

# CHARGE Conference Call

July 22, 2010 – 9:30 a.m.

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

## Recap of Discussion

### 1. EGS Marketing Activities

- PUC issued tentative order for comment on July 16, 2010, which is available at the following link: <http://www.puc.state.pa.us/general/ConsolidatedCaseView.aspx?Docket=M-2010-2185981>
- Comments are due within 30 days, or on August 16, 2010, and reply comments are due within 15 days after that, or on August 31

### 2. Supplier Consolidated Billing Implementation

- EDEWG plans to have a document ready to submit to CHARGE around the end of July; it is possible that this date will slip to August following EDEWG meeting later today
- Supplier tariffs contain provisions for EGSs doing consolidated billing to make EDC whole regardless of whether customer pays charges
- Issue has been 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

- PUC issued tentative order for comment on July 15, 2010, which is available at the following link: <http://www.puc.state.pa.us/general/ConsolidatedCaseView.aspx?Docket=M-2010-2183412>
- Comments are due within 20 days, or on August 4, 2010; no reply comments are permitted

### 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 drafted FAQ to clarify issue for consumers; it may be viewed at <http://www.papowerswitch.com/frequently-asked-questions/> and is also attached
- 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 by the end of the month

## 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

## 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](http://www.puc.state.pa.us/electric/electric_CompetitiveMarketOversight.aspx)
  - Staff is offering to informally review proposed renewal notices; please send them to [ra-OCMO@state.pa.us](mailto:ra-OCMO@state.pa.us) at least 10 days prior to issuance to consumers
  - Any questions about these issues may be sent directly to Dan Mumford in BCS at [dmumford@state.pa.us](mailto:dmumford@state.pa.us) or by calling Dan at 717-783-1957
- Group further 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 how PTC would be estimated, communicated and presented to EGSs for inclusion in renewal notices; staff expressed assumption that EDC would provide estimates to EGSs and said that EGSs could approach staff if they believed PTC estimates were not calculated correctly or fairly
- An alternative proposal suggested during the call was to simply not include the PTC if it is not available but to indicate when it will be available and how it can be obtained by the consumer
- Staff expressed desire for consistency in approach that is followed by EGSs sending out renewal notices and noted the need to timely address these issues
- Will further discuss during August 5 call; any feedback or other proposals should be offered before or during that call; staff plans to seek Commission guidance as necessary following further discussion
- EGSs suggested that various issues relating to PTC need to be addressed; staff invited participants to identify them; material will be compiled and submitted to staff when it is available
- Group continued to discuss how to handle situation where customer fails to respond to a renewal notice containing new price and terms: may the EGS renew the contract?
  - Staff's original proposal was to follow natural gas regulations that permit supplier to renew the contract provided that the customer has the option of ending the contract at any time without penalty
  - Based on concerns raised by EGSs on prior calls, such as the way this approach might limit product offerings, staff has suggested a compromise that allows renewal of the contract provided that the customer may terminate without penalty within a set number of days after receipt of the first bill
  - OCA expressed support for staff's original proposal; staff asked EGSs to provide feedback over the next week or so to permit further discussion of issue during August 5 call; staff will seek Commission guidance as necessary following further discussion

#### **11. Budget Billing for Variable-Priced Products**

- Commissioners' offices have asked staff for input on appropriateness of requiring EGSs to offer budget billing option to customers in connection with variable-priced products
- A description of the issue, statutory and regulatory provisions and staff's preliminary views are contained in the attached document
- Issue will be discussed during August 5 call

## **12. CHARGE Contact List**

- Contact list is on website at the following link:

[http://www.puc.state.pa.us/electric/electric\\_CompetitiveMarketOversight.aspx](http://www.puc.state.pa.us/electric/electric_CompetitiveMarketOversight.aspx)

- Please send contact information or updates to [ra-ocmo@state.pa.us](mailto: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

## **13. Meeting Schedule for Remainder of 2010**

- August 5, 9:30 a.m.
- August 26, 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.
- November 18, *1:30 p.m.*
- December 9, 9:30 a.m.
- December 23, 9:30 a.m.

### Budget Billing for Variable-Priced Products

The Commissioners' offices have requested the input of the Office of Competitive Market Oversight (OCMO) on the appropriateness of requiring electric generation suppliers (EGSs) to offer the budget billing option to customers in connection with monthly, daily or hourly-priced or other variable-priced supply products. The specific questions posed by the offices are: 1) whether the Public Utility Code requires all supply offers to be accompanied by a budget billing option, 2) whether the Commission's regulations require budget billing options for all supply offers; and 3) if the statute does not contain this requirement but the regulations do, whether it makes sense to modify our regulations to expressly exempt EGSs from offering a budget billing option in connection with monthly, daily or hourly-priced or other variable-priced supply products.

OCMO is unaware of any provision in the Public Utility Code expressly requiring that customers be afforded the budget billing option in connection with all supply offerings. Section 2807(c) of the Electric Competition Act contains several provisions regarding customer billing. None of those address the budget billing option. Section 1509 of the Public Utility Code also sets forth billing procedures. Likewise, it does not require that customers are afforded the budget billing option.

In any case, Section 2809(e) specifically authorizes the Commission to forebear from applying any requirements of the Public Utility Code that are unnecessary due to competition among electric generation suppliers. That provision further provides that the Commission "shall impose requirements necessary...for assuring that 52 Pa. Code Ch. 56 (relating to standards and billing practices for residential utility service) are maintained." The Commission's licensing regulations refer to the need for an applicant to establish fitness, willingness and ability to perform the service in conformance with applicable provisions of the Public Utility Code. Section 56.12(7) of the Commission's regulations require that "a gas, electric and steam heating utility shall provide its residential ratepayers with an optional billing procedure which averages estimated utility service costs over a 10-month, 11-month or 12-month period to eliminate, to the extent possible, seasonal fluctuations in utility bills."

In our view, exempting EGSs offering variable-priced supply products from the budget billing requirement does not in any way jeopardize the consumer protections afforded by Chapter 56. Particularly to the extent that variable-priced supply products fluctuate based on price signals from the wholesale market, it would seem counterproductive to insist that residential customers be afforded a budget billing option when selecting these products. Indeed, variable-priced supply products are more consistent with the overall conservation goals of Act 129 and budget billing interferes with the consumers' ability to obtain the information needed to adjust their consumption and demand in response to price signals.

Residential customers who wish to avail themselves of a budget billing option would either choose a different EGS or remain with the default service provider. If residential customers prefer the certainty of a budget billing option and are reluctant to accept variable-priced supply products without that feature, EGSs in the market offering such products would have to make a business decision of whether to respond to the desires of those consumers.