

BEFORE THE PENNSYLVANIA PUBLIC UTILITY COMMISSION

INVESTIGATION OF
PENNSYLVANIA'S RETAIL
ELECTRICITY MARKET

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Docket No. I-2011-2237952

ABBREVIATED COMMENTS OF THE PENNSYLVANIA UTILITY LAW PROJECT

Harry S. Geller, Executive Director
En Banc Hearing on Wednesday, June 8, 2011

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Good Afternoon Chairman Powelson, Vice Chairman Coleman, and members of the Commission. I am Harry Geller, Executive Director of the Pennsylvania Utility Law Project (“PULP”). 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.

I thank the Commission for the opportunity to testify today at this *en banc* proceeding on behalf of the low income households that we represent. Assuring that low income consumers are able to connect to and maintain essential, life supporting electric service at affordable rates with appropriate consumer protections and safeguards must continue to be a central concern addressed by the Commission within the context of this investigation.

As a result of the passage of the Electricity Choice Act and the amendments embodied in Act 129, Pennsylvania retains a reasonably balanced approach for consumers. Customers have the benefits of wholesale generation competition either as a result of their direct entry into the competitive market or through wholesale competitive generation purchases at least cost by the default service provider.

Consumers who choose to shop have the opportunity to avail themselves of a variety of competitive generation suppliers offering a menu of options. Other consumers may choose to remain with their electric distribution company (“EDC”) because they participate in a customer

assistance program, or simply because they prefer to continue to receive service which they consider to be stable, reliable and affordable. Many residential customers choose to stay away from contracts which require long- term commitments or penalties for early withdrawal or present the potential of future rate volatility. Low income households, who have no reserve financial resources to see them through a possibly more expensive choice, can ill afford to take a risk which may result in greater debt or the possible loss of essential electric service.

The retention of the incumbent EDC, as the default service provider, has been a benefit to Pennsylvania consumers and should continue. These incumbents possess the necessary history of providing safe and reliable service to Pennsylvania residents. They are the entity most familiar with regulatory safeguards and protections, the requirements of Chapters 56, 14, and with universal service programs. They have developed successful energy conservation skills through the implementation and delivery of low income usage reduction programs (“LIURP”) and Act 129 required energy efficiency and conservation programs. EDCs have established strong and successful ties to their service territories and to local community-based organizations. Although an alternative default service provider other than the incumbent electric distribution company may be selected, PULP believes such an action would not benefit consumers and should be undertaken only when it is clearly demonstrated that an EDC is unable to meet the requirements of providing default service at a cost and manner beneficial to default customers. Since universal service program requirements fall to the default provider, PULP believes there is significant benefit to low income consumers to have these programs continue under the administration of EDCs.

The environment enabling customers to have the option to enter into the competitive marketplace developed in tandem with the development of universal service and energy conservation programs. The Choice Act's statutory directive for the development of programs, policies and protections intended to assist low income households maintain essential electric service occurring at the same time that that the Commonwealth was enabling Pennsylvania consumers to transition to an era of competitive generation supply, was not by accident. It was the result of consensus that the most economically disadvantaged of our residents required additional protections, policies and services in an era of competition. Universal service programs have been developed in order to assist economically vulnerable customers maintain essential electric service. These goals and directives as articulated within the Act are as essential today as when the Act was initially enacted. There have and continue to be essential benefits as a result of the universal service structure created and developed by electric distribution companies pursuant to the Act.

There can be just one provider of last resort, one entity to be designated as the default service designee for those who choose not to or are unable to shop. That entity must provide far more than fungible electrons. Under the Choice Act, the EDCs are the default; they are the providers of last resort. Among the designated responsibilities of the EDCs are billing, collection and reporting functions. They are subject to the requirements and application of Chapters 14 and 56, and, as mentioned, the provision of universal service program requirements subject to Commission oversight. It is the local distribution companies that have a significant history of direct interaction with the Pennsylvania Department of Welfare ("DPW") and have obtained LIHEAP vendor status and have coordinated the electronic exchange systems with DPW for

expedited notice and receipts of LIHEAP. The significant benefits that have been and continue to be provided through the EDC company activities as default service provider should not be lightly disregarded.

PULP supports the existing distribution company default status and would caution the Commission not to undertake changes to a system upon which consumers and especially low income consumers heavily rely.

Again, thank you for inviting me to present testimony today. The Pennsylvania Utility Law Project looks forward to the opportunity to continue to work with the Commission as the investigation develops. I am available for any questions you may have.