

CITIZEN POWER

Public Policy Research Education and Advocacy

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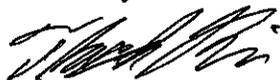
Rosemary Chiavetta, Secretary
Pennsylvania Public Utility Commission
Commonwealth Keystone Building
400 North Street, 2nd Floor North
P.O. Box 3265
Harrisburg, PA 17105-3265

Re: Use of Fixed Price Labels for Products With a Pass-Through Clause

Dear Secretary Chiavetta:

Enclosed for filing with the Commission on behalf of Citizen Power, Inc. are its Comments in the above-captioned proceeding.

Sincerely,



Theodore Robinson
Counsel for Citizen Power

Enclosures

**BEFORE THE PENNSYLVANIA
PUBLIC UTILITY COMMISSION**

Use of Fixed Price Labels for Products)
With a Pass-Through Clause)

Docket No. M-2013-2362961

COMMENTS OF CITIZEN POWER, INC.

Citizen Power provides these comments to the Pennsylvania Public Utility Commission in response to the Tentative Order dated May 23, 2013 in Docket No. M-2013-2362961.

I. Use of a Third Pricing Label

Citizen Power agrees with the Commission’s proposed Policy Statement’s use of a third label to describe products that have a pass-through component. In our opinion, most residential customers perceive the term “fixed price” to preclude any possible price adjustments, similar to fixed rate mortgages. If a product has a pass-through clause and is labeled as a “fixed price” product, it may confuse or anger residential customers, souring them on the retail market.

However, while we agree that a third pricing label should be used, we prefer the term “Price Plus Possible Surcharge” to “Price with Pass-Through Clause” because it is clearer to potential residential customers. Many residential customers may not know what a pass-through clause is or that it could impact their rates. One potentially wrong interpretation of “Price with Pass-Through Clause” would be that it is the price for electricity that is passed through the local EDC’s wires. Of course, residential customers should carefully read the Disclosure Statement

provided by the EGS to clarify what “Price with Pass-Through Clause” means. Even so, the label should give the residential consumer proper expectations regarding the product. The use of the words “Possible Surcharge” conveys the salient point that rates in the future may increase more than “Pass-Through Clause”.

II. Definition of Fixed Price

Citizen Power supports the use of a minimum length of time that a product’s price would remain unchanged in order to be categorized as “fixed price”. However, we believe that a six billing cycle minimum would be preferable to the proposed three billing cycle minimum because it allows the residential customer an opportunity to enjoy the benefits of shopping for a reasonable period of time before having to potentially look for other offers because of price increases.

Citizen Power does not believe that the term “fixed price” should ever be used for a product that is scheduled to change by its own terms. For example, if a product is 5 cents per kWh for 6 months and then 10 cents per kWh for 30 months, that product should be labeled as a “variable price” product since it is known that the rate will change over the course of the contract. We are especially concerned about the possibility of this type of product being labeled as “fixed price” when there are cancellation fees included in the terms of the contract. Therefore, we would propose that the definition of “Fixed Price” be changed to:

Fixed Price: AN ALL-INCLUSIVE PRICE THAT will remain the same FOR THE TERM INDICATED BY THE CUSTOMER AGREEMENT, WHICH SHALL ADDITIONALLY BE FOR A MINIMUM OF SIX BILLING CYCLES.

In our opinion, any product labeled as “fixed price” should be required to have affirmative customer consent to change the price during the term of the contract.

III. Disclosure of Pass Through Costs

Citizen Power agrees with the Commission that the disclosure of pass-through costs in the Supplier’s Disclosure Statement should be drafted as narrowly and precisely as possible. Additionally, in order to stress the importance of the pass-through clause, we believe that it should be required to be placed on the first page of the Disclosure Statement. Finally, we believe that pass-through clauses should be bi-directional and lower rates if supplier costs decrease because of the various factors listed in the pass-through clause.

Respectfully Submitted,

/s/ Theodore S. Robinson
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