.

Default service provided by EDCs in Pennsylvania is working well and maintaining stable Default Service is essential to consumers. AARP, PULP, CLS, and PCADV support the analysis of and potential reliance on long-term contracts for a portion of the Default Service portfolio to enhance the long-term stability of electricity prices for Default Service customers. We do not support removing the EDC from its obligation to plan and procure Default Service. We do not support the concept that one or more Electric Generation Suppliers could or should have the obligation to provide default service. We do not support the concept that the Default Service portfolio should be composed of primarily short-term wholesale market contracts that would expose residential customers to risky and volatile prices for essential electric service.

Our policy vision is consistent with the obligation of Pennsylvania utilities to implement retail electric competition. Customers remain free to choose competitive retail suppliers to the extent that those suppliers can provide even lower cost service or provide some other value that customers deem appropriate, such as “green” electricity. Customers can also choose variable rate competitive options or longer term fixed rate options depending on their preference and ability to weigh the risks and potential benefits of available options to “plain vanilla” Default Service. Our goal is consistent with the statutory intent to require EDCs to offer customers least cost, reliable generation service that must be available to any customer upon request and as a “default” when the customer is not being served by an EGS. Competition for essential electric service works best for consumers by allowing retail competitors to try to beat those prices or offer some other benefit to customers that will encourage them to switch.

The Commission is required to ensure that universal service programs, services and policies remain intact, as an integrated whole, for the purpose of assisting low-income consumers

to connect to, maintain and afford essential electric service within a competitive environment.<sup>8</sup> Our policy vision is consistent with this universal service legal requirement.

Our policy vision is consistent with the legal responsibility of the Commission to ensure that all customers, and most particularly those who are victims of domestic violence, are provided privacy and adequate protection of their personal information and data within a competitive environment.

The Electric Choice Act provides that the Commission shall ensure that consumer protections, customer service and billing practices continue to be maintained, without deterioration, in a competitive environment.<sup>9</sup> Our policy vision is consistent with this objective.

Our vision of Default Service is consistent with the statutory declaration of policy contained within the Electric Choice Act that “electric service is essential to the health and well-being of residents, to public safety and to orderly economic development, and electric service should be available to all customers on reasonable terms and conditions.”<sup>10</sup>

What we have in Pennsylvania is working. In that vein, we support the current model of default service that exists in Pennsylvania. The procurement and delivery of default service in Pennsylvania by EDCs over the past number of years has led to a robust wholesale competitive environment which has reduced the cost of electricity for all Pennsylvania consumers. Pennsylvania utilities have, under the Choice Acts, also effectively integrated universal service programs into the delivery of default service. These programs, while not yet achieving full maturity or penetration, have significantly improved the affordability of electricity for many low-income Pennsylvanians. Finally, Pennsylvania consumers also have the benefit of competitive retail suppliers who serve a significant portion of the commercial and industrial classes and a growing portion of the residential class.

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<sup>8</sup> 66 Pa. C.S. §§ 2802(10), 2804(9).

<sup>9</sup> 66 Pa. C.S. § 2807(d).

<sup>10</sup> 66 Pa. C.S. § 2802(9).

Policies that expose residential customers to risky and volatile prices for essential electricity service are not consistent with Pennsylvania law and policy. We believe that radical changes to the current default service policy are likely to increase costs and risks to residential consumers and are inconsistent with the current law. We urge the Commission to reject the creation of a Default Service “end state” that does not comply with our vision and that of the current law in Pennsylvania.

**Respectfully submitted,**

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