



Washington Gas Energy Services

A Washington Gas Affiliated Company

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September 13, 2010

ELECTRONIC FILING

Ms. Rosemary Chiavetta
Secretary
Pennsylvania Public Utility Commission
P. O. Box 3265
Harrisburg, PA 17105-3265

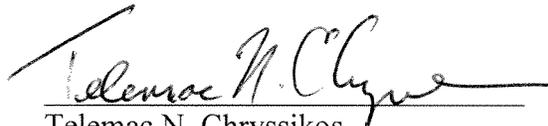
Re: Docket No. M-2010-2195286 and M-000-1437

Dear Ms. Chiavetta:

Please find enclosed for filing are an original and five (5) copies of the comments of Washington Gas Energy Services, Inc. in the captioned proceeding.

Please feel free to contact the undersigned or Ms. Leah B. Gibbons at 703.793.7565 or via Email at lgibbons@wges.com if you have any questions or require additional information.

Respectfully submitted,


Telemac N. Chryssikos

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

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|--|---|---------------------------|
| Interim Guidelines Regarding Advance | * | |
| Notification by an Electric Generation Supplier of | * | Docket No. M-2010-2195286 |
| Impending Changes Affecting Customer Service; | * | |
| Amendment re: Supplier Contract Renewal/ | * | Docket No. M-0001437 |
| Change Notices | * | |

**COMMENTS OF
WASHINGTON GAS ENERGY SERVICES, INC.**

As invited by the Commission's Tentative Order issued September 2, 2010 in the captioned dockets, Washington Gas Energy Services, Inc. ("WGES"), a Delaware corporation and a licensed electric generation and natural gas supplier in Pennsylvania (also licensed in the District of Columbia, Virginia, Delaware and Maryland), hereby files these comments on the proposed amendment to the Interim Guidelines governing contract renewal notices from electric generation suppliers ("ESGs") to customers. WGES position on the Interim Guideline amendment regarding Price to Compare Notices is reflected in the comments filed this date by the National Energy Marketers Association.

WGES participated in the working group facilitated by the Office of Competitive Market Oversight (OCMO) regarding ESG renewal notices to customers, and supports the Option 2 compromise escape window recommended by OCMO that would enable an ESG to renew a customer's contract with a new price without the necessity of an affirmative act so long as the customer can cancel without penalty within the first 30 days after receiving a first bill. In the Tentative Order the Commission would reject the OCMO recommendation and adopt a rule that would mirror the rule now in place for Natural Gas Suppliers ("NGS"). WGES urges the

Commission not to adopt the gas rule for electricity, but to adopt the compromise rule. The Commission should also revise the gas rule to mirror the compromise rule for electricity.

A rule that requires an affirmative act to accept a renewal contract from an existing gas or electricity supplier is not good public policy because it would thwart the intention of customers, would eliminate options, and would be inconsistent with rules in neighboring jurisdictions.

Requiring an affirmative act to renew a contract at a new price would limit the choices available to customers if the contract is converted by rule to a month to month contract. No supplier would likely commit to such a condition in a renewal offer; the supplier would simply not make the offer. Such a rule would have the effect of proscribing the contracts, the products and the choices that a customer may have in the market, and is thus antithetical to the concept of customer choice. Customers should be free to choose they types of products, pricing, and terms that meet their individual needs, including the form of their contract renewal options. Limiting customer options is not really customer protection when the limitation would deny customers the ability to choose what they want.

A customer who signs a contract with an automatic renewal clause understands that he or she will not be required to take any action for the renewal to take effect. If the customer becomes dissatisfied with the service a supplier is providing, the customer can take action not to renew a contract and thereby cancel service with the supplier. Requiring affirmative action from the customer to accept a contract renewal, regardless of whether the customer is satisfied with a supplier's service, would force the customer to do something the customer has already decided he or she do not want to have to do. Instead of making a one-time decision for a set period of time, the customer would be forced to revisit this decision monthly, a step most customers would find overly burdensome. For example, a customer who values price stability and in fact has

elected a 1, 2, or even 3 year term product would effectively be forced onto a month-to-month product under the proposed rule with no guarantee of price stability. Worse, the product at a month to month price could very likely be more expensive than the longer term, fixed price renewal product the customer intended to accept.

Significantly, other neighboring jurisdictions do not prescribe automatic renewal in the way the Tentative Order intends. WGES has been actively selling electricity and natural gas to residential and small commercial customers in Maryland, the District of Columbia, Delaware and Virginia (gas) for over a decade, and automatic contract renewal is permitted in all of these jurisdictions without a requirement that a customer take an affirmative action to renew a contract.¹

In Maryland customers receive renewal notices 45 days in advance of their contract expiration date, are provided with new terms and conditions if they have changed, and are offered a price for the same contract term as the product they currently receive. Customers desiring to change the term of their contract are provided with clear and detailed instructions on how to do that. The vast majority of customers, however, are relieved of any obligation to take action to renew their contracts, and they continue to receive service under the same terms and conditions (except price) they selected when they signed their original agreement. This automatic contract renewal approach has worked for more than a decade without adverse consumer effects

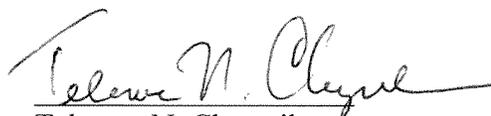
¹ For electricity contracts in Maryland COMAR 20.53.07.08 C provides: “Evergreen Contracts. (1) A supplier shall provide a customer with a notice of the pending renewal of an evergreen contract 45 days before the automatic renewal is scheduled to occur. (2) The supplier notice required under §C(1) of this regulation shall: (a) Provide a clearly stated and highlighted notice to a customer of any changes in the material terms and conditions of the agreement; (b) Inform the customer how to terminate the contract without penalty; and (c) Inform the customer that terminating the evergreen contract without selecting another supplier will return the customer to utility commodity service.” COMAR 20.59.07.08 C is the same for gas contracts.

and for the benefit of consumers. Simply put, the rule encourages customer choices, customer and supplier loyalty, and seamless service from suppliers.

In light of the foregoing, at the very least compromise Option 2 which OCMO recommended would preserve the essential features of the foregoing rules with the added protection that customers would have a second opportunity to cancel a contract that is pending renewal, first in responding to a renewal notice and second in responding within 30 days of receiving a first bill under a renewal contract. If the Commission were to decide to adopt the renewal rule in the Tentative Order, which it should not, WGES submits existing contracts signed prior to implementation should be grandfathered and not abrogated by a new rule.

WHEREFORE, the Commission should modify the Tentative Order and adopt a rule for ESG renewal notices to customers that reflect the Option 2 compromise escape window where a customer can elect to renew an existing contract at a new price without the necessity of an affirmative act so long as the customer can cancel the renewal contract without penalty within the first 30 days after receiving a first bill under the renewal contract.

Respectfully Submitted,



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