

COMMONWEALTH OF PENNSYLVANIA



OFFICE OF CONSUMER ADVOCATE

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March 10, 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 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 'A. Beatty', with a long horizontal line extending to the right.

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)	:	

COMMENTS OF THE OFFICE OF CONSUMER ADVOCATE

I. INTRODUCTION

The Office of Consumer Advocate (OCA) hereby submits these Comments in response to 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 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 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.

In general, the OCA supports efforts to provide additional information that will assist customers in the retail market. Efforts to identify the EGS on the EDC bills, as well as the long standing requirements that the EDC bill must be unbundled, that the customer's EGS must be identified with a contact telephone number and that the EDC's price to compare must be disclosed on all bills have provided customers with useful information. The Tentative Order would make further changes to the EDC bill to allow the EGS to include more information on the bill. In addition, the Tentative Order proposes a "Shopping Box" on the bill where information necessary to shop for an alternative supplier would be included in one, easy to see location. Finally, the Tentative Order is seeking information about the cost to implement these types of changes and cost recovery mechanism.

As the OCA discussed in its Informal Comments, the OCA appreciates efforts to help customers better understand their electric charges and easily access information about the EGS that is providing generation service. Any joint EDC/EGS bill must not just be "supplier oriented" but it must be "customer-oriented" and it 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.

At this stage, the OCA would note that without knowing the costs of the changes, and without being able to review bill design to see if these billing modifications can be achieved in a manner that does not compromise the mandatory disclosures required by law, it may be difficult to determine which of these efforts should move forward to full scale implementation. In addition, the OCA would note that many of these changes will provide substantial benefits to the EGSs as the changes are designed to improve the EGS's relationship with its customers

through more prominent display of the EGS information on the bill. The changes are also designed to allow the EGS to provide additional messaging to its customers through a potentially lower cost method than direct mailing. The costs of these changes should be borne by the EGSs utilizing the EDC bill. Without a comparison of the costs to the benefits, it may be difficult for EGSs, as well as all stakeholders, to determine which changes are most useful.

The OCA respectfully submits that after gathering the necessary information as part of this Tentative Order process, the Commission may wish to establish a further process to determine which changes can and should be made. In this process, consideration should be given to bill clarity, cost effectiveness and compliance with regulatory and statutory mandates. As to cost recovery, the majority of these changes are intended to bring more value to the EGS. As such, the OCA submits that EGSs should bear the cost responsibility for these changes.

II. OCA COMMENTS ON THOSE ISSUES IDENTIFIED IN THE FEBRUARY 6 ORDER.

A. **Inclusion of the EGS Logo on the EDC Bill**

The Commission recommends the placement of the EGS logo on the EDC bill. February 6 Order at 4. The Commission states that, “The Commission also believes that the presence of an EGS logo on the EDC bill will strengthen the relationship between the customer and their selected EGS.” February 6 Order at 5.

The value of the logo on the bill goes to the individual customer/EGS relationship and would provide great benefit to the EGS from this improved relationship. Currently, the supplier name and contact information appears on the EDC bill when a customer takes supply

from an EGS. The addition of the logo would make this more prominent, would identify the separation of the charges of the EGS, and would allow the EGS to use its brand to better effect.

The Commission notes that it “believes the benefits to having an EGS logo on the EDC bill may be worth the costs.” February 6 Order at 5. It is not possible to know whether the benefits of logo placement may be worth the costs until there is a firmer understanding of what this bill modification will cost. The OCA notes that the one EDC provided an estimate of up to \$18,000 per supplier for logo placement. If this figure is accurate, the total statewide cost across Pennsylvania’s eleven EDCs could escalate into the millions of dollars. As part of the Commission’s review, the OCA submits that a more thorough cost/benefit analysis should be conducted prior to this modification being adopted. In addition, the OCA submits that this modification should be paid for by the EGSs who receive the direct benefit of the use of their logo.

B. Expansion of EGS Bill Messaging Spacing

The Commission recommends the expansion of bill messaging made available to an EGS from 2 to 4 lines. February 6 Order at 5. In making this recommendation, the Commission notes that there is no uniformity among EDCs with regard to how much space the EGS has to provide messages to its customers, ranging from 80 to 234 characters among different EDCs. February 6 Order at 5.

The Commission specifically requested input on the space currently available on EDC bills and cost of EDI modifications needed to add EGS bill messaging space. February 6 Order at 6. The OCA submits that the information sought by the Commission from the EDCs is key to a reasonable cost/benefit analysis of this bill modification. This modification is also designed to provide additional benefit to the EGSs and the costs should be borne by the EGSs.

The EGSs will need to determine whether other more cost effective means exist to communicate these messages to their customers or whether the bill message has sufficient value.

The Commission further expressed concerns that, while allowing EGSs additional space, all parties should work to ensure that additional pages are not needed when providing additional messaging space. The OCA supports the Commission's intent not to expand the number of EDC bill pages. Making the bill longer and more complicated may diminish the effect of all bill messages, particularly the mandatory messages related to electric service. The OCA would also note a concern that the messages provided by the EGSs not detract from, or be inconsistent with, EDC messages and mandated disclosures.

C. Inclusion of a Shopping Box on the EDC Bill

The Commission has requested comments on the inclusion of a conspicuous "shopping information box" to be printed on the EDC bill. February 6 Order at 6. The suggested shopping box would include information that a customer needs when contacting an EGS to switch suppliers. February 6 Order at 6. The Commission asserts that this modification could be easily incorporated by the EDCs as a one-time cost. February 6 Order at 7.

In the OCA's view, a shopping box should include information useful to a customer when considering an alternative supplier. Information should include at least the current price to compare, the future price to compare as found on PowerSwitch.com, the account number (or other number needed to make a switch), the PowerSwitch.com web address, and the web address for the OCA's Shopping Guide. Other information may also be useful, but the OCA is cognizant of the fact that if the shopping box expands in size, other bill design issues could arise.

The OCA agrees that a properly designed shopping box with useful information could assist customers interested in shopping. Such information would allow customers to compare offers as well as routinely assess their current supplier prices. The information may encourage customers to compare offers and switch to alternative providers, thus growing their business. If such a modification can be made at reasonable cost, and without unduly complicating the customer bill or extending its length, this could be a beneficial change for the retail market.

D. Inclusion of EGS Bill Inserts in EDC Mailing

The Commission has requested comments on the possibility of including marketing material, such as bill inserts, into the EDC bill. The Commission notes that one EDC provided feedback that, if approved, the marketing material must pass its review and that the costs should be borne by the EGS. February 6 Order at 8. The informal comments of other parties expressed cost concerns with such inserts, as well as technical concerns. February 6 Order at 8. The Commission stated that it does not recommend inclusion of an insert at this time. The OCA supports the Commission's position on this issue.

E. Cost Implications and Timeline

The Commission has proposed that the costs of the Joint Bill proposals be passed on to all distribution customers on a non-bypassable basis through the EDCs' Retail Market Enhancements surcharge or some similar mechanism. February 6 Order at 9. The OCA submits, however, that the costs of Joint Bill programs should be borne by the EGSs since these costs are a direct function of the EGS' use of the EDC bill to collect their charges. EGSs benefit from the convenience and cost effectiveness of including their charges on EDC bills and benefit from the Purchase of Receivables programs that allow the EDC to collect and even to disconnect service

for nonpayment of the EGS charges. Consumers have already paid for the billing systems generating their current bills. These incremental changes bring greater value to EGSs who use this system for more than the current purpose.

The OCA submits that incremental costs to the existing billing operations should not be borne by ratepayers. It is not enough to say that “residential customers will ultimately benefit” from these charges. This completely ignores the “ultimate benefit” to EGSs from such changes. The Commission itself notes that in the instance of placement of an EGS logo on the bill, “the inclusion of the logo will make the EGS’s information more noticeable and will increase customer awareness of their selected EGS.” February 6 Order at 4. The Commission further notes that including the logo on the EDC bill will, “strengthen the relationship between the customer and their selected EGS.” February 6 Order at 4. As the Commission states, the costs of placing each EGSs logo on the EDC bill are for the benefit of *a customer’s selected* EGS. From the OCA’s perspective, such specific customer/EGS relationship costs are no different from any other cost incurred by an EGS in maintaining its relationship with that customer, and should not be borne generally by all customers through a non-bypassable surcharge.

Finally, with concern to timing, the Commission recommended that the proposed bill modifications be implemented starting June 1, 2015. February 6 Order at 9. The Commission selected this date to coincide with the EDCs next Default Service Plans. The OCA submits that there is no compelling relationship between the EDC’s next Default Service Plans and the effective date of proposed bill modifications. Rather than link the implementation of bill changes to the next Default Service Plans, the OCA submits that modifications should be implemented on a timely basis once they are shown to be cost justified. The OCA submits that

date may be before or after June 1, 2015, but in no instance should costs be incurred simply to meet that deadline on an expedited basis.

III. CONCLUSION

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 positions, as described above. The OCA looks forward to continuing to work with the Commission and other interested parties to further improve customer bills.

Respectfully Submitted,



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