

CHARGE Conference Call

July 8, 2010 – 9:30 a.m.

Call-in number: 1-866-618-6746 and Access Code: 6060145

Recap of Discussion

1. EGS Marketing Activities

- Staff targets July 15, 2010 Public Meeting for consideration by PUC and envisions issuance of tentative order for comment

2. Supplier Consolidated Billing Implementation

- EDEWG plans to have a document ready to submit to CHARGE around the end of July
- Staff noted that supplier tariffs contain provisions for EGSs doing consolidated billing to make EDC whole regardless of whether customer pays charges
- Issue raised about recovery of EDC costs incurred to make system changes needed for EGS consolidated billing; topic will likely be addressed in EDEWG document; and cost recovery would probably be sought during a rate case

3. Eligible Customer List

- Staff targets July 15, 2010 Public Meeting for consideration by PUC and envisions issuance of tentative order for comment

4. Default Service Bid Information

- Staff requested feedback on the approach followed by FirstEnergy as a starting point for standardizing release of default service auction results and formulation of price to compare; and items raised during discussion included:
 - Cost components in procurement result announcements by National Economic Research Associates, Inc. (NERA)
 - Percent of supply in procurement result announcements by NERA
 - Use of Excel rather than PDF document to show results
 - How and when transmission costs are updated
 - How spot market component will be estimated

- Staff is considering feedback and planning to get guidance out by end of July, which can be adjusted after some period of time depending on experiences

5. Estimated State Tax Amount on Bills

- Question has arisen about whether the presentation of “estimated total state taxes” on residential bills is required for generation charges of EGS as there is no standard treatment among EGSs
- Staff has determined that EDC tax components are Capital Stock, Property Tax-Local and PURTA, State Unemployment Compensation, PA State Income Tax, and Gross Receipts Tax.
- Staff is conducting further review of statute and regulations to offer guidance to EGSs on this issue; interested in feedback from group on value of having information on bills about taxes (other than GRT) paid by EGSs

6. Gross Receipts Tax

- Based on discussion during June 10, 2010 call about the need to gross-up the GRT rate from 5.9% to 6.27%, Staff is drafting FAQ for PAPowerSwitch.com to clarify for consumers
 - IECPA suggested that the PUC should direct EGSs to refer customers to this clarification
- EGSs should ensure that sales and marketing communications are consistent with billing practices

7. Historical Usage Requests

- PUC’s order adopted on June 3, 2010 in Petition of PECO Energy for Approval of Smart Meter Technology Procurement and Installment Plan clarified PECO’s obligation to provide historical usage information in response to EDI request when a customer has previously restricted release of this information but has given the EGS a letter of authorization
 - Link to the order:
<http://www.puc.state.pa.us/general/ConsolidatedCaseView.aspx?Docket=M-2009-2123944>
- Staff expects Secretarial Letter to be issued clarifying this obligation for all EDCs, within the next couple of weeks

8. Last-In Enrollments

- Spreadsheet was previously circulated to show how EDCs handle multiple enrollments for the same customer before the 16-day cut-off date; it is attached to this recap for ease of reference
- Group has generally discussed value of standardizing enrollment process going forward; benefits of standardization were identified; and issue will remain on the list for further discussion

9. Mixed Meter – EGS Authority

- Questions have been raised about whether EGSs must have authority to serve residential customers when a residential customer is served as part of a mixed meter situation
 - Staff's prior guidance was that if the customer is served under a Residential rate schedule, the EGS should have authority under the license to serve residential customers (and that residential consumer protections would apply)
- During the April 29, 2010 call, EGSs expressed concerns about needing a license to serve residential customers if they are contracting with a commercial entity, such as a military base, due to marketing, reporting and compliance differences
- Based on concerns raised during April 29, 2010 call, staff has revisited this issue and now believes that it may not be necessary for an EGS to obtain a license to serve residential customers or to afford residential consumer protections when the EGS contracts with and bills the commercial customer
- Staff is drafting document to explain issue and different interpretations in order to obtain guidance from the Commission; should be ripe for discussion during July 22, 2010 call

10. Contract Expiration/Renewal Notices

- Renewal notice regulations at 52 Pa. Code 54.5(g) have been superseded by subsequent guidelines issued in 2001, which are attached and posted on the OCMO's webpage at http://www.puc.state.pa.us/electric/electric_CompetitiveMarketOversight.aspx
 - All EGS s should review guidelines and submit any questions to ra-OCMO@state.pa.us
 - Staff is offering to informally review proposed renewal notices; please send them to ra-OCMO@state.pa.us at least 10 days prior to issuance to consumers
- Group discussed requirement for inclusion of price to compare (PTC) in renewal notices that must be issued prior to PTC being available, along with staff's proposal for inclusion of estimated PTC, with information of how/when to obtain actual PTC and indication that PTC may change quarterly
 - Concerns were raised about validity of estimated PTC as well as average PTCs where EDCs are using declining block rates
 - Staff offered to facilitate disputes between EGSs and EDC's about validity of estimated PTCs
 - Issue will be further discussed during the next call

- Group discussed how to handle situation where customer fails to respond to a renewal notice, along with staff's proposal to follow natural gas regulations that permit customer to stay with the supplier but have the option of ending the contract at any time without penalty (this was a compromise in the natural gas industry between requiring customer to revert to default service or being locked into a long-term agreement)
 - Concerns were raised about existing customer contracts that contain automatic renewal provisions stating that customer will remain with EGS if no response is received to renewal notice containing new prices/terms
 - Concerns were also raised about how this approach limits an EGS's product offerings since the customer is free to return to the EDC anytime without penalty
 - Staff suggested that the participants consider a compromise that allows customers to terminate a contract without penalty within a set number of days after receipt of the first bill containing the new price; will discuss this suggestion on the next call
 - Group also discussed situation where the new EGS price will be lower than the existing price; it appears that an automatic renewal would be permissible under the natural gas regulations; staff will review and raise again during the next call

11. CHARGE Contact List

- Contact list is on website at the following link:

http://www.puc.state.pa.us/electric/electric_CompetitiveMarketOversight.aspx

- Please send contact information or updates to ra-ocmo@state.pa.us; purpose of this list is to enable stakeholders to contact one another directly to resolve issues and is separate from email distribution list

12. Meeting Schedule for Remainder of 2010

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| • July 22, 9:30 a.m. | • November 18, 1:30 p.m. |
| • August 5, 9:30 a.m. | • December 9, 9:30 a.m. |
| • August 26, 9:30 a.m. | • December 23, 9:30 a.m. |
| • September 9, 9:30 a.m. | |
| • September 30, 9:30 a.m. | |
| • October 14, 9:30 a.m. | |
| • October 28, 9:30 a.m. | |