

PENNSYLVANIA PUBLIC UTILITY COMMISSION
Harrisburg, Pennsylvania 17105-3265

**Interim Guidelines Regarding
Advance Notification by an Electric
Generation Supplier of Impending
Changes Affecting Customer Service**

**Public Meeting held September 2, 2010
2195286-DIR
Docket No. M-2010-2195286**

MOTION OF COMMISSIONER WAYNE E. GARDNER

In 2001, the Commission developed interim guidelines to give guidance to Electric Generation Suppliers (EGSs) on when and how to provide notice to customers in advance of a change in terms of service or at the expiration of a customer's contract with the EGS. Because shopping activity was relatively low prior to the expiration of rate caps, these interim guidelines were rarely used. Now that some rate caps have expired and others will expire soon, the Office of Competitive Market Oversight (OCMO)¹ has reviewed these guidelines for continued applicability to today's competitive market. In its review, the OCMO identified issues with the Interim Guidelines as written and has proposed to modify them.

The first issue concerns the price to compare (PTC). The guidelines indicate that when a customer's contract with an EGS is close to the expiration date, the EGS must send a notice to the customer which includes, *inter alia*, the PTC so that the customer will have that information to assist in the decision of whether to remain with the EGS, choose another EGS, or return to the default service supplier. The problem identified by the OCMO is that the PTC may not be known at the time the notice must be sent and that the PTC may change as often as quarterly. The recommended solution by the OCMO is to require an estimated PTC in the notice, a clear statement that it is an estimate, and instructions on how and when to obtain an accurate PTC. I agree that of the possible solutions considered, this solution will best assist customers when it is time for them to make decisions concerning a supplier. It is the solution to the second issue with which I disagree.

The second issue concerns the state of customers' accounts when they fail to respond to a renewal notice when their contract with an EGS is nearing the expiration date. The resolution of this issue is not addressed in the current Interim Guidelines. After consideration of several options, the OCMO recommends that if a customer does not respond to a renewal notice at the end of the contract, the contract automatically renews and the customer has 30 days after receiving the first bill to cancel without paying a penalty. The OCMO believes that this is a reasonable compromise considering the needs of the customer and the competing interests of various stakeholders.

I disagree that this is the best solution as it has the potential to lock a customer into a contract for a year or even longer. A better resolution of this issue is to mirror the language in an

¹ The OCMO is the Commission's virtual office that operates under the leadership of the Director of Operations and is comprised of legal, technical, and policy staff members from various Commission bureaus and offices. The office is responsible for analyzing issues concerning energy competition and making recommendations to the Commission.

analogous regulation for the gas industry. That regulation states that when a customer does not respond to a renewal notice “a fixed term agreement may be converted to a month-to-month agreement, either at the same terms and conditions or at revised terms and conditions, as long as the agreement converts from a fixed term to a month-to-month agreement and contains no cancellation penalties.... A fixed term agreement may be converted to another fixed term agreement as long as the new agreement includes a customer initiated cancellation provision that allows the customer to cancel at any time for any reason and contains no cancellation penalties, in the event that the customer does not respond to the notice.”²

This option was initially considered by the OCMO and I believe that it will better protect customers and encourage competition. If customers are unwillingly trapped in a contract which contains penalties for leaving, customers may prefer to stay with their default service suppliers. Competition is strengthened anytime a customer has a choice. Additionally, being unwillingly locked into a contract means that customers will not have a choice of suppliers.

THEREFORE, I MOVE THAT:

1. For the purpose of soliciting public comment, we will tentatively adopt the Office of Competitive Market Oversight’s recommendation as modified by this Motion.
2. The Office of Competitive Market Oversight revise Appendix A consistent with this Motion to be issued for comment.

September 2, 2010
Date

Wayne E. Gardner, Commissioner

² 52 Pa. Code § 62.75(g)(2).