**Investigation of Pennsylvania’s Retail Electricity Market**

Supplemental Responses of the Pennsylvania Public Utility Commission (PUC) Staff to

Frequently Asked Questions Regarding March 2, 2012 Secretarial Letter

and Staff Discussion Document

1. **In each of the Possible End State Default Service Models, you suggest that Universal Service Programs would remain the responsibility of the EDC.  Can you explain what you mean by this?**

Significant changes to the delivery of universal service programs would require major efforts on the parts of utilities, regulators, advocates and possibly suppliers. Staff acknowledges that such changes, layered over the other possible changes to default service in 2015, may be over-ambitious. As a result, the staff discussion document keeps the provision of universal service programs with the EDCs, thereby maintaining the status quo, and deferring any possible significant changes to a future date. Such future changes could be part of the Review/Evaluation that is a key component of all three of the proposed models.

1. **Would the EDC still have the obligation to provide supply consistent with the “least cost over time” standard?**

Yes.

1. **What scenario does the Commission envision in these End State Default Models concerning CAP shopping?**

The proposed models do not address this level of detail. The RMI universal subgroup will be exploring this issue, and it may also be addressed in 2013-2015 default plans.

1. **In the FAQs already provided (FAQ # 12), you indicate that each of these proposals envisions a scenario where EDC consolidated billing remains an option and that supplier consolidated billing and third party billing “would be made available in addition to current billing scenarios.”  Given this, how would LIHEAP payments be coordinated**?

The proposed models do not address this level of detail. The RMI universal subgroup will be exploring this issue.

1. **Under the proposed models, who would receive the LIHEAP payments and how would they be credited to LIHEAP recipients’ accounts?**

For those LIHEAP recipients who participate in CAP, current practices will probably continue since none of the proposals call for significant changes to CAP.

However, for those customers who do not participate in CAP, and are LIHEAP recipients, there may well be issues that need to be addressed. If these customers receive default service from an EGS that is not qualified by DPW to receive LIHEAP benefits, these customers may directly receive LIHEAP grants as opposed to the EGS receiving this money and applying the grants to the customers’ accounts. Additionally, customers who are billed separately by an EGS or are billed by a third party may also be affected in that these customers may directly receive LIHEAP grants instead of the grants being applied to their accounts. A possible solution is to require the default EGS to be qualified as a vendor by DPW as a condition of being a default EGS**.**

1. **To staff’s knowledge, have any other states adopted any of the models described in the Secretarial Letter and Staff Discussion Document?**

Staff is not aware of other states that have adopted any of these models. Staff developed these models after review of submittals by RMI participants regarding end-state of default service.

1. **To staff’s knowledge, other than the ERCOT portion of Texas, has any other state assigned the electric default service function to an entity other than the local distribution company.**

Staff is not aware of any other state that has assigned the electric default service function to an entity other than the local distribution company.

1. **When an EGS is a DS provider, will it be able to market in the same territory as a retail EGS under the same name?**

Staff had not envisioned any restrictions on such marketing but welcomes comments on this question.

1. **If multiple EGSs provide default service, will there be different DS prices?**

Staff does not envision different prices within an EDC service territory.

1. **Under each of the models, would it be anticipated that alternative DS providers would file plans with the Commission?**

Yes, but staff expects uniformity and general oversight of prudency of procurement plans.

1. **How would Provider of Last Resort service be procured?**

That issue needs to be addressed. Staff would hope to structure product for Model C that would be compliant with Act 129.

1. **If an EGS that is not a DS provider drops the customer, who will serve the customer?**

Another EGS that is a DS provider would serve the returning customer.