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March 24, 2014

Via Electronic Filing

Rosemary Chiavetta, Secretary
PA Public Utility Commission
PO Box 3265
Harrisburg, PA 17105-3265

Re: Rulemaking to Amend the Provisions of 52 Pa. Code, Section 54.5 Regulations
Regarding Disclosure Statement for Residential and Small Business Customers and to
Add Section 54.10 Regulations Regarding the Provision of Notices of Contract Renewal
or Changes in Terms, Docket No. L-2014-2409385

Dear Secretary Chiavetta:

Enclosed for electronic filing please find Comments of the Retail Energy Supply Association
("RESA") to Secretarial Letter Dated March 19, 2014 with regard to the above-referenced
matter.

Sincerely,



Deanne M. O'Dell

DMO/lww
Enclosure

cc: RA-OCMO@pa.gov

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

Rulemaking to Amend the Provisions of 52 :
Pa. Code, Section 54.5 Regulations :
Regarding Disclosure Statement for : Docket No. L-2014-2409385
Residential and Small business Customers :
and to Add Section 54.10 Regulations :
Regarding the Provision of Notices of :
Contract Renewal or Changes in Terms :

**COMMENTS OF
THE RETAIL ENERGY SUPPLY ASSOCIATION
TO SECRETARIAL LETTER DATED MARCH 19, 2014**

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Date: March 24, 2014

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Attachment A: RESA's Suggested Changes To Proposed Regulations

I. INTRODUCTION

By Secretarial Order dated March 19, 2014, the Commission sought comment on proposed regulations intended to make customer disclosure statements more understandable and useful to customers, especially in the context of variable-priced products. The Commission also proposes to codify, with some modifications, the currently effective Interim Guidelines Regarding Advance Notification by an Electric Generation Supplier of Impending Contractual Changes Affective Customer Service.¹ Because the Commission is submitting the proposed regulatory changes in the form of a “final-omitted” proceeding, a brief comment period (five days) was established.

The Retail Energy Supply Association (“RESA”)² appreciates this opportunity to provide input and understands the critical importance that substantive, practical, fair and workable consumer protection and marketing practices play in creating a robust and sustainable competitive market that provides value-added products and services to customers. To that end, RESA generally supports the goals of the Commission’s efforts here which would provide guidance to suppliers about how to adequately inform customers about their products (specifically variable priced products) and contract renewal terms. However, the Commission should also seek to revise its regulations and guidance regarding marketing to ensure that the

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 No. M-2010-219286, Order entered September 23, 2010, Appendix A.

² RESA’s members include: AEP Energy, Inc.; Champion Energy Services, LLC; ConEdison Solutions; Constellation NewEnergy, Inc.; Direct Energy Services, LLC; GDF SUEZ Energy Resources NA, Inc.; Homefield Energy; IDT Energy, Inc.; Integrys Energy Services, Inc.; Interstate Gas Supply, Inc. dba IGS Energy; Just Energy; Liberty Power; MC Squared Energy Services, LLC; Mint Energy, LLC; NextEra Energy Services; Noble Americas Energy Solutions LLC; NRG Energy, Inc.; PPL EnergyPlus, LLC; Stream Energy; TransCanada Power Marketing Ltd. and TriEagle Energy, L.P. The comments expressed in this filing represent the position of RESA as an organization but may not represent the views of any particular member of RESA.

concerns/issues addressed in the context of these disclosure statement and contract renewal regulations are clearly communicated in marketing materials. RESA will further address this issue in its comments at Docket Number M-2014-2406134.³

II. COMMENTS ON THE PROPOSED CUSTOMER DISCLOSURE REGULATORY CHANGES

RESA recommends changes the Commission's proposals regarding the customer disclosure statements. The purpose of these recommendations is to recognize that within the category of "variable priced products," there are two unique subcategories of product types: (1) Indexed Products; and, (2) Non-Indexed Products. While both of these subcategories of variable priced products involve a price that changes, the manner used to calculate the variability is different. For indexed products, the price changes are based on a pre-defined pricing formula or publicly available market indices. Therefore, for these types of variable contracts, a customer has all the tools necessary to calculate future price changes – he or she either has the EGS's formula or can easily access the current publicly available market index used by the EGS. For these products, as discussed below, RESA recommends that: (1) EGSs be required to provide the consumer the tools necessary to calculate the price independently; and, (2) there be no requirement to provide either specific historical rate information or notice of price increases.

The second subcategory of variable products, Non-Indexed Products, involves those which rely on an EGS's sole discretion to calculate the price and change it as the EGS deems appropriate. For this subcategory of products, the consumer's ability to calculate and/or anticipate subsequent price changes is more difficult. Depending on whether the Non-Indexed

³ *Review of Rules, Policies and Consumer Education Measures Regarding Variable Rate Retail Electric Products*, Docket No. M-2014-2406134, Order entered March 4, 2014. Comments are due April 3, 2014.

Product contains limitations on its pricing, RESA offers specific language that an EGS would be required to use in its disclosure statement to provide more information to the customers. For these Non-Indexed Products, the requirements to provide historical information and notice of price increases more than 50% over the prior billing cycles are appropriate.

A. Section 54.5(c)(2)(i) Conditions Of Price Variability

RESA's recommends that additional language be added to this section to provide more precise direction regarding the two subcategories of variable priced products and the type of information that must be conveyed to the customer for each subcategory. The first subcategory is an Indexed Product where the energy component can vary according to a pre-defined pricing formula or is based on publicly available market indices. Since this subcategory of variable products is based on a pre-defined pricing formula or publicly available market indices, the customer has the ability to independently calculate subsequent pricing. To ensure this, RESA's recommended language requires that the disclosure statement include the EGS's pre-defined formula or market indices. By giving this transparency to the customer, he or she will be better informed about the nature of the variability of the product and better able to plan for subsequent price adjustments.

The second subcategory includes Non-Indexed Products. The pricing for this subcategory of variable products is determined based on an EGS's sole discretion. Since providing the customer the tools to anticipate future pricing is not practical, RESA's recommended language would require EGSs to add language to their disclosure statements making clear that subsequent prices are within the sole discretion of the EGS. To address the possibility of price limitations on the Non-Indexed Products, RESA's proposed language also sets forth required language in three different product scenarios (no limitation, limits on variability, fixed per kwh cap on price) that EGSs would be required to include on their

disclosure statements. As described more in the next section, due to the nature of this subcategory of variable priced products, RESA supports giving the customer historical information related to Non-Indexed Products as well as the Commission's proposed required notice if the price will exceed more than 50% over the prior billing cycle and there is no fixed per KWH .

B. Section 54.5(c)(14) Historical Pricing Information And Notice Of Specific Percentage Price Increase

RESA's recommends that this section be applicable to Non-Indexed Products and that the notice of the specified price increase be limited to those Non-Indexed Products without a fixed price per kWh cap or a pre-defined maximum percentage increase. As explained in the previous section, Indexed Products are based on a pre-defined pricing formula or publicly available market indices thereby giving customers the ability to calculate future price changes. As such, providing historical pricing information is not useful to the customer. Rather, such information would likely only create more confusion to the customer while increasing costs for the EGS to gather and maintain this information.

On the other hand, Non-Indexed Products are calculated based on the EGS's sole discretion through a methodology that is not quantified to the customer. Therefore, for Non-Indexed Products, the customer cannot reasonably calculate subsequent price changes. While the Commission rightly notes in its proposed regulation that historical pricing is not indicative of present or future pricing, RESA recognizes that this information may provide useful data for the customer in assessing competitive offers. RESA notes, however, that the calculation of the applicable "previous" 12-month period for a specific customer would be dependent on each customer's specific meter read date which is different for each customer. Therefore, a regulatory requirement that an EGS calculate the previous 12 months for each customer could be difficult.

To address this and still ensure the transparency of historical information that the Commission is seeking, RESA recommends that the word “previous” be stricken. Thus, EGSs would still be required to maintain 12 months’ average prices while not remaining at risk for a regulatory violation if any specific customer is missing a few weeks of historical data that would constitute that customer’s specific 12 month historical price.

RESA also recommends the language change from “when” to “how” in proposed Section 54.5(c)(14)(iii) to ensure that information about how the customer will receive information about the price change is clearly stated. With the exception of a price increase that is more than 50% over the prior billing cycle, the EGS’s choice about when to notify the customer is within its discretion. Further, this section regarding notice should not be applicable to Non-Indexed Products with a fixed per kWh cap or a pre-defined maximum percentage increase as customers in those scenarios have already been informed about the limits by which their price may increase.

C. Section 54.5(g) Required Notice About Renewal Or Change In Terms Notices

RESA recommends that the required disclosure permit notification in the form and manner to which the customer agreed in forming the contract. RESA’s recommended language is consistent with the Commission’s proposed new Section 54.5(c)(14)(iv) which permits notices to be sent in a format as elected by the customer. Customers who have become accustomed to electronic notices and have communicated that preference to the EGS at the time of contract formation may miss these notices sent via direct mail. It is important to permit a customer’s preferences to dictate the manner in which this information is communicated to him or her to best ensure that the customer understands when and how to expect it and knows the importance of reviewing the notices once they are received

III. COMMENTS ON THE PROPOSED ELECTRIC GENERATION SUPPLIER CONTRACT SUMMARY

Pursuant to proposed Section 52 Pa. Code § 54.5(i), the Commission would require that EGSs provide a separate EGS Contract Summary with the disclosure statement “in a format provided by the Commission.” The Commission included as Attachment A to its Secretarial Letter a proposed template. RESA understands that this template would not be a part of the final regulations but rather a fluid document that the Commission would be able to revise on a going forward basis as deemed appropriate. RESA supports this approach.

However, in addition to modifying the current template consistent with the Commission’s final determinations in this proceeding, RESA would suggest that the Commission reconsider the section titled “Statement Regarding Savings.” According to the draft template, this section would be for an EGS to describe in “plain language that the supply price may not always provide savings to the customer.” There are several difficulties with this proposal. First, a savings comparison is relative. For example, a customer receiving service from one EGS may receive a savings from the new EGS but not from a third EGS. Using the Price-to-Compare as the savings benchmark does not resolve the uncertainty because: (1) the customer may not be receiving service from the default service provider; and, (2) in a competitive market, continued comparison to a regulatory based provider of last resort rate sends the wrong signals and fails to account for the customer’s unique experience.

While RESA would prefer to delete this item entirely, perhaps a better use of this space would be for a supplier to describe any savings “guarantees” that it is offering and allow the supplier to describe the basis upon which that guarantee is being offered.

IV. COMMENTS ON THE PROPOSED CODIFICATION OF THE EXISTING CONTRACT RENEWAL GUIDELINES

A. Section 54.10(A) Applicability And Form Of Notice

RESA's first recommended additional language is intended to clarify that this new section applies to residential and small business customers. In the current regulations, the applicability of various sections of Subchapter A (Customer Information) is set forth in 52 Pa. Code § 54.1(b). Since the Commission is proposing to add a new Section 54.10, then it should either clarify the applicability in the context of the new section (as RESA recommends) or modify 52 Pa. Code § 54.1(b) accordingly.

RESA's second recommended change is to clarify the form of notice that EGSs may use to notify customers of a contract renewal or change in terms. Consistent with the discussion in Section II.C above, It is important to permit a customer's preferences to dictate the manner in which this information is communicated to him or her to best ensure that the customer understands when and how to expect it and knows the importance of reviewing the notices once they are received..

B. Section 54.10(A)(1)(vi) Initial Notice Of Cancellation Fees

The purpose of RESA's first recommended change is to broaden the requirement regarding the type of cancellation fees to be disclosed which should encompass any cancellation fee to include any that may be applicable in the renewal product – not just the cancellation fees for the existing contract. The purpose of the second change is to allow EGSs to make clear that an existing customer can choose to select a different product from the existing supplier. Limiting this language to just the choice of an alternative supplier is too restrictive and does not present an accurate statement of the customer's full options.

C. Section 54.10(A)(2)(ii)(a) Notice Of Subsequent Price Changes For Variable Contracts

RESA recognizes that the Commission is attempting to address the situation in which a customer is on a fixed-term product, automatically renews to a month-to-month product and then experiences subsequent price increases without further notification. However, sending notice 30 days prior to changing the price on a month-to-month basis would be a significant undertaking from a logistical standpoint. Even if EGSs were able to accurately forecast the prices far enough in advance to satisfy the 30 day notice requirement, the cost of doing a mailing would be extremely high. It would also likely be burdensome and confusing to the customer who is being inundated with information on a regular basis. For these reasons, RESA would prefer that the notices for the month-to-month renewal product be handled consistent with what is established for the disclosure statement. Therefore, if a customer is on a Non-Indexed Product without any limit on the amount of increase that can be imposed and it increases by 50% over the prior month, then notice would be required. If customer on an Indexed Product, no notice of a price change is required.

If, however, the Commission is not inclined to adopt RESA's preferred approach then at a minimum, RESA recommends that the Commission revise this section so that notices of price increases may be provided "in the form and manner agreed to by the customer" so as to permit alternative electronic channels for providing this information.

D. Section 54.10(A)(2)(v) Form Of Options Notice

Consistent with the discussion above in Sections II.C and IV.A, it is important to permit a customer's preferences to dictate the manner in which this information is communicated to him or her to best ensure that the customer understands when and how to expect it and knows the importance of reviewing the notices once they are received.

E. Section 54.10(A)(3)(ii) Expiration Of Requirements With New Contract

RESA requests clarity regarding the purpose of this section. Is the Commission referring to how a contract is permitted to renew if the customer does not respond to the contract renewal notices? What is the Commission's intent regarding this section when these notice requirements are used to inform a customer about a change in contract terms? Is a change in terms considered a "new contract" within the meaning of this section? Without a better understanding of the purpose of this section, RESA is unable to provide recommendations.

F. RESA Proposed New Section 54.10(A)(4) One Notice For Beneficial Changes

This provision is verbatim from Guideline II(c) of the currently effective Interim Guidelines Regarding Advance Notification by an Electric Generation Supplier of Impending Contractual Changes Affecting Customer Service. When a proposed change is beneficial to the customer, permitting the EGS to send one notice is reasonable, cost effective and less confusing for the customer. Therefore, the currently existing requirement should be maintained in the regulations.

V. IMPLEMENTATION AND COSTS OF PROPOSED CHANGES

The Commission specifically requested comments regarding "the practicality of implementing the proposed changes within 30 days of their effective date and the costs of doing so" in its Secretarial Letter. RESA understand that, as a "final-omitted" rulemaking, the next step will be for the Commission to issue its Final Rulemaking Order which will then need to be approved by the Independent Regulatory Review Commission ("IRRC"). Assuming IRRC approval is received, the final regulations would be published in the Pennsylvania Bulletin and then effective 30 days after. Therefore, at a minimum, EGSs would have at least 30 days to implement the changes once published in the Pennsylvania Bulletin plus some additional unspecified time between the final rulemaking order and publication. This time period is

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important because it gives EGSs the ability to know the expectation of the Commission and to start to make some changes – even though significant operational changes would likely need to await IRRC approval given that substantial premature changes (for example the timing of the renewal notices) which are ultimately maintained at the status quo would cost additional time and expense.

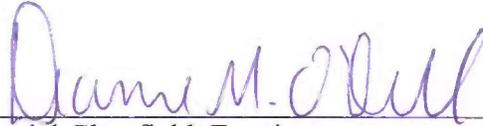
Generally, the changes proposed by the Commission would require the EGSs to implement new business and operational protocols to ensure that their customer disclosure statements and renewal notices conform both with the content and timing of the final regulations. They may also need to create new computer logic and customer access points to provide historical pricing data. Finally, the EGSs would need to develop new protocols to implement any new notice requirement regarding price changes.

If the final regulations impose significant new and onerous direct mailing costs on EGSs (in lieu of RESA's recommendations to permit electronic notices upon customer consent), then the costs of these new notices may be too burdensome to implement – regardless of the timeframe allotted for implementation – leading EGSs to choose not to offer those products.

VI. CONCLUSION

RESA appreciates this opportunity to provide its viewpoint regarding this important proceeding and looks forward to continuing to assist the Commission with this very important process.

Respectfully submitted,



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Date: March 24, 2014

Attorneys for the Retail Energy Supply Association

ANNEX A
TITLE 52. PUBLIC UTILITIES
PART I. PUBLIC UTILITY COMMISSION
Subpart C. FIXED SERVICE UTILITIES
CHAPTER 54: ELECTRICITY GENERATION CUSTOMER CHOICE
Subchapter A. CUSTOMER INFORMATION

§ 54.5. Disclosure statement for residential and small business customers.

* * * * *

(c) The contract’s terms of service shall be disclosed, including the following terms and conditions, if applicable:

- (1) Generation charges shall be disclosed according to the actual prices.
- (2) The variable pricing statement, if applicable, must include:
 - (i) Conditions of variability (state on what basis prices will vary).

(A) FOR INDEXED PRODUCTS WHERE THE EGS IS MARKETING A PRODUCT WHERE ONE OR MORE COMPONENT CAN VARY ACCORDING TO A PRE-DEFINED PRICING FORMULA OR IS BASED ON PUBLICLY AVAILABLE MARKET INDICES, THEN THE DISCLOSURE STATEMENT MUST PROVIDE THE FORMULA OR MARKET INDICES USED TO DETERMINE THE PRICE.

(B) FOR NON-INDEXED PRODUCTS WHERE THE EGS IS MARKETING A PRODUCT WITH A VARIABLE RATE THAT MAY VARY ON A MONTH-TO-MONTH BASIS, THE EGS SHALL INCLUDE ONE OF THE FOLLOWING STATEMENTS AS APPROPRIATE:

(1) IF THE EGS IS MARKETING A NON-INDEX PRODUCT WITHOUT ANY LIMITATION ON THE PRICE THE EGS SHALL INCLUDE THE FOLLOWING STATEMENT: “YOUR PRICE FOR YOUR FIRST BILLING CYCLE IS [INSERT PRICE]; THIS PRICE MAY CHANGE WITHOUT LIMIT IN SUBSEQUENT MONTHS AT THE SOLE DISCRETION OF [INSERT NAME EGS].”

(2) IF THE EGS IS MARKETING A NON-INDEX PRODUCT WITH LIMITS ON PRICE VARIABILITY, THE EGS SHALL INCLUDE THE FOLLOWING STATEMENT: “THE PRICE TO BE APPLIED DURING YOUR FIRST BILLING CYCLE IS [INSERT PRICE]; THIS PRICE MAY INCREASE BY NO MORE THAN

[INSERT PERCENTAGE AND EXPLAIN APPLICABLE LIMITS CONSISTENT WITH (ii)(A)]”

(ii) Limits on price variability:

(A) IF THERE IS A LIMIT ON PRICE VARIABILITY, SUCH AS A SPECIFIC PRICE CAP, A MAXIMUM PERCENTAGE INCREASE IN PRICE BETWEEN BILLING CYCLES OR MINIMUM/MAXIMUM CHARGES PER KILOWATT-HOUR FOR ELECTRICITY DURING THE TERM OF THE CONTRACT, THE EGS SHALL CLEARLY EXPLAIN THE APPLICABLE LIMITS.

(B) IF THERE IS NO LIMIT ON PRICE VARIABILITY, THE EGS SHALL CLEARLY AND CONSPICUOUSLY STATE THAT THERE IS NO LIMIT ON HOW MUCH THE PRICE MAY CHANGE FROM ONE BILLING CYCLE TO THE NEXT BILLING CYCLE.

(III) THE PRICE TO BE CHARGED, PER KILOWATT-HOUR, FOR THE FIRST BILLING CYCLE OF GENERATION SERVICE.

* * * * *

(10) An explanation of LIMITS ON PRICE VARIABILITY, penalties, fees or exceptions, printed in type size larger than the type size appearing in the terms of service.

* * * * *

(14) FOR ~~CONTRACTS WITH~~NON-INDEXED VARIABLE ~~PRICING~~PRODUCTS, THE EGS SHALL PROVIDE:

(I) A TELEPHONE NUMBER AND INTERNET ADDRESS AT WHICH A CUSTOMER MAY OBTAIN THE ~~PREVIOUS~~-12 MONTHS’ AVERAGE MONTHLY BILLED PRICES FOR THAT CUSTOMER’S RATE CLASS AND EDC SERVICE TERRITORY. IF AN EGS HAS NOT BEEN PROVIDING GENERATION SERVICE IN A CUSTOMER RATE CLASS AND EDC SERVICE TERRITORY FOR 12 MONTHS, THE EGS SHALL PROVIDE THE AVERAGE MONTHLY BILLED PRICES FOR THE MONTHS AVAILABLE TO DATE.

(II) IN PLAIN LANGUAGE, A STATEMENT THAT HISTORICAL PRICING IS NOT INDICATIVE OF PRESENT OR FUTURE PRICING.

(III) INFORMATION REGARDING ~~WHEN~~HOW THE CUSTOMER WILL BE MADE AWARE OF EACH PRICE CHANGE UNLESS THE EGS IS MARKETING A NON-INDEXED PRODUCT WITH A FIXED PER KWH CAP OR PRE-DEFINED MAXIMUM PERCENTAGE INCREASE.

(IV) NOTICE TO CUSTOMERS OF A RATE INCREASE OF MORE THAN 50% OVER THE PRIOR BILLING CYCLE AS SOON AS THE EGS BECOMES AWARE THAT SUCH AN INCREASE WILL OCCUR. FOR CUSTOMERS WHO HAVE ELECTED TO RECEIVE ELECTRONIC COMMUNICATIONS FROM THE EGS, THE NOTICE OF THE RATE INCREASE WILL BE TRANSMITTED IN THE MANNER CHOSEN BY THE CUSTOMER. FOR ALL OTHER CUSTOMERS, NOTICE WILL BE PROVIDED BY DIRECT MAIL.

* * * * *

(g) Disclosure statements must include the following customer notification: "IF YOU HAVE A FIXED TERM CONTRACT APPROACHING THE EXPIRATION DATE, OR WHENEVER WE PROPOSE TO CHANGE THE TERMS OF SERVICE IN ANY TYPE OF CONTRACT, YOU WILL RECEIVE ~~WRITTEN~~ NOTIFICATION IN ~~SEPARATE MAILINGS~~ THE FORM AND MANNER TO WHICH YOU AGREE HEREIN THAT PRECEDE EITHER THE EXPIRATION DATE OR THE EFFECTIVE DATE OF THE PROPOSED CHANGES. THESE NOTIFICATIONS WILL EXPLAIN YOUR OPTIONS GOING FORWARD."

~~-(1) "If you have a fixed term agreement with us and it is approaching the expiration date or whenever we propose to change our terms of service in any type of agreement, you will receive written notification from us in each of our last three bills for supply charges or in corresponding separate mailings that precede either the expiration date or the effective date of the proposed changes. We will explain your options to you in these three advance notifications."~~

(h) If the default service provider changes, the new default service provider shall notify customers of that change, and provide customers with its name, address, telephone number and Internet address, if available.

(I) THE EGS SHALL PROVIDE, WITH THE DISCLOSURE STATEMENT, A SEPARATE EGS CONTRACT SUMMARY IN A FORMAT PROVIDED BY THE COMMISSION.

* * * * *

§ 54.10. NOTICE OF CONTRACT RENEWAL OR CHANGE IN TERMS

(A) AN EGS SHALL PROVIDE THE FOLLOWING NOTICES TO RESIDENTIAL AND SMALL BUSINESS CUSTOMERS IN THE FORM AND MANNER AGREED TO BY THE CUSTOMER WHEN ENTERING INTO THE CONTRACT UPON THE RENEWAL OF A FIXED TERM CONTRACT OR UPON A CHANGE IN CONTRACT TERMS:

(1) AN INITIAL NOTICE SHALL BE PROVIDED TO EACH AFFECTED CUSTOMER 45 TO 60 DAYS PRIOR TO THE EXPIRATION DATE OF THE FIXED TERM CONTRACT OR THE EFFECTIVE DATE OF THE PROPOSED CHANGE IN TERMS. THE INITIAL NOTICE SHALL INCLUDE THE FOLLOWING:

(I) A GENERAL DESCRIPTION OF THE PROPOSED CHANGE IN TERMS OF SERVICE.

(II) THE DATE A CHANGE SHALL BE EFFECTIVE OR WHEN THE FIXED TERM CONTRACT IS TO EXPIRE.

(III) AN EXPLANATION OF WHY A CHANGE IS NECESSARY.

(IV) A STATEMENT INDICATING WHEN A FOLLOW-UP OPTIONS NOTICE SHALL BE ISSUED WITH DETAILS REGARDING THE PROPOSED CHANGE.

(V) A STATEMENT EXPLAINING THAT THE OPTIONS NOTICE SHALL DISCUSS THE CUSTOMER'S OPTIONS TO THE PROPOSED CHANGE IN TERMS OF SERVICE OR EXPIRING FIXED TERM CONTRACT.

(VI) A STATEMENT ~~INDICATING WHETHER THE EXISTING FIXED TERM CONTRACT HAS A~~DESCRIBING ANY APPLICABLE CANCELLATION FEE, AND AN EXPLANATION OF THE FEE AMOUNT AND HOW TO AVOID THE FEE, IF POSSIBLE, INCLUDING NOTICE OF THE DATE WHEN THE CUSTOMER CAN CHOOSE A DIFFERENT PRODUCT FROM THE EXISTING EGS, OR AN ALTERNATIVE EGS AND AVOID THE FEE.

(2) AN OPTIONS NOTICE SHALL BE PROVIDED TO EACH AFFECTED CUSTOMER AT LEAST 30 DAYS PRIOR TO THE EXPIRATION DATE OF THE FIXED TERM CONTRACT OR THE EFFECTIVE DATE OF THE PROPOSED CHANGE IN TERMS. THE OPTIONS NOTICE SHALL INCLUDE THE FOLLOWING:

(I) A STATEMENT ADVISING THE CUSTOMER OF THE SPECIFIC CHANGES BEING PROPOSED BY THE EGS AND INFORMING THE CUSTOMER OF THE CUSTOMER'S OPTIONS, INCLUDING THE CUSTOMER'S ABILITY TO ACCEPT THE PROPOSED CHANGES, TO SELECT ANOTHER EGS WITHIN A CERTAIN TIME PERIOD, OR TO RETURN TO DEFAULT SERVICE.

(II) INFORMATION REGARDING NEW PRICING OR RENEWAL PRICING INCLUDING THE PRICE TO BE CHARGED, PER KILOWATT-HOUR, FOR THE FIRST BILLING CYCLE OF GENERATION SERVICE:

RESA PREFERRED APPROACH: (A) IF THAT CUSTOMER DOES NOT RESPOND TO THE NOTICES AND IS CONVERTED TO A MONTH-TO-MONTH CONTRACT ~~ANY SUBSEQUENT~~THE CONDITIONS OF VARIABILITY AND REQUIRED NOTICES OF PRICE CHANGES ~~IN PRICING~~ SHALL BE ~~PROVIDED TO THE CUSTOMER AT LEAST 30 DAYS PRIOR TO THAT NEW PRICE BEING CHARGED~~CONSISTENT WITH THE REQUIREMENTS OF 52 PA CODE § 54.5.

RESA ALTERNATIVE APPROACH: (A) IF THAT CUSTOMER DOES NOT RESPOND TO THE NOTICES AND IS CONVERTED TO A MONTH-TO-MONTH CONTRACT ANY SUBSEQUENT ~~CHANGES IN PRICING~~INCREASES TO THE PRICE SHALL BE PROVIDED TO THE CUSTOMER AT LEAST 30 DAYS PRIOR TO THAT NEW PRICE BEING CHARGED. THIS NOTICE OF PRICE INCREASE DURING THE RENEWAL TERM MAY BE PROVIDED IN THE FORM AND MANNER AGREED TO BY THE CUSTOMER.

(B) IF THE CUSTOMER FAILS TO RESPOND TO THE NOTICES AND IS ENTERED INTO A NEW FIXED PRICE CONTRACT, THE FIXED, PER KILOWATT-HOUR PRICE TO BE CHARGED AND TERM LENGTH OF THE CONTRACT SHALL BE PROVIDED.

(III) INSTRUCTIONS ON HOW A CUSTOMER MAY EXERCISE THE CUSTOMER OPTIONS.

(IV) THE TELEPHONE NUMBERS AND INTERNET ADDRESSES, AS APPLICABLE, FOR THE OFFICE OF CONSUMER ADVOCATE, THE COMMISSION AND PAPOWERSWITCH.COM.

(V) IF NOTICE IS PROVIDED BY DIRECT MAIL, THEN THE FRONT OF THE ENVELOPE USED TO PROVIDE THE OPTIONS NOTICE WILL INCLUDE LANGUAGE STATING THAT IT CONTAINS IMPORTANT INFORMATION REGARDING THE EXPIRATION OR CHANGES IN TERMS OF THE CUSTOMER'S ELECTRIC SUPPLY CONTRACT. IF NOTICE IS PROVIDED BY OTHER MEANS CONSISTENT WITH THE AGREEMENT OF THE CUSTOMER, THEN THAT NOTICE SHOULD MAKE CLEAR THAT IT CONTAINS IMPORTANT INFORMATION REGARDING THE EXPIRATION OF THE CONTRACT OR CHANGES IN THE TERMS OF THE CURRENT CONTRACT.

(3) WHEN A CUSTOMER DOES NOT RESPOND TO THE NOTICES, THE FOLLOWING SHALL APPLY:

(I) A FIXED TERM CONTRACT SHALL BE CONVERTED TO ONE OF THE FOLLOWING:

(A) A MONTH-TO-MONTH CONTRACT, EITHER AT THE SAME TERMS AND CONDITIONS OR AT REVISED TERMS AND CONDITIONS, AS LONG AS THE CONTRACT CONTAINS NO CANCELLATION FEES.

(B) ANOTHER FIXED TERM CONTRACT, AS LONG AS THE NEW CONTRACT INCLUDES A CUSTOMER-INITIATED CANCELLATION PROVISION THAT ALLOWS THE CUSTOMER TO CANCEL AT ANY TIME, OR ANY REASON, AND CONTAINS NO CANCELLATION FEES.

(II) THESE REQUIREMENTS SHALL REMAIN IN PLACE UNTIL THE CUSTOMER AFFIRMATIVELY ENTERS INTO A NEW CONTRACT WITH ONE OF THE FOLLOWING:

(A) THE CUSTOMER'S EXISTING EGS.

(B) ANOTHER EGS.

(C) THE DEFAULT SERVICE PROVIDER.

(4) IN THE INSTANCE WHERE THE PROPOSED CHANGE IN TERMS OF SERVICE IS BENEFICIAL TO THE CUSTOMER, SUCH AS THE CASE OF A DECREASE IN GENERATION CHARGES OR THE REMOVAL OF A CONTRACT PENALTY PROVISION, THE EGS MAY, AT ITS OPTION, PROVIDE THE CUSTOMER WITH ONE ADVANCE NOTICE 45 TO 60 DAYS PRIOR THE EFFECTIVE DATE OF THE PROPOSED CHANGE.