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Pennsylvania Public
Utility Commission,
v.
FirstEnergy Pennsylvania
Electric Company
Telephonic Public Input
Hearing

Docket No.:
R-2024-3047068

Pages 529 - 565

Judge's Chambers
Piatt Place
Suite 220
301 5th Avenue
Pittsburgh, PA 15222

INDEX TO EXHIBITS

Docket No. R-2024-3047068 et al.

Hearing Date: July 17, 2024

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July 16, 2024
EXH. B17

The Fees That Raise Your Electric Bill Even When You Use Less Energy

What's going on and what you can do about it

By Celia Kuperszmid Lehrman with Shannon
Baker-Branstetter
Last updated: March 07, 2016



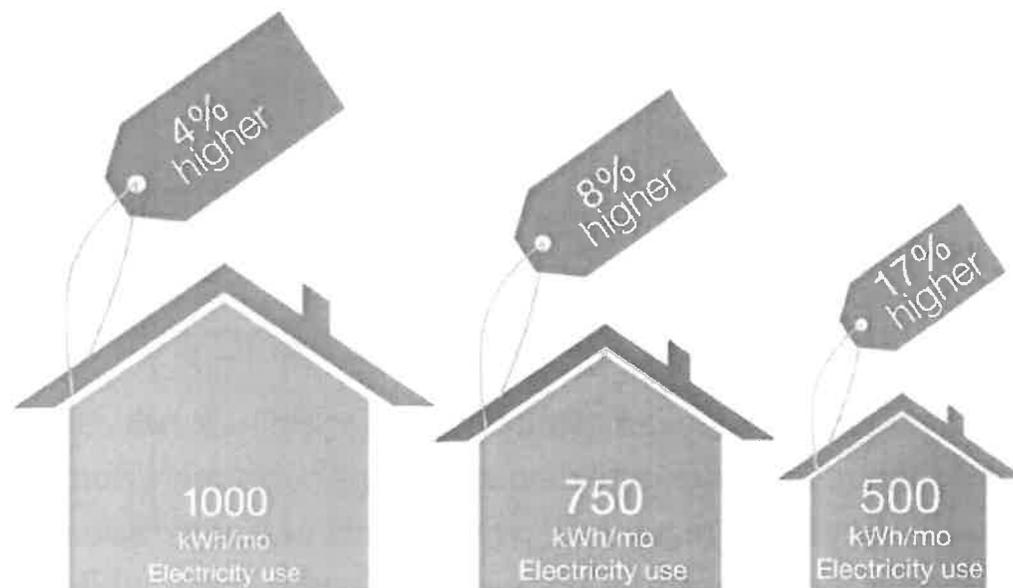
You've done all the right things: Ditched your old appliances for energy-efficient ones. Installed a programmable thermostat. Switched from incandescent lightbulbs to CFLs or LEDs. Added insulation and sealed cracks around your windows and doors. And odds are that your local utility even encouraged you to make your home more energy efficient. But behind the scenes, their lobbyists are manipulating the system so that you don't reap the full savings of the energy-efficiency measures you've taken. And it's likely to get worse, according to "Caught in a Fix: The Problem with Fixed Charges for Electricity," a report commissioned by Consumers Union, the policy and advocacy arm of Consumer Reports.

What's happening? Some utilities have increased electric rates across the board. But a bill uptick could also be due to a utility trick called higher "fixed charges." Stay with us here. This is a bit wonky, but important. There are two parts to your electric bill. The charge for the electricity you use, kilowatts per hour, and a mandatory "fixed charge" that every consumer has to pay before the meter even starts running. These per-customer fixed charges have historically ranged from \$5 to \$10 a month. But many utilities are trying to double or triple the minimum charge, which penalizes consumers who use less energy and reduces their ability to control and lower their bills by using less energy.

customers use less energy and have lower bills, utilities see their revenue and profits go down; when utility revenues and profits go down, they will have to charge customers even more, causing more customers to migrate to rooftop solar and further decrease utility revenue.

No surprise, the "solution" to this doomsday scenario proposed by many utilities is to increase the mandatory fixed charge. But, as our report found, this doesn't even solve the purported problem, and there are viable alternatives to raising fixed charges that address the revenue concerns of utilities.

How Mandatory Fixed Fees Hurt Electricity Customers



Source: "Caught In a Fix" Report prepared for Consumers Union by Synapse

How fees affect your bill. With fixed fees for electricity, homes using less power can be hit with steeper bill increases. This example models the impact of increasing fixed fees from \$9 to \$25 per month, with a corresponding decrease in the charge per kilowatt-hour (kWh) used.

Highlights of the 'Caught in a Fix' Report

Low-usage customers are hit the hardest. Customers who use less energy than average will experience the greatest percentage jump in their electric bills when the fixed charge is raised. There are many reasons a customer might have low energy usage: they may be located in apartments or dense housing units that require less energy; they may have small families or live alone; they may have energy-efficient appliances or solar panels; or they may simply be conscientious about saving energy.

Fixed charges disproportionately impact low-income customers. In nearly every state, low-income customers consume less electricity than other residential customers, on average. Because fixed charges tend to increase bills for low-usage customers while decreasing them for high-use customers, fixed charges raise bills most for those who can least afford the increase.

Reduced incentives for energy efficiency can raise costs for all consumers. Increasing the flat charge portion of the bill instead of the variable portion of the bill means that a consumer's efforts to save energy may not translate into a lower electric bill, which reduces the incentive to invest in energy efficiency or distributed generation, in which power is generated at the point of consumption rather than from a central location. With less incentive to save, customers may increase their energy consumption, and states would then have to spend more

to achieve the same levels of energy efficiency and clean energy. Where electricity demand rises, utilities will need to invest in new power plants, power lines, and substations, thereby raising electricity costs for all customers.

Helping You Save Money When You Save Energy

The good news is that some states have recently rejected utility proposals to increase mandatory fixed charges, which is encouraging, but there are still many pending proposals. Consumers Union is delivering petitions from consumers urging their utility commissioners to reject higher fixed charges. If you think that your utility may be raising fixed charges, make your voice heard by calling or writing to your utility commissioners. In the meantime, most consumers can still save money when they save energy.

Check your electric bill

Let us know below how high the fixed fees are.

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Opposition to the Proposed Met-Ed Rate Increases

I am appalled, offended, and livid at the inequity against the public regarding the proposed electric rate increases by Met-Ed. Met-Ed, parented by FirstEnergy Pennsylvania Electric Company, proposes the following rate increases by category:

- Residential, 9.2 percent;
- Commercial, 3.9 percent; and,
- Industrial, 0.5 percent.

Now, how does this look to you? Is this equitable? The proposed residential rate of 9.2% is 2.4 x greater than the commercial rate. It is 18.4 x greater than the industrial rate. Fair? How is this equitable? I repeat: John Q. Public's rate is nearly 2.5 times higher than commercial's and 19 times higher than industrial's rate. Residential consumers are getting screwed!

Met-Ed requests of the Public Utility Commission (PUC) an increase of \$146 million per year. Are we consumers to assume that total of \$146 million will come from this increase? If so, we do not know—perhaps someone else has determined the amount of monies each category would contribute to the \$146 million request.

Incidentally, the current CEO of FirstEnergy Pennsylvania Electric company is John W. Somerhalder II. His annual salary is \$4,497,007. That is 122x the median employee salary of \$37,000 per year.

I suggest Met-Ed cut costs by discontinuing mass mailings of insurance programs for underground wiring maintenance, which in the past Met-Ed has disclaimed although mailings have Met-Ed's logo on the return label of the envelope. In addition, what are the costs of mailings "comparing energy usage" like neighbor to like neighbor. (Many variables are not considered in these erroneous reports.)

What, as an overseeing commission, are you doing to monitor Met-Ed's costs? Where can and should they be cutting expenses? Are you looking at that? Or are they just passing them along to PA consumers and assuming you will overlook them?

Many residential customers pay their Met-Ed statements online automatically. They do not see notices of “...Rate Changes.” Ironically, I have met many people unaware of these proposed increases. Could this equate to a dearth in opposing responses to this exorbitant residential rate increase?

Met-Ed asks for public residents to pay nearly 20 times more for their electricity than for industrial customers and 4 times more than commercial customers. This is totally and blatantly unfair, placing again the burden on residential customers – John and Mary Q. Public--to shoulder this unjustifiable request.

I implore the commission to:

- **Reject the proposed rate increases;**
- **Review the categorical rates; and,**
- **Approve a residential rate increase of no more than 1.5 percent.**

Yes, that is no more than 1.5 percent.

Thank you for your consideration.

Linda Hammond, RN, BSN, CTHP