

PENNSYLVANIA UTILITY LAW PROJECT

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September 13, 2010

Via E-Filing

Rosemary Chiavetta
Secretary
Pa. Public Utility Commission
400 North Street, 2nd Floor North
PO Box 3265
Harrisburg, PA 17105-3265

**Re: Interim Guidelines Regarding Advance Notification by an Electric
Generation Supplier of Impending Changes Affecting Customer Service;
Amendment re: Supplier Contract Renewal/Change Notices
Docket Nos. M-2010-2195286; M-0001437**

Dear Secretary Chiavetta:

Enclosed for filing and pursuant to the Pennsylvania Public Utility Commission's Tentative Order in the above-captioned proceeding, please find the Comments of the Pennsylvania Utility Law Project.

Please contact me directly if you have any questions. Thank you.

Respectfully submitted,



Harry S. Geller, Esq.

Cc: Office of Competitive Market Oversight (e-mail only at ra-OCMO@state.pa.us)

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

Interim Guidelines Regarding Advance	:	
Notification by an Electric Generation	:	
Supplier of Impending Changes	:	Docket Nos. M-2010-2195286;
Affecting Customer Service;	:	M-0001437
Amendment re: Supplier Contract	:	
Renewal/Change Notices	:	

**COMMENTS OF THE
PENNSYLVANIA UTILITY LAW PROJECT**

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Dated: September 13, 2010

I. INTRODUCTION

The Pennsylvania Public Utility Commission (“Commission”) issued a Tentative Order on September 2, 2010 seeking comments on Interim Guidelines Regarding Advance Notification by an Electric Generation Supplier of Impending Changes Affecting Customer Service and on an Amendment Re: Supplier Contract Renewal/Change Notices. The Pennsylvania Utility Law Project (“PULP”) submits these comments pursuant to the Commission’s Tentative Order. PULP provides information, assistance, and advice about residential utility and energy matters affecting low-income consumers. PULP is the designated statewide project of the Pennsylvania Legal Aid Network (“PLAN”) of civil legal aid programs. PULP acts in coordination with PLAN programs and their clients, other nonprofit agencies, and community groups that serve the low income. PULP thanks the Commission for this opportunity to provide these comments.

II. BACKGROUND

The Office of Competitive Market Oversight (“OCMO”), in anticipation of the need for Electric Generation Suppliers (“EGSs”) to notify customers of the impending expiration of or changes in contracts, reviewed the Commission’s interim guidelines and identified two issues requiring attention: (1) the use of an estimated price to compare (“PTC”) on customer contract renewal notices when an actual PTC is not yet available from the EDC, and (2) the effect on a customer’s existing contract with a supplier when the customer does not respond to a contract renewal notice. In June 2010, OCMO brought these issues to the attention of the Committee for Handling Activities for Retail Growth in Electricity (“CHARGE”), which discussed the issues over several weeks. As a result of these discussions, OCMO made recommendations to the

Commission for revising the interim guidelines. Those proposed recommendations are the subject of this Tentative Order and request for comments.

III. COMMENTS

Shopping for competitive electric generation service is both important and complicated. The Commission's own Tentative Order describing the CHARGE discussions of the PTC is ample evidence of the complexity of the subject matter.¹ When a room full of experts, some of whom are responsible for determining the PTC, cannot agree upon the best method for determining and publishing an accurate PTC, then it is beyond question that consumers, most with much less technical expertise, will have difficulty properly understanding the PTC and engaging in the shopping process as their contracts expire. As such, the Commission should err in favor of establishing strong consumer protections to ensure consumers, particularly low-income consumers, who can least afford to be locked into more expensive contracts or to be missing out on lower prices, are provided with or have access to the clearest and most up-to-date information whenever a gray area appears in the shopping process. This is certainly one such gray area that requires such a pro consumer approach from the Commission.

A. The use of an estimated PTC on customer contract renewal notices when an actual PTC is not yet available from the EDC.

PULP respectfully disagrees with OCMO's decision to use an estimated PTC and suggests Option 2, the option preferred by the Office of the Consumer Advocate, is more

¹ Interim Guidelines Regarding Advance Notification by an Electric Generation Supplier of Impending Changes Affecting Customer Service; Amendment re: Supplier Contract Renewal/Change Notices, Docket Nos. M-2010-2195286; M-0001437, (Tentative Order entered Sept. 3, 2010), at 5-10.

appropriate.² Option 2 states, “Require that no PTC be included on the options notice, but that customers be provided with information on how to obtain it online or by telephone.”³

At the heart of electric competition is the assumption that a consumer should be able to make a reasoned, informed choice about his/her options for securing electric generation services.⁴ One presumes that information to help consumers make an informed choice readily exists at the Commission, on the Internet, in a public repository of information, etc.⁵ Rather than provide customers with an estimated PTC that is possibly incorrect, the Commission should refer consumers to reliable sources of information on which an informed decision can be made. Providing estimates to customers may lead them to enter into disadvantageous long term contracts with EGSs based on flawed information; this runs completely counter to what competition is hoped to bring. If sufficient sources of readily available information do not exist, or are not available at the time a customer’s contract expires, then customers should simply return to their default service supplier until accurate, reliable information is available. Therefore, PULP respectfully submits the Commission should adopt Option 2 in its revised interim regulations and require that no PTC be included on the options notice but that customers be provided with information on how to obtain it online or by telephone.

² Id. at 6.

³ Interim Guidelines, at 6.

⁴ See 66 Pa.C.S. §§ 2206(c) and 2807(d)(2).

⁵ If these assumptions are not true, and consumers readily cannot find accurate information about generation supply upon which to make an informed choice, then PULP strongly recommends that the Commission create such an information repository.

- B. The effect on a customer's existing contract with a supplier when the customer does not respond to a contract renewal notice.

PULP strongly supports the Commission's decision to adopt a consumer friendly policy in regard to contract renewal. The Commission proposes using the following language for the interim guidelines to govern contract renewal for EGSs:

(d) In the event that the customer does not respond to the renewal notice, a fixed term agreement may be converted to a month-to-month agreement, either at the same terms and conditions or at revised terms and conditions, as long as the agreement converts from a fixed term to a month-to-month agreement and contains no cancellation penalties. Alternatively, a fixed term agreement may be converted to another fixed term agreement as long as the new agreement includes a customer-initiated cancellation provision that allows the customer to cancel at any time for any reason and contains no cancellation penalties, in the event that the customer does not respond to the notice.⁶

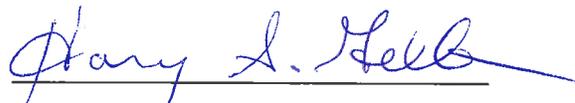
PULP is in favor of this language because it provides solid consumer protections while still enabling EGSs to offer competitive, alternative supply service. Providing customers with the ability to exit a converted contract without penalty, whether it is a month-to-month or fixed contract, will give customers the time and opportunity to search out accurate information about prevailing electric generation prices and then seek out the best deal, without fear of incurring anti-competitive penalties designed to lock in customers and prevent them from going to lower priced competitors. This is exactly what we want customers to do – seek out the lowest price – and the Commission is correct to support customers' efforts to do this. Therefore, PULP supports the Commission's inclusion of this language in the interim guidelines.

⁶ Interim Guidelines, Appendix A, at 3.

IV. CONCLUSION

Shopping for competitive electric generation service is both important and difficult. PULP recommends the Commission adopt policies that favor strong protections for consumers, particularly low-income consumers, in this new and complicated competitive era. PULP submits the Commission can put in place the strongest consumer protections by adopting the recommendations contained in these Comments.

Respectfully submitted,



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