

COMMONWEALTH OF PENNSYLVANIA



OFFICE OF CONSUMER ADVOCATE

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March 24, 2014

Rosemary Chiavetta, Secretary  
Pennsylvania Public Utility Commission  
Commonwealth Keystone Building  
400 North Street  
Harrisburg, PA 17101

RE: Investigation of Pennsylvania's Retail  
Electricity Market: Joint Electric  
Distribution Company – Electric Generation  
Supplier Bill  
Docket No. M-2014-2401345

Dear Secretary Chiavetta:

Enclosed for filing please find the Office of Consumer Advocate's Reply Comments in the above-referenced proceeding.

If you have any questions, please feel free to contact me at the number listed above.

Respectfully Submitted,

A handwritten signature in black ink, appearing to read 'Aron J. Beatty'.

Aron J. Beatty  
Assistant Consumer Advocate  
PA Attorney I.D. # 86625

Enclosure

cc: Matthew Hrivnak, BCS  
Kirk House, OSA

180270

BEFORE THE  
PENNSYLVANIA PUBLIC UTILITY COMMISSION

Investigation of Pennsylvania’s	:	
Retail Electricity Market (Joint	:	Docket No. M-2014-2401345
Electric Distribution Company--	:	
Electric Generation Supplier Bill)	:	

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REPLY COMMENTS OF THE OFFICE OF CONSUMER ADVOCATE

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I. INTRODUCTION

The Office of Consumer Advocate (OCA) submits these Reply Comments in accordance with procedural schedule established in the Pennsylvania Public Utility Commission’s (Commission) February 6, 2014 Tentative Order in the above-captioned proceeding (February 6 Order). In its February 6 Order, the Commission requested stakeholder input concerning proposed modifications to the Electric Distribution Companies’ (EDCs) bills to make the bills “more supplier oriented” for customers taking service from an Electric Generation Supplier (EGS). February 6 Order at 3. The OCA filed Comments on March 10, 2014. A total of 22 sets of Comments were filed, including those of every Pennsylvania EDC.<sup>1</sup>

The Commission raised three primary issues for exploration concerning EDC issued Joint Bills: (1) Inclusion of the EGS Logo on the EDC bill; (2) Expansion of EGS Bill

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<sup>1</sup> In addition to the OCA, Comments were submitted by the following parties: Citizens’ Electric Company of Lewisburg; Citizens for Pennsylvania’s Future; Citizen Power; Constellation NewEnergy, Inc.; Duquesne Light Company; the Energy Association of Pennsylvania; Ethical Electric, Inc.; the FirstEnergy EDCs (Met-Ed, Penelec, Penn Power and West Penn Power); FirstEnergy Solutions Corp.; Industrial Energy Consumers of Pennsylvania; National Energy Marketers Assoc.; Noble Americas Energy Solutions, LLC; the Office of Small Business Advocate; Park Power, LLC; PECO Energy Company; Pennsylvania Energy Marketers Coalition; Pike County Light & Power Company; PPL Electric Utilities; Pennsylvania Utility Law Project; Retail Energy Supply Association; UGI Utilities, Inc.—Electric Division; Wellsboro Electric Company.

Messaging Spacing; and (3) Inclusion of a Shopping Box on the EDC bill. February 6 Order at 4-7. In addition, the Commission requested any additional proposals or input that would make the EDC bill “more supplier-oriented.” February 6 Order at 8. The Commission further requested input on the potential inclusion of EGS generated bill inserts in the EDC bill mailing. February 6 Order at 8. Finally, the Commission requested cost information and cost recovery proposals for implementation of joint bill modifications. February 6 Order at 9. The OCA addressed each of these items in its March 10<sup>th</sup> Comments.

In general, the OCA supports efforts to provide additional information that will assist customers in the retail market. As the OCA discussed in its Comments, any joint EDC/EGS bill must retain all of the consumer protections related to billing provided by both Chapter 14 and Chapter 56. Care must be taken to ensure that mandatory disclosures and utility contact information remain appropriate in both size and prominence on the bill.

The OCA submits these Reply Comments to address the issue of cost recovery. The Comments show that the costs of the proposed bill modifications are merely estimates at this point and that those costs could be substantial. PECO estimated that the costs of the proposed bill modifications would cost the company \$770,000. PECO Comments at 8. PPL’s estimates for all of the proposed modifications total \$987,400. PPL Comments at 4-5. The OCA submits that the Commission should reject the proposals contained in some of the Comments that would add to these costs (such as adding billing line items for EGS services or making the logo appear in color) where there has been no estimate of the costs and no review of the impact that those changes may have on customers.

The OCA submits that the Joint Bill changes are intended to bring more value to the EGS through an enhanced relationship with customers. Pike County Light & Power (Pike)

provided, in the OCA's view, the proper perspective and insight into the benefits that these proposals provide to EGSs and how these costs should be recovered, as follows:

With respect to cost recovery, EGSs should compensate the EDCs for the costs identified above. These are, in effect, marketing costs that EGSs, as participants in a competitive market, should appropriately bear. Requiring all ratepayers, particularly those who choose not to take their supply service from an EGS, to subsidize EGS marketing costs would not be an equitable result.

Pike Comments at 5. Many more Commenters noted that the recovery of these marketing costs from all customers on a non-bypassable basis would not be appropriate. The following parties expressed concern over the Commission's proposal that costs be recovered from all distribution customers through non-bypassable charges:

- The Energy Association of Pennsylvania stated that, "The inclusion of an EGS logo, increased messaging space, and "Shopping Information Box" on each consumer's electricity bill will all incur costs that should be shared in part by EGSs, who will receive marketing benefits from implementation of these recommendations." (page 5)
- The Industrial Energy Consumers of Pennsylvania noted that, "The proposal to include EGS logos on EDCs' bills is properly viewed as a marketing opportunity for EGSs; the associated costs should therefore be borne by EGSs rather than by distribution customers." (page 2)
- The Office of Small Business Advocate stated that the costs of placing an EGS logo on a EDC bill are marketing costs and, "EGSs should pay 100% of the costs for the inclusion of the logo." (page 1)

- Noble Americas Energy Solutions, a licensed EGS with operations in 14 states, argued that “it is unfair and unreasonable, and in violation of competitive neutrality, to require distribution customers to shoulder the costs associated with the implementation of the Commission’s EGS utility-consolidated billing recommendations, when it is the individual EGS that benefits from these changes.” (page 4)
- As noted above, Pike County Light & Power argued that all Joint Bill costs should be paid for by the EGS community. (page 5)
- Citizens Electric Company of Lewisburg and Wellsboro Electric Company noted that, “The Companies question whether all (or a portion) of the logo costs should be paid by the EGS requesting to include the logos on the bills.” (page 3)
- Park Power LLC stated that, “The Commission should require EDCs to make every effort to minimize the costs of including EGS logos on their bills, and should consider a reasonable approach to splitting the costs of EDC bill modifications among suppliers, the EDC’s ratepayers, and the EDC’s shareholders.” (page 2)

As the Comments of these parties demonstrate, the Joint Bill costs should be borne by EGSs. The OCA submits that the Commission should require that EGSs pay for all marketing costs incurred for their benefit.

As stated in its March 10 Comments, the OCA supports the Commission’s efforts to ensure that customer bills include accurate and timely disclosures that help customers better understand their electric charges and easily access EGS and shopping information. The OCA

submits that the Commission must ensure that all existing consumer protections are maintained and that all costs resulting from billing changes are appropriately assigned to those benefiting from those changes. The OCA respectfully requests that the Commission consider the OCA's March 10 Comments and these Reply Comments as it moves forward.

Respectfully Submitted,



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