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Pennsylvania

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AARP Comments on PUC Rulemaking on Electric Generation Customer Choice

Docket No. L-2017-2628991

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Introduction

AARP submits these Comments in support of the PUC's proposed rulemaking at this docket. The PUC's proposed regulations would provide long-needed protections for customers who have chosen to shop for electric generation service in Pennsylvania's retail electricity market. In particular, AARP supports the provisions in the proposed regulations that would prohibit the imposition of early termination fees to customers after they receive notice that their contracts are ending, and the provisions that would provide greater clarity and comparability of supplier offers.

AARP is a non-partisan consumer advocacy organization with 1.8 million Pennsylvania members aged 50+. Many AARP members live on relatively fixed incomes, relying primarily on Social Security and often small retirement savings to make ends meet. Utility costs, particularly for electricity, are often a significant portion of their monthly expenditures.

In this rulemaking, the PUC recognizes and seeks to address several concerns that have arisen with respect to the marketing and sales of electricity under the Commission's existing regulations. AARP agrees that the recommendations contained in the proposed rulemaking that are discussed below will

be of substantial benefit to consumers. For the reasons set forth below, AARP supports the prompt promulgation of these regulations for the protection of all Pennsylvania electric customers.

The Commission should prohibit the imposition of early termination fees after an electric generation supplier provides notice regarding the end of the customer's contract

Proposed Sections 52 Pa. Code 54.3(2), 54.5(c)(11) and 54.10(1)(vi), of the Commission's rulemaking are designed to correct a major flaw in the current regulations that permit suppliers to impose substantial early termination fees (ETF's) on customers even after the customer receives notice that their contract with their current supplier is coming to an end. Customers who receive these notices are informed that if they do not wish to renew the contracts with their current supplier they must notify that supplier by a specified date, that is, by the expiration date of their current contract. As the Commission is well aware, however, customers who follow that instruction may be hit with a substantial ETF unless they happen to contact the supplier on the exact expiration date of their original contract. This creates the absurd situation where unsuspecting customers can be penalized with fees as high as \$100 simply for following the instructions provided to them by their current supplier. As the Commission correctly notes in its proposed rulemaking order: "The imposition of an ETF under these circumstances can understandably frustrate and discourage customers from participating in the competitive market."

AARP strongly urges the PUC to halt the process under which unsuspecting customers are hit with large penalties simply because they follow the instructions in their current supplier's contract expiration notice and let the supplier know that they do not wish to renew their contracts. Sections 54.3(2), 54.5(c)(11) and 54.10(1)(vi) of the proposed Commission regulations should be adopted.

The Commission should adopt changes to Supplier Disclosure Statements that will make it possible for consumers to compare supplier offers and make more informed choices regarding their electric generation service.

Customers who wish to shop for electricity in Pennsylvania have long been advised by the PUC and other consumer educators to look to the "Price to Compare" as a starting point with which customers can compare the price per kilowatt hour of the products that are offered both by their utility default service provider and by the retail marketers in their service territory. The Price to Compare has not always given consumers the full cost of switching to another retail marketer, however. In this rulemaking, the Commission recognizes this longstanding problem and proposes solutions to reduce customer confusion.

Most importantly, in Section 54.5(c)(4), the Commission would require electric generation suppliers to include all fees in addition to the unit price per kilowatt hour in their disclosure statements and show the resultant average price per kilowatt hour for usages at 500, 1000, and 2000 kwh per month. This requirement will reduce the likelihood that customers will be misled by low kilowatt hour fees that often mask high monthly or one-time fees charged by some retail marketers.

All fees should be prominently identified and incorporated in the information provided to consumers so that they can make intelligent choices for their retail electric service. AARP supports the Commission's proposal to ensure that these monthly and one-time fees are reflected appropriately in all marketer disclosure materials.

AARP also supports two other important Commission proposals: Section 54.5(c)(2) to require marketers who offer "introductory" rates to include in their disclosure statements the duration of the introductory period and the price for the first billing cycle after the introductory period, and Section 54.5(c)(3) that requires marketers who offer variable price products to disclose their "specific prescribed

variable pricing methodology.” Both of these proposals provide additional information to consumers about the true future costs of their electric service and allow consumers to make more informed decisions as they shop for a provider.

Conclusion

AARP thanks the Commission for the opportunity to submit these Comments. AARP commends the Commission for its attention to the concerns of Pennsylvania consumers who are choosing their electric provider and looks forward to the prompt implementation of the Commission’s recommendations as discussed above.

Respectfully submitted,

A handwritten signature in black ink, appearing to read 'Ray Landis', with a stylized flourish at the end.

Ray Landis

Advocacy Manager AARP PA

May 21, 2018