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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: 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 electronic filing please find the Retail Energy Supply Association's ("RESA")
Reply to Comments Regarding the Tentative Order Dated February 6, 2014 with regard to the
above-referenced matter. Copies to be served in accordance with the attached Certificate of
Service.

Sincerely,



Deanne M. O'Dell

DMO/lww
Enclosure

cc: Matthew Hrivnak w/enc. via email
Kirk House w/enc. via email

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

Investigation of Pennsylvania's :
Retail Electricity Market: : Docket No. M-2014-2401345
Joint Electric Distribution Company – :
Electric Generation Supplier Bill :

**THE RETAIL ENERGY SUPPLY ASSOCIATION'S
REPLY TO COMMENTS
REGARDING THE TENTATIVE ORDER
DATED FEBRUARY 6, 2014**

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I. INTRODUCTION

In this proceeding, the Commission is exploring recommendations for making a more supplier-oriented utility consolidated electric bill and has received comments from twenty-one parties in response to its Tentative Order¹. As explained in the comments of the Retail Supply Association (“RESA”),² although RESA’s preference is to implement Supplier Consolidated Billing, improvements to the current electric distribution company (“EDC”) consolidated bills would represent an improvement over the current situation. As the Energy Association of Pennsylvania (“EAP”) correctly noted, “the monthly bill is the primary vehicle for maintaining the utility/customer relationship.”³ As long as EDCs are the entities sending monthly (EDC branded) bills to consumers, they have the ability to reinforce their relationship to the customer every month and will continue to enjoy competitive advantages over EGSs. With that in mind – as discussed further below – suggestions that would appear to decrease the relative importance of the EGS through logo size, placement and other means must be rejected.

In addition, RESA does not support suggestions from some parties that EGSs should be solely responsible for these proposed changes. Improvements to the billing system benefit customers in a number of ways. They allow shopping customers to have regular and easily accessible information from their selected EGS. Non-shopping customers also receive important

¹ *Investigation of Pennsylvania’s Retail Electricity market: Joint Electric Distribution Company – Electric Generation Supplier Bill*, Tentative Order entered February 6, 2014, Docket No. M-2014-2401345 (“Tentative Order”).

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.

³ Comments of Energy Association of Pennsylvania at 3.

information about their ability to shop. These improvements are also another step to assisting with customer education as they get more information, from a vehicle (their bill) that they can more easily understand. The bottom line is that all customers benefit from improving the current EDC consolidated bills and any incremental costs of implementing these changes that is not already accounted for in base rates is appropriately allocated to all customers.⁴

II. REPLY TO COMMENTS

A. EGSs Must Be Afforded The Same Opportunity To Provide Information And Messaging To Their Customers And In The Same Format And Channels As The EDCs

As a general matter, RESA does not support proposals offered by EDCs whereby: (1) EGSs logos would appear in black while the EDC logo is in color; (2) or the EGS logo would appear on the second page of the bill while the EDC logo is on the first page; or, (3) the EDC's logo is prominently displayed – in color – on every page of the bill while the EGS logo is relegated to a smaller size buried in the middle of the page. Adoption of any of these proposals or similar ones would lead to an EGS appearing inferior to the EDC. Such a result would be a waste of time, money and resources – particularly when there are other options available which would be more ideal than attempting to tweak the bills of the EDCs. Therefore, RESA continues to maintain that in order to make any significant improvement in the current situation – short of revamping the billing process – the changes must actually result in providing EGSs the same opportunity to provide information and messaging to their customers – in the same format and channels – as the EDCs. Proposals that do not achieve that result should be rejected.

⁴ The references to all customers includes those customers for whom an EDC consolidated bill is available. Most large customers receive separate bills from their selected EGS and EDC. Thus, it may be appropriate to not require these customers to bear the costs of the these improvements.

RESA also vehemently opposes any recommendation that would require an EDC to “approve” content from an EGS. While technical requirements may be appropriate and necessary (i.e. a logo that is the same size as a page of the bill would not be workable), any ability of the EDC to censor EGS content must be affirmatively rejected. The purpose of broadening the scope of the current EDC bills is to permit EGSs the ability to communicate with their customers. Allowing EDCs to censor or in any way control the nature of this communication is completely unreasonable and inconsistent with the goals of creating a workably competitive market.

Finally, RESA does not agree that EGS inserts should be disallowed. While RESA recognizes that logistics and costs would need to be appropriately addressed, the general reasons offered for opposing inserts are not insurmountable nor are many of them even reasonable (such as the need to “approve” a supplier’s inserts or concerns about stale content⁵). To that end, RESA appreciates the effort of the FirstEnergy Companies to at least put forth a process that could be utilized⁶ and urges the Commission to reconsider its tentative decision not to pursue the possibility of inserts at this time.

B. RESA Agrees With PPL’s Proposal Regarding Reference To The PTC And Benefits Of Shopping

In its Comments, PPL notes that providing the PTC on the bill “could appear to be promoting [the EDC’s] PTC over other offers available to a customer.”⁷ In lieu of this, PPL

⁵ As explained in RESA’s comments, there is a wide range of information that an EGS may want to communicate with its customer that is not time sensitive such as information and news about the company. RESA Comments at 5-7.

⁶ FirstEnergy Companies Comments at 6-7.

⁷ PPL Comments at 3.

suggests that alternative messaging be required to provide consumers information on finding “the best price” for their generation supply.⁸

RESA agrees with PPL’s assessment regarding the use of the PTC and does not support inclusion of an EDC-specific PTC on the EDC consolidated bill.⁹ However, RESA would not support including language that focuses on “finding the best price.” The benefit of having competitive alternatives is that a consumer can select from a variety of products based on his or her own individual preferences. While many may prioritize price over other benefits, the fact that a consumer may voluntarily want a “higher” priced product for the other value-added opportunities (i.e. fixed price offers, green power, gift cards, reward points, etc.) must not be forgotten. As our recent experience with extreme weather events has demonstrated, policies that continue to emphasize a preference for lower priced products over other value-added (and maybe higher priced) products can lead to greater consumer dissatisfaction and misunderstanding about all the benefits of competition. Therefore, while RESA supports PPL’s concept, the messaging should not focus solely on pricing. Below is sample language for consideration:

To find alternative generation supply that may save you money or provide you with other attractive benefits, visit papowerswitch.com. Review contract terms so you can make the best choice for your electricity supply needs.

C. RESA Does Not Agree That Cost Recovery For These Changes Should Be The Responsibility Of The EGSs

RESA opposes the suggestion by some parties that EGSs should bear the full costs of any bill improvements based on the theory that these improvements involve “marketing costs” or

⁸ PPL Comments at 3.

⁹ RESA Comments at 7.

disproportionately advantage EGSs over customers.¹⁰ The overall purpose of the changes suggested in this proceeding is to improve the already existing customer/EGS relationship by providing regular information and communication in a reasonable, non-obtrusive manner. In other words, the customers are already EGS customers; therefore, the proposed changes are not marketing tools that would result in new customers. Likewise, the benefit of regular communication included with bills that already are being received by consumers substantially benefits the customer. This communication allows the customer to have access to information about his or her chosen EGS in the context of a bill that he or she is receiving on a regular basis and in a location where such information is expected to be communicated. Non-shopping customers also benefit from these bill improvements. Prior to shopping, they are provided information about the process and potential benefits. In this way, all customers benefit from the consumer education that is an attendant component of these bill improvements. Therefore, all customers benefit from the improvements identified in this proceeding and requiring them to bear the cost is appropriate.

Further, RESA understands that many EDCs routinely undergo bill modification processes whereby they update their bill presentation and formatting. As such, a certain amount of money is already set aside for billing modifications and the costs of these changes should only be incremental. In addition, it should be noted that the General Assembly passed the Electricity Generation Customer Choice and Competition Act in 1997 declaring that the “Commonwealth must begin the transition from regulation to greater competition in the electricity generation market”¹¹ If Supplier Consolidated Billing – had been implemented at that time, then all such

¹⁰ Notably pursuant to the Supplier Consolidated Billing platforms in Texas and Illinois, the utilities are not charged for having their information included on the supplier bills. {CITE?}

¹¹ 66 Pa. C.S. §§ 2801-2812; §2802(7).

costs would have been paid by all distribution customers. Likewise, if billing improvements consistent with what is being discussed here had been made during subsequent bill modification processes of the EDCs, then those incremental costs would have been shared by all customers and likely included in stranded costs – which all consumers paid.

Attempting to allocate the costs of billing improvements to EGSs will be fraught with difficulty. For example, how will new entrants be allocated their share and what happens if a new entrant comes into the market after all costs are recovered? Additionally, different suppliers use different enhancements. If suppliers are paying for the improvements, how will the Commission decide which improvements will be implemented? Finding a fair and equitable resolution of these difficulties would likely take a very long time and – in the meantime – would paralyze forward movement of this initiative.

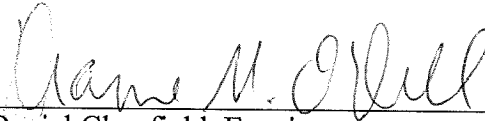
While some parties seem to believe that shifting the costs of these billing improvements to EGSs utilizing an EDC's Purchase of Receivables ("POR") program is appropriate, RESA does not agree for several reasons. First, these proposals violate the principle of cost recovery following cost causation. The purpose of the POR discount is to recover an EDC's POR program implementation costs, administrative costs and/or the uncollectible accounts expense associated with the purchased accounts. From the perspective of traditional rate-making, improvements to the billing system have nothing to do with the costs that are intended to be recovered through the POR discount, which should reflect the uncollectible rate on supplier charges billed through utility consolidated billing. There is also no evidence that these billing improvements would favor EGSs in proportion to the volumes they bill through utility consolidated billing, though an EGS billing more accounts through an EDC's POR program would be assessed a greater share of the cost recovery for the billing improvements.

Second, any POR-based assessment would unfairly and disproportionately assess competitive suppliers based on market share. In other words, the more customers an EGS has utilizing POR, the more significant the POR discount and the more the EGS will be contributing to the cost recovery for billing improvements. Market share is gained in large part, by significant investments in the Commonwealth, expenditures on the part of the supplier to educate customers to increase their awareness of choice and product offerings, and to better manage their overall energy usage. Instead of receiving the benefit of these investments through the acquisition of a greater number of customers, these EGSs would be penalized in the form of being required to make a proportionally larger financial contribution to the costs of billing improvements.

III. CONCLUSION

RESA appreciates the Commission's efforts to consider enhancements that would make the current EDC-consolidated bills more supplier friendly. While RESA continues to support the implementation of SCB as the optimal way to address these issues, RESA's suggestions in these comments are intended to provide additional feedback on ways that the current system can be significantly improved. RESA supports implementation of these suggestions as soon as reasonably possible.

Respectfully submitted,



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Date: March 24, 2014