

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

Review of Rules, Policies and Consumer Education Measures Regarding Variable Rate Retail Electric Products : Docket No. M-2014-2406134

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**COMMENTS OF THE
OFFICE OF SMALL BUSINESS ADVOCATE**

I. INTRODUCTION

On March 4, 2014, the Pennsylvania Public Utility Commission (“Commission”) issued an Order in the above-captioned matter initiating a proceeding to examine the Commission’s rules, policies, and consumer education measures relating to variable priced retail electric products. The Commission’s Office of Competitive Market Oversight (“OCMO”) is overseeing the proceeding and has been directed to provide recommendations to the Commission based on the comments and other information obtained during this proceeding.¹ The Commission, citing the exponential increases in wholesale prices for hourly energy supply in the day ahead and real time markets in response to sustained cold temperatures in January 2014, requested interested stakeholders to submit comments to the OCMO on the proposed changes within 30 days of the entry date of the March, 2014, Order (the “March 4th Order”).²

The March 4th Order seeks comments on a wide range of issues. The OSBA submits the following general comments, and will continue to review and monitor the resulting recommendations from OCMO.

¹ *Id.*

² *Review of Rules, Policies and Consumer Education Measures Regarding Variable Rate Retail Electric Products*, Docket No. M-2014-2406134 (Order entered March 4, 2014) at 7.

II. GENERAL COMMENTS

Subsequent to the issuance of the March 4th Order initiating this proceeding, the Commission issued two Secretarial Letters, one to Electric Distribution Companies (“EDCs”) on March 18, 2014, and the other to Electric Generation Suppliers (“EGS”) on March 19, 2014, seeking comment on the same issues set forth in the March 4th Order. The Office of Consumer Advocate (“OCA”) and the OSBA were also served directly with both Secretarial Letters.

The Secretarial Letter to the Pennsylvania EDCs put EDCs on notice of the Commission’s intent to amend its existing regulations at 52 Pa. Code Chapter 57, and to reduce the timeframe it takes for retail electric customers to switch suppliers to three (3) days or less. The EDC Secretarial Letter, again citing to the recent impact of wholesale electricity market price increases to Pennsylvania consumers, endeavored to have these modifications implemented within six (6) months of their effective date. The Commission requested comments within seven (7) days of the date of the EDC Secretarial Letter.

On March 25, 2014, the OSBA, in a letter responding to the request for comments, noted that it is generally supportive of the substantive goals the Commission is intending to achieve, namely, to facilitate more expeditious switching time frames for customers who chose to switch to, or from, suppliers. However, the manner in which these goals are implemented, and at what cost to customers, is of great concern to the OSBA. Additionally, given the short time provided for comments, and without the benefit of initial comments from the EDCs, the OSBA’s letter response to the Commission noted the OSBA’s general concerns about costs and timing, reserved all rights to participate in this proceeding going forward, and strongly recommended that reply comments be permitted.

In the Secretarial Letter to EGSs, the Commission put EGSs on notice of its intent to promulgate a rulemaking that will revise the Commission's current regulations regarding disclosure statement requirements for residential and small business customers. The Commission also proposed to add new regulations codifying renewal/change in terms notice requirements. The EGS Secretarial Letter provided that implementation of the rulemaking will be required within 30 days of publication in the *Pennsylvania Bulletin*, absent good cause shown. The Commission requested comments within five (5) days of the date of the EGS Secretarial Letter.

On March 24, 2014, the OSBA, in a letter responding to the request for comments, noted that it is generally supportive of the substantive goals that the Commission is intending to achieve in the EGS rulemaking. Specifically, the OSBA would support making disclosure statements more understandable and useful to customers, especially in the context of variable-rate products. However, and not unlike the proposed EDC rulemaking, the manner in which these goals are implemented and at what cost to customers is of great concern to the OSBA. Additionally, given the short time provided for comments, and without the benefit of initial comments from the EGSs, the OSBA's letter response to the Commission noted its general concerns about costs and timing, reserved all rights to participate in this proceeding going forward, and strongly recommended that reply comments be permitted.

The OSBA believes that the Commission's truncated procedures for both the proposed EDC and EGS rulemakings may also hamper all other parties' ability to provide detailed comments. The OSBA, therefore, strongly recommended that reply comments be permitted in each proceeding. Although both the EGS and EDC rulemakings were on the Public Meeting agenda for April 3, 2014, no Order had been issued at the time these comments were drafted.

III. CONCERNS ABOUT VARIABLE RATES

The OSBA has received numerous calls from small business customers concerned with large increases in their electric bills during this winter. Many of the complaints center on bills which include variable rates. Some customers have alleged increases of over 300% in one month, and also instances of switching suppliers without consent.

As former Vice Chairman Christy recognized in his statement accompanying the proposed rulemaking in the proceeding entitled “Natural Gas Distribution Companies and the Promotion of Competitive Retail Markets” at Dockets No. L-2008-2069114, it is important to provide customers with the information needed to assess whether “the choice [to shop] they are making today will continue to be the right choice two, four or six months down the road.” The OSBA believes that those comments are well-founded, not only in the gas industry, but in the electric industry as well.

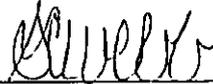
Small business customers struggle with competing demands for their time and attention. Small business owners are busy with the details of running the day-to-day operations in such diverse fields as retail, food service, patient and or customer care. While paying bills is a part of the daily operations, an exponential unexpected increase in a usual monthly expense, such as a utility bill, can be detrimental to any small businesses’ finances. Small business customers want *clear and concise information regarding their utility bills.*

Additionally, advanced notice of any information regarding expenses allows small business owners to better plan for their operations. However, EGSs usually have no direct contact with small business customers after the contracts for supply are signed. In fact, most customers only have ongoing contact with their EDC. Consequently, the OSBA is concerned that there may be additional costs imposed upon small business customers, either through the

EDCs, or the EGSs, for these proposed changes. It is unclear to the OSBA how the potential additional costs will be recovered, including what impact it will have on the customers' bills.

WHEREFORE, the OSBA respectfully requests that the Commission consider the foregoing comments before it implements changes to rules, policies and consumer education measures regarding variable rate retail electric products.

Respectfully submitted,



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