

CHARGE Conference Call

August 5, 2010 – 9:30 a.m.

Call-in number: 1-866-618-6746 and Access Code: 6060145

Recap of Discussion

1. EGS Marketing Activities

- PUC issued tentative order for comment on July 16, 2010, which is available at the following link: <http://www.puc.state.pa.us/general/ConsolidatedCaseView.aspx?Docket=M-2010-2185981>
- Comments are due within 30 days, or on August 16, 2010, and reply comments are due within 15 days after that, or on August 31

2. Supplier Consolidated Billing Implementation

- Issues have been raised about recovery of EDC costs incurred to make system changes needed for EGS consolidated billing; topic will likely be addressed in EDEWG document; and cost recovery would probably be sought during a rate case
- EDEWG expects to provide document to CHARGE by August 13, 2010

3. Eligible Customer List

- PUC issued tentative order for comment on July 15, 2010, which is available at the following link: <http://www.puc.state.pa.us/general/ConsolidatedCaseView.aspx?Docket=M-2010-2183412>
- Comments were due within 20 days, or on August 4, 2010; no reply comments are permitted

4. Default Service Bid Information

- Staff updated the group on continuing discussions aimed at standardizing release of default service auction and formulation of price to compare, which has involved using First Energy's model as the starting point
 - As to including cost components in procurement result announcements by National Economic Research Associates, Inc. (NERA), staff noted that the calculation sheet shows what is and is not included
 - First Energy has agreed to include percent of supply in procurement result announcements

- Regarding use of Excel rather than PDF document to show results, staff noted that a spreadsheet can easily be created using the PDF document
- First Energy has agreed to explain how and when transmission costs are updated
- First Energy has agreed to explain how spot market component will be estimated
- Staff will continue offline discussions with First Energy and the Retail Energy Supply Association, with the goal of drafting a document showing recommended approach

5. Estimated State Tax Amount on Bills

- Question has arisen about whether the presentation of “estimated total state taxes” on residential bills is required for generation charges of EGS as there is no standard treatment among EGSs
- Staff has determined that EDC tax components are Capital Stock, Property Tax-Local and PURTA, State Unemployment Compensation, PA State Income Tax, and Gross Receipts Tax.
- Staff is conducting further review of statute and regulations to offer guidance to EGSs on this issue; interested in feedback from group on value of having information on bills about taxes (other than GRT) paid by EGSs

6. Historical Usage Requests

- PUC’s order adopted on June 3, 2010 in Petition of PECO Energy for Approval of Smart Meter Technology Procurement and Installment Plan clarified PECO’s obligation to provide historical usage information in response to EDI request when a customer has previously restricted release of this information but has given the EGS a letter of authorization
 - Link to the order:
<http://www.puc.state.pa.us/general/ConsolidatedCaseView.aspx?Docket=M-2009-2123944>
- A Secretarial Letter clarifying this obligation is currently being reviewed/discussed by the Commissioners’ offices; staff expects issuance to occur in the near future

7. Last-In Enrollments

- Spreadsheet was previously circulated to show how EDCs handle multiple enrollments for the same customer before the 16-day cut-off date
- Group has generally discussed value of standardizing enrollment process going forward; benefits of standardization were identified; and issue will remain on the list for further discussion

8. Mixed Meter – EGS Authority

- Questions have been raised about whether EGSs must have authority to serve residential customers when a residential customer is served as part of a mixed meter situation
 - Staff's prior guidance was that if the customer is served under a Residential rate schedule, the EGS should have authority under the license to serve residential customers (and that residential consumer protections would apply)
- During the April 29, 2010 call, EGSs expressed concerns about needing a license to serve residential customers if they are contracting with a commercial entity, such as a military base, due to marketing, reporting and compliance differences
- Based on concerns raised during April 29, 2010 call, staff has revisited this issue and now believes that it may not be necessary for an EGS to obtain a license to serve residential customers or to afford residential consumer protections when the EGS contracts with and bills the commercial customer
- Staff is drafting document to explain issue and different interpretations in order to obtain guidance from the Commission, and is seeking additional feedback, as follows:
 - Would the EGS necessarily be aware of a residential meter being served as part of the account?
 - Would the EGS be able to exclude residential accounts from the supply contract with the commercial account?
 - What specific licensing and reporting requirements are particularly burdensome if the EGS must obtain authority to serve residential customers?
 - Would it be burdensome for an EGS to ask the Commission for an exemption when it is licensed to serve C&I customers and then finds itself providing service to residential customers in a mixed meter situation?
 - As to OCA's question about how EDCs treat residential customers in these situations, it is staff's understanding that for purposes of the termination provisions in Chapter 56, EDCs afford residential protections to these customers, but other Chapter 56 provisions (such as billing format and standards) are generally not applicable; EDCs are asked to note any corrections
- Staff requests this feedback from EGSs and EDCs by August 19 via email to ra-ocmo@state.pa.us so that we can try to get clarification of the issue from the Commission by the end of August

9. Contract Expiration/Renewal Notices

- Renewal notice regulations at 52 Pa. Code 54.5(g) have been superseded by subsequent guidelines issued in 2001, which are attached and posted on the OCMO's webpage at http://www.puc.state.pa.us/electric/electric_CompetitiveMarketOversight.aspx
 - Staff is offering to informally review proposed renewal notices; please send them to ra-OCMO@state.pa.us at least 10 days prior to issuance to consumers
 - Any questions about these issues may be sent directly to Dan Mumford in BCS at dmumford@state.pa.us or by calling Dan at 717-783-1957
- Group further discussed how to address requirement in Commission's order that the price to compare (PTC) be included in renewal notices, which must be issued prior to PTC being available;
 - Option 1 would require inclusion of current PTC with indication that it may change quarterly
 - Pro: the current PTC is known
 - Con: the current PTC may be misleading to consumers, which is particularly problematic if the PTC is expected to significantly decline
 - Option 2 would require that no PTC be included but that customers be given information on how to obtain it online or by telephone (supported by most EGSs and by OCA)
 - Pro: no information is better than inaccurate information
 - Con: customers would not have any pricing information readily available when reviewing the renewal notice
 - Option 3 would require inclusion of estimate along with indication of possibility that it will change and how to obtain most up-to-date PTC (suggested by staff)
 - Pro: consumers would have a reasonable estimate readily available when reviewing the renewal notice
 - Con: the estimate may be inaccurate
 - Staff is reviewing options and considering feedback provided during the call to develop a recommendation for the PUC

- Further discussion of how to handle situation where customer fails to respond to a renewal notice containing new price and terms: may the EGS renew the contract
 - Staff's original proposal was to follow natural gas regulations that permit supplier to renew the contract provided that the customer has the option of ending the contract at any time without penalty
 - Based on concerns raised by EGSs on prior calls, such as the way this approach might limit product offerings, staff has suggested a compromise that allows renewal of the contract provided that the customer may terminate without penalty within a set number of days after receipt of the first bill
 - Affected EGSs are comfortable with this compromise
 - OCA continued to express support for staff's original proposal
 - Staff will consider feedback offered during the call in preparing a recommendation to submit to the PUC

10. Budget Billing for Variable-Priced Products

- Group discussed whether it is appropriate or necessary to require EGSs to offer budget billing option to customers in connection with variable-priced products, such as time-of-use or real-time pricing products
 - Staff had previously circulated document suggesting that EGSs should not be required to offer budget billing for such products
 - No objections were raised regarding this proposal
 - EGSs noted that seasonal and monthly variable-priced products should also be considered for this exemption
- Staff appreciates the feedback and will consider it in providing a recommendation to the PUC

11. CHARGE Contact List

- Contact list is on website at the following link:

http://www.puc.state.pa.us/electric/electric_CompetitiveMarketOversight.aspx

- Please send contact information or updates to ra-ocmo@state.pa.us; purpose of this list is to enable stakeholders to contact one another directly to resolve issues and is separate from email distribution list

12. Meeting Schedule for Remainder of 2010

- August 26, 9:30 a.m.
- September 9, 9:30 a.m.
- September 30, 9:30 a.m.
- October 14, 9:30 a.m.
- October 28, 9:30 a.m.
- November 18, *1:30 p.m.*
- December 9, 9:30 a.m.
- December 23, 9:30 a.m.