



Prepared Testimony of

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Good morning Chairman Sturla, Representative Daley, and members of the House Democratic Policy Committee. Thank you for the opportunity to testify about the Pennsylvania Public Utility Commission's (PUC) mission to educate consumers on electric competition and choosing their electric supplier.

It has been approximately three years since the expiration of all the long-term generation rate caps¹. Since rate caps were lifted the Commonwealth's retail electric market has evolved from a point where minimal numbers of residential and small business customers were shopping to our current state of fairly robust participation. At present, more than 2.2 million Pennsylvania consumers are buying their electricity from a competitive supplier. This represents 38.8 percent of the state's more than 5.6 million electric customers and 72.6 percent of the load or electricity sold in the state.

As expected, the state's largest users of electricity embraced shopping for electricity much more readily than residential consumers. Shopping among the large commercial and industrial (C&I) customers – those using 25 KW or more of electricity – started strong and remains robust with 86.6 percent of the large C&I customers using a competitive supplier, representing 97.8 percent of the load.

Compare that to 38.8 percent of residential customers (72.6 percent of the load) who are using a competitive supplier. Small business customers – those using up to 25 KW of electricity – using a competitive supplier mirror that of the residential shopper with 37.5 percent of small business customers (45.3 percent of the load) using a competitive supplier.

Getting to a point where millions of consumers are using a competitive supplier didn't happen by chance. As part of the plan to mitigate the cost of electricity when the long-term rate caps expired, the Commission ordered the electric utilities to engage in Commission-approved consumer education plans. By reviewing each of the utility plans in detail, the Commission – in partnership with the Office of Consumer Advocate – worked to ensure that the message being delivered to consumers was one of education, not self-promotion. The Commission began its message for its education and outreach: "Shop. Switch. Save."

In May 2010, the PUC launched PAPowerSwitch.com as an impartial information source for consumers to shop for their electricity. At that time, 560,451 consumers were using a competitive supplier for their electricity – 461,606 of them were residential consumers. About 125 suppliers were licensed in the state with less than 10 suppliers making offers to residential

¹ About 15 percent of the state's electric customers were paying market-based rates prior to 2009 (Duquesne, Penn Power, Pike County, UGI, Wellsboro and Citizens'). PPL rate caps, representing 25 percent of the state's electric customers expired Dec. 31, 2009; the remaining 60 percent (PECO, Met-Ed, Penelec and West Penn Power) expired Dec. 31, 2010.

consumers. Offers were only being made in areas where rate caps had already expired, which meant that less than half of the state's electric customers had the option to shop for electricity.

PAPowerSwitch.com puts tools at consumers' fingertips to make informed decisions about shopping for electricity. Residential and small business consumers can either enter their zip code or click directly on their electric distribution company to navigate to a list of up-to-date EGS offers.

EGS participation on PAApowerSwitch.com is voluntary. However, since the website represents an unbiased resource for shopping that is endorsed by the Commission it largely behooves EGSs to participate. EGSs revise their product offers via their own direct access to the website. Electric Distribution Companies alike revise their price-to-compare data via their own direct access. This system of delegating responsibility among the Commission, EGSs, and EDCs helps to keep the site up-to-date.

In order to provide context to the consumer's shopping experience, PAApowerSwitch.com contains a bill comparison mechanism. There, residential and small business customers can input their monthly kilowatt hours and see an estimated bill with the "price to compare" from their utility and each of the competitive suppliers making offers. PAApowerSwitch.com users can then sort that list alphabetically or by price, cancellation fee, discounts, introductory offer, renewable energy or fixed price. Many of these options are additional functionality features that were added in response to consumer and EGS feedback. Consumers also can sign up for weekly email alerts through PaPowerSwitch.com. The email alerts allow consumers to get up-to-date utility and supplier information in their hands quickly.

In an effort to educate consumers about PAApowerSwitch.com and electric shopping, the Commission joined efforts with various television stations to hold electric shopping events at shopping centers in Harrisburg, Hershey, Lancaster and King of Prussia resulting in more than 3,200 people in attendance to learn more about shopping for electricity. The partner television stations also did a series of news stories providing a background on the expiration of rate caps and information on what customers can do to reduce electricity expenses. These news stories helped lead up to some of the shopping events.

In testimony before the Commission in November 2011, public polling experts indicated that a majority of Pennsylvania electric consumers know they can change their electric supplier; however, less than half have explored making a change. According to the polls, about one-third of those shopping had heard of PAApowerSwitch.com and almost nine of 10 respondents who had visited PAApowerSwitch.com found it easy to use. The polls indicated that price is the main concern driving customers to switch to a competitive electric supplier and many are not switching because they perceive that the savings are not significant enough. Consumers also

said they were more likely to switch suppliers if other products and services were a part of the offer from the supplier.

By January 2012, one year after all of the rate caps expired, PAPowerSwitch.com had become the go-to source for unbiased information on choosing an electric supplier. At that point, more than 1.5 million customers were using a competitive supplier for their electric service. At that time, consumers were receiving information about shopping from their utility, the Commission and competitive suppliers including two statewide postcard mailings and a trifold brochure.

Today, as I said, almost 2.2 million customers are using a competitive supplier for their electric service. More than 325 competitive suppliers are licensed in the state. For most residential customers, about 40 competitive suppliers are making offers through PAPowerSwitch.com. Customers in the PPL and PECO territories have more than 75 competitive suppliers making offers. However, some, such as customers of the small electric companies (Citizens', Wellsboro and UGI) have no competitive suppliers making offers. This is an issue that the PUC continues to examine as we look for ways to facilitate the opportunity to shop for all of the state's electric consumers.

In 2013, PAPowerSwitch.com averaged more than 79,000 visits a month. More than 70 percent of those are people who directly type "PAPowerSwitch.com" to get to the site. This means they are intentionally turning to the site to shop for electricity, as opposed to those who may be referred to the site from another website or social media. Statistics show that tablet and mobile device traffic to the website has grown year-over-year by about 72 percent and 58 percent respectively. These types of devices now represent the websites largest user group, but also the group that navigates away from the page the fastest. This is likely the case because PAPowerSwitch.com does not currently provide a quality user experience for those using tablet or mobile devices. Because these consumers represent our largest user group for PAPowerSwitch.com, we are developing a mobile version of PAPowerSwitch.com that will display and interface seamlessly with mobile and tablet devices.

In February 2013, the Commission launched into the social media arena and established a Facebook page for PaPowerSwitch.com. Typically, the Commission posts two to three times a week, providing easy access to information about electric shopping. The Facebook page includes electric shopping event details, photos, videos and links to www.PAPowerSwitch.com in addition to information on how to shop for a competitive electric generation supplier. As of Jan. 15, 2013, the Facebook page had 259 "likes," meaning those people chose to follow PAPowerSwitch.com on Facebook and receive our posts directly to their Facebook newsfeed.

The Commission continues to look for ways to engage consumers and encourage them to shop for electricity. We enacted customer referral programs to help to increase customer

participation in the competitive market by having the utility actively promote and implement the switching of customers to competitive suppliers. The Standard Offer Program is a voluntary program for suppliers and customers offering a guaranteed 7 percent off of the price to compare at the time of enrollment. This is a 12-month fixed rate product where the utility refers customers to the program if someone calls in to inquire about a high bill. The programs were implemented in August 2013 and to date, the programs have been successful.

A separate program, called the New/Moving Customer Referral program, simply provides an opportunity for customers contacting the utility to initiate new service or to move the service location within the utility's territory to enroll with a competitive supplier.

The Commission continues to be proactive in introducing Pennsylvanians to PAMailSwitch.com and educating consumers on the benefits of shopping for their electricity. PAMailSwitch.com is a great tool to reach and educate consumers about choosing a competitive supplier for their electricity. Our efforts to enhance the shopping experience are ongoing as we make improvements to the website and the product offerings to meet the needs of the consumers. We listened to consumers and the competitive suppliers in order to make PAMailSwitch.com a national leader. We hear time and again from competitive suppliers who do business in Pennsylvania and elsewhere that PAMailSwitch.com is the best resource for providing a positive shopping experience. As a new Commissioner, I look forward to working with my fellow Commissioners on ways to also reach those that do not have access or have limited access to the internet. We want those with limited internet access to have the benefit of receiving the consumer education information and join the ranks of the current 2.2 million consumers benefitting from enrollment with an electric supplier.