

COMMONWEALTH OF PENNSYLVANIA



OFFICE OF SMALL BUSINESS ADVOCATE

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300 North Second Street  
Harrisburg, Pennsylvania 17101

William R. Lloyd, Jr.  
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September 13, 2010

**HAND DELIVERED**

Rosemary Chiavetta, Secretary  
Pennsylvania Public Utility Commission  
Commonwealth Keystone Building  
400 North Street  
Harrisburg, PA 17120

**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 and M-0001437**

Dear Secretary Chiavetta:

I am delivering for filing the original plus five copies of the Comments to the Tentative Order and Appendix A, on behalf of the Office of Small Business Advocate, in the above-captioned proceedings.

A copy of the Comments has been served electronically on the Office of Competitive Market Oversight. If you have any questions, please contact me.

Sincerely,

A handwritten signature in black ink that reads "William R. Lloyd, Jr." with a stylized flourish at the end.

William R. Lloyd, Jr.  
Small Business Advocate  
Attorney ID #16452

Enclosures

cc: Office of Competitive Market Oversight (by e-mail)

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2010 SEP 13 PM 3:11  
SECRETARY'S BUREAU

**BEFORE THE  
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

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

**COMMENTS OF THE  
OFFICE OF SMALL BUSINESS ADVOCATE  
ON THE TENTATIVE ORDER**

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By Tentative Order entered September 3, 2010, the Pennsylvania Public Utility Commission (“Commission”) tentatively approved changes in the Interim Guidelines Regarding Advance Notification by an Electric Generation Supplier of Impending Changes Affecting Customer Service (“Interim Guidelines”). Pursuant to Ordering Paragraph No. 2, the Office of Small Business Advocate (“OSBA”) submits the following comments regarding those changes:

1. The OSBA supports the change regarding advance notification of an approaching expiration of a fixed-term agreement for service from an electric generation supplier (“EGS”) with several caveats.

a. The capped generation rates of PECO Energy Company (“PECO”) include demand-based declining blocks for small business customers. Under the settlement in PECO’s default service case at Docket No. P-2008-2062739, the present rate design will be phased out and will eventually be replaced by flat rates. Because of the complexity of the present rate design, the settling parties developed a procedure for

giving notice of the price to compare (“PTC”) for 2011. *See* Joint Petition for Settlement, at ¶51.

The notice procedure set forth in the default service settlement was further refined by the settlement in the proceeding at Docket No. P-2009-2143607 to establish PECO’s purchase of receivables (“POR”) program. The specific settlement terms are quoted in the Commission’s June 18, 2010, Order, at 9-10.

Because of PECO’s unique rate design under capped rates, the Interim Guidelines should not be construed to relieve any party from following the terms of these two settlements.

b. Pike County Light and Power Company (“Pike”) has filed a new default service plan at Docket No. P-2010-2194652 for the period beginning June 1, 2011. In its Order entered July 26, 2010, at Docket No. P-2008-2044561, the Commission ruled that customers who are currently participating in the aggregation program operated by Direct Energy Services (“Direct”) will continue to be customers of Direct on and after June 1, 2011, unless they choose to return to default service or to purchase generation from a different EGS. The Commission also imposed certain requirements on Direct regarding service on and after June 1, 2011. Because those requirements differ from the proposed changes in the Interim Guidelines, it is unclear how (if at all) the Commission intends the changes in the Interim Guidelines to apply to the current customers in the Direct aggregation program.

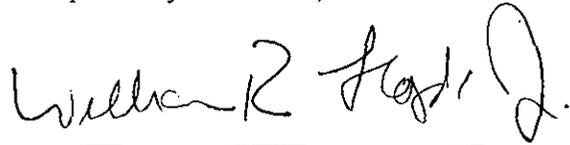
Accordingly, the OSBA requests that the Commission expressly state if, and how, the changes in the Interim Guidelines will apply to those customers. The OSBA also requests that the Commission make clear that the changes in the Interim Guidelines are

not intended to prohibit adoption (in the pending default service case) of changes in the notification to current aggregation customers when contracts expire after June 1, 2011, for service provided by Direct.

2. The OSBA supports the changes in the Interim Guidelines regarding the effect of a customer's failure to respond to a renewal notice. Because the 2010 default service rate for PPL Electric Utilities Corporation ("PPL") has been significantly above the market price of electricity, customers have had an extra incentive to shop during 2010. However, because of changes in PPL's procurement procedures for the period of January 1, 2011, through May 31, 2013, the disparity between the default service rate and the market price is likely to diminish significantly. In view of the anticipated end of the extra incentive to shop, it is critical to provide a small business customer with an adequate time period in which to decide whether to remain with its existing EGS, switch to a different EGS, or return to default service. In the case of a customer that does not respond to a renewal notice, the Commission has proposed to convert an expiring fixed-term EGS contract into a month-to-month contract or to permit the shopping customer to exit a renewed fixed-term contract at any time without penalty. This proposal should provide the customer with the necessary opportunity to learn about the changes in the default service rate relative to the market price and EGS offerings and to weigh options.

WHEREFORE, the OSBA respectfully requests that the Commission consider the  
aforementioned comments before giving final approval to changes in the Interim  
Guidelines.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "William R. Lloyd, Jr.", written in a cursive style.

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William R. Lloyd, Jr.  
Attorney ID No. 16452  
Small Business Advocate

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Dated: September 13, 2010