

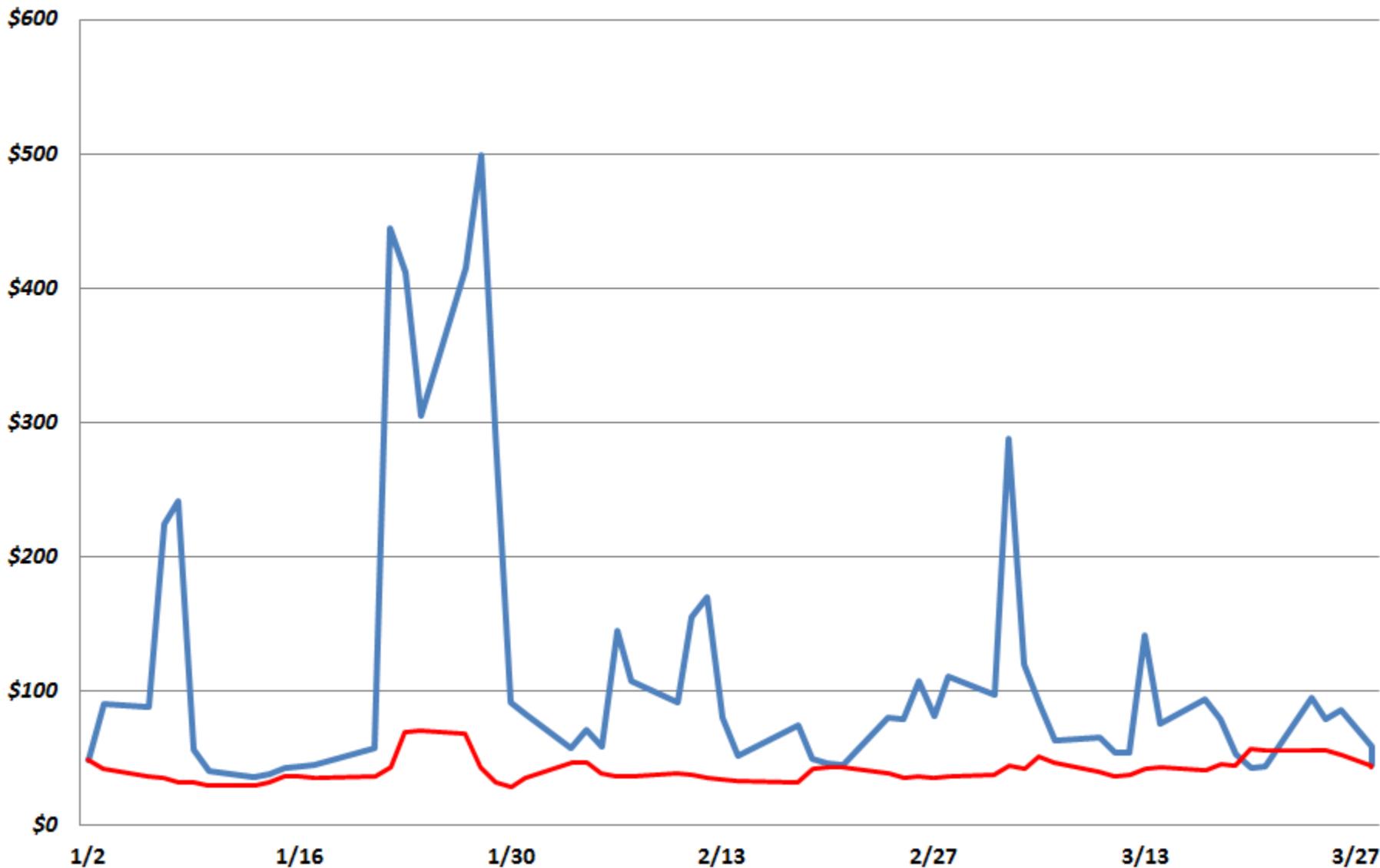
Hearing on Variable Rates



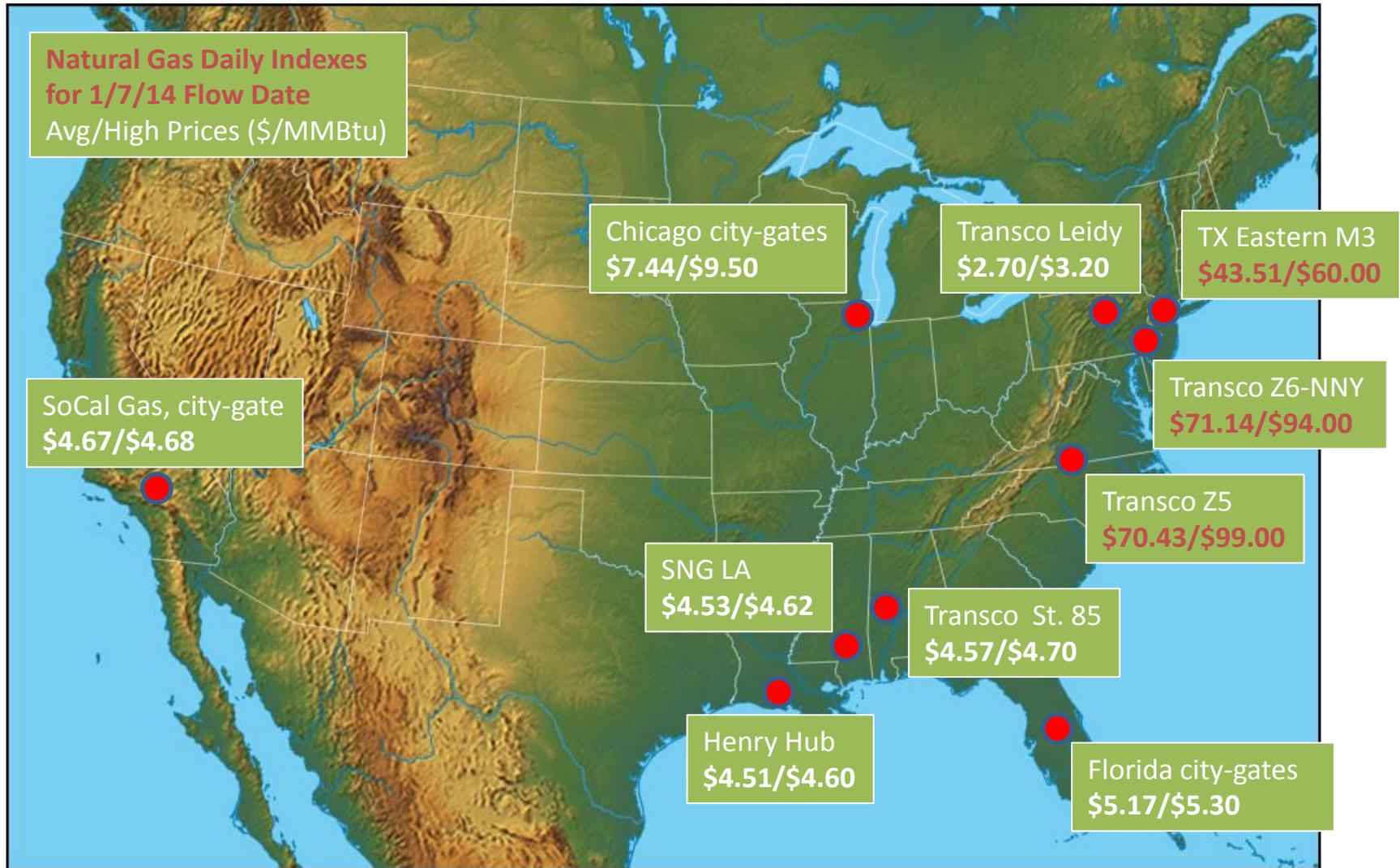
Before the
Senate of Pennsylvania
Consumer Protection and Professional Licensure Committee

PJM Spot Prices during Polar Vortex Winter 2014 v. Winter 2013 (\$/MWH)

— 2014 — 2013



Basis* Blowout - Jan 7, 2014

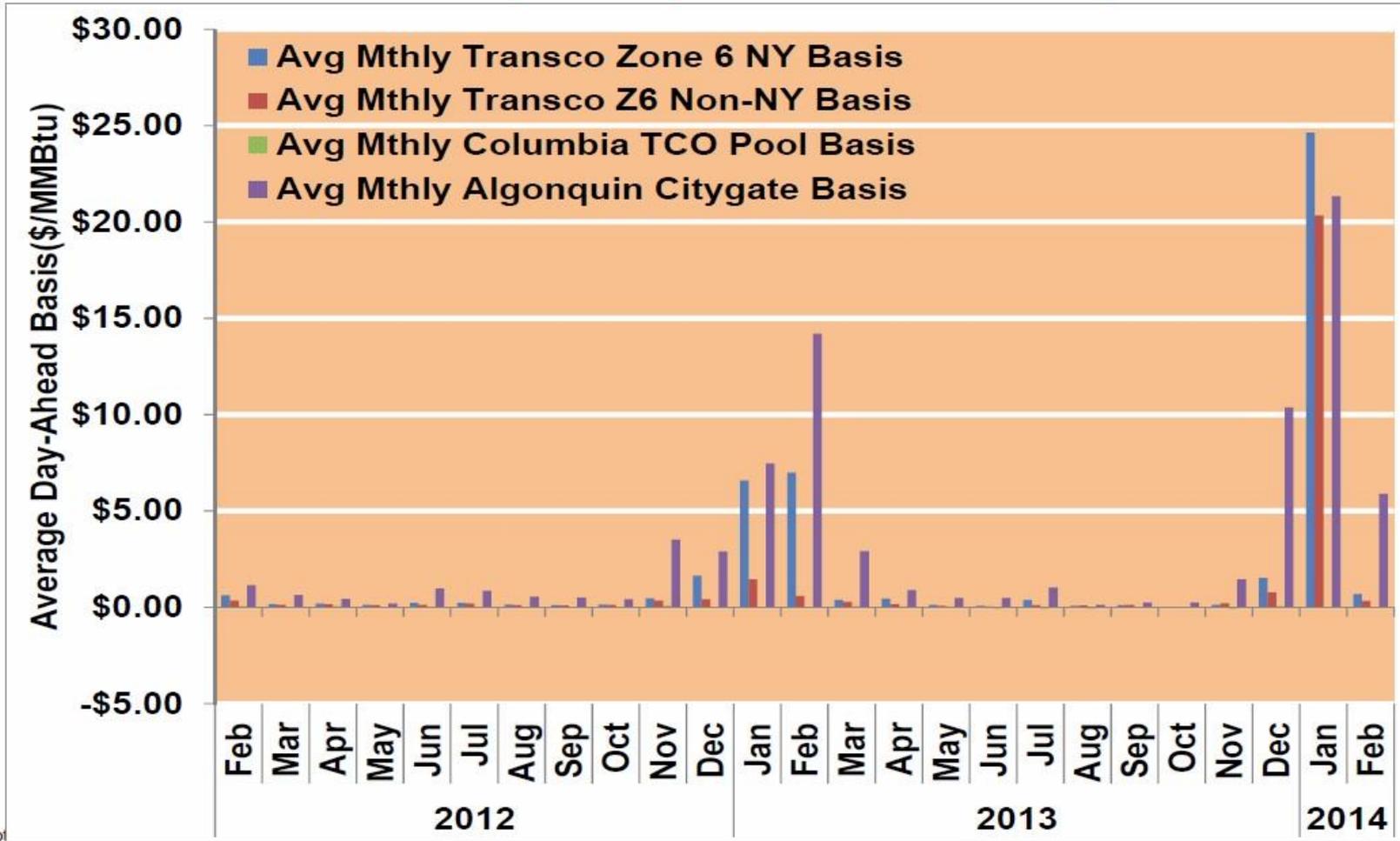


*Basis is the difference between natural gas price indexes at two market locations.

Northeast Natural Gas Market: Average Basis to Henry Hub

Federal Energy Regulatory Commission • Market Oversight • www.ferc.gov/oversight

Northeast Monthly Average Basis Value To Henry Hub



Not

PUC Metrics on Variable Rates

- **As of mid-March:**

- More than **12,283 customers** have contacted the PUC with concerns about electric supply prices
- Of those, more than **4,800 customers** have filed informal complaints with the PUC's Bureau of Consumer Services (BCS)

- **Traffic on www.PAPowerSwitch.com**

- There was 58.9% increase in total visits from Jan. 2014 to Feb. 2014
 - December 2013 → **52,990 total visits**
 - January 2014 → **70,213 total visits**
 - February 2014 → **111,554 total visits**
- Average daily visits
 - January 2014 → **2,265**
 - February 2014 → **3,984**
- There was a 54.4% increase in customers shopping for small businesses from Jan 2014 to Feb 2014



Proactive Steps by the PUC:

Early Measures

- Press Releases & Consumer Alerts

- Notified customers subject to a variable rate that their prices may increase

- Advised customers to:

- Review the terms of their contract
- Evaluate competitive offers at www.PAPowerSwitch.com
- Contact suppliers about payment plans or budget billing
- Conserve energy to reduce bills



- Fact Sheets & Consumer Education Video

- Explains the difference between fixed and variable rates
- Ensures customers are better educated about their options in the competitive electricity market

Proactive Steps by the PUC: Long-Term Measures

- **Accelerated Switching Rulemaking**
 - Proposes allowing customers to switch suppliers within 3 days, instead of the 11-40 days it takes now
 - Would empower customers to switch suppliers if they are unhappy with rates or service
- **Disclosure Statement Rulemaking**
 - Ensures the disclosure statements provided to customers by EGSs are easily understandable and more user-friendly
 - Examples of proposed requirements:
 - Separate mailings notifying customers of changes in terms of service or fixed-term contract expiration
 - More contractual information on conditions of price variability
 - Separate EGS contract summary and disclosure statement
 - New customer access to historical pricing



Both rulemakings are expedited because there is a real possibility that energy price spikes could happen again this summer or during the winter of 2014-15.

Thank you