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September 13, 2010

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VIA HAND DELIVERY
Rosemary Chiavetta, Secretary
Pennsylvania Public Utility Commission
Commonwealth Keystone Building
400 North Street
Harrisburg, PA 17105-3265

RE: Interim Guidelines Regarding Advance Notification by an Electric Generation Supplier of Impending Changes Affecting Customer Service; Amendment RE: Supplier Contract Renewal/Change Notices; Docket No. M-2010-2195286 and Docket No. M-0001437; **COMMENTS OF DOMINION RETAIL, INC., TO TENTATIVE ORDER ENTERED SEPTEMBER 3, 2010**

Dear Secretary Chiavetta:

Enclosed for filing with the Commission are the original and five (5) copies of the Comments of Dominion Retail, Inc., to Tentative Order entered September 3, 2010.

If you have any questions, please do not hesitate to contact me.

Very truly yours,

Todd S. Stewart
Counsel for Dominion Retail, Inc.

TSS/bks
Enclosure
cc: Office of Competitive Market Oversight (**Via email to** ra-OCMO@state.pa.us)

BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION

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Interim Guidelines Regarding Advance	:	
Notification by an Electric Generation	:	Docket No. M-2010-2195286
Supplier of Impending Changes Affecting	:	
Customer Service; Amendment	:	Docket No. M-0001437
RE: Supplier Contract Renewal/	:	
Change Notices	:	

COMMENTS OF DOMINION RETAIL, INC.,
TO TENTATIVE ORDER ENTERED SEPTEMBER 3, 2010

Dominion Retail, Inc. ("Dominion Retail") hereby submits its Comments to the Tentative Order entered September 3, 2010, in the above-captioned dockets. Through the Tentative Order, the Pennsylvania Public Utility Commission ("Commission") proposes to modify the interim guidelines regarding advance notification by an electric generation supplier of impending changes affecting customer service ("Interim Guidelines"), Docket No. M-0001437 (Order entered March 8, 2001). The modifications address two discrete issues: 1) the use of an estimated price to compare ("PTC") on customer contract renewal notices when the actual PTC may not yet be available from the electric distribution company ("EDC"); and 2) the effect on a customer's existing contract with an electric generation supplier ("EGS") when the customers do not respond to a contract renewal notice. In the Tentative Order, the Commission tentatively resolved the first issue (PTC in option notices) by adopting the Office of Competitive Market Oversight's ("OCMO") recommendation to approve the so-called "third option," which would require EGSs to include an estimated PTC in their option notices to customers. Dominion Retail suggests that, if finally adopted, this modification would cause customer confusion in addition to presenting a significant risk to the supplier/customer relationship – negative impacts that could be avoided by adopting the modification agreed to by the Office of Consumer Advocate ("OCA") and the majority of EGSs participating in the process. Their choice was and is Option 2, which would not require EGSs to include a PTC on the options notices that they send to customers, but would require EGSs to provide those customers with information on how to obtain an accurate PTC either online or by telephone.

With regard to the second issue – what to do in response to a customer's failure to respond to a renewal/change of notice – the Commission rejected the OCMO's recommendation and instead adopted the option favored by Dominion Retail, namely, the adoption of the "gas rule" for use in the electric industry as well. Dominion Retail believes that this option represents the best compromise of all the options available to resolve this issue.

Specific Comments

Issue 1

The issue, simply stated, is what information regarding the PTC, if any, should be provided to customers in the options/renewal notice that is provided to customers by EGSs at the expiration of fixed-term contracts. In its Tentative Order, the Commission suggests that it would be better for customers to receive potentially inaccurate information, along with a notation that the information is potentially inaccurate, rather than receiving information about where to locate accurate information about the PTC. There are several reasons why the information has a significant likelihood of being inaccurate, including that: 1) the timing of the required notices will cause EGSs to send notices before the PTC for the next period is known; 2) the EDC, therefore, will have to provide an estimate of what the PTC will be; and 3) because of the nature of the information included in the PTC, the estimates could vary widely from the actual PTC.

The Commission appears to grasp the issue, but Dominion Retail believes that its approach overlooks a major problem with providing customers with an estimate – namely, that customers are likely to ignore the warning that the information is estimated and instead accept the estimate as an actual price to compare. Dominion Retail believes that there is a substantial likelihood that customers will forget about or ignore the "estimate" warning, which will cause confusion later when the actual PTC turns out to be different. Moreover, there is no recourse for customers in the event the PTC is incorrect. They could very well have made an irreversible decision with damaging economic consequences.

It cannot be overlooked that the proposed change would require EGSs to provide information that they did not prepare, about the estimated price of their competitor. If it turns out that the estimated PTC was wrong, it is the EGS that ultimately will suffer in its relationship with its customer. Engaging in acts that are likely to cause dissatisfied customers is not a good business plan and can have significant negative financial implications for EGSs, not only from the loss of the business relationship with the customers, but also the real costs of liquidating whatever supply arrangements that were made in anticipation of that ongoing relationship. In other words, the Commission's approach will put the EGSs in the position of having provided potentially inaccurate information to customers, that will cause customers to seek recourse from the EGS, claiming that the EGS acted badly in providing the information. The Commission's tentative resolution place the proverbial sword of Damocles over the heads of EGSs. In short, the Commission's proposal creates a rather large potential liability for EGSs and will put an unnecessary, potentially destructive burden on the EGSs when dealing with their customers.

While Dominion Retail believes it is important that customers have accurate information with which to make choices, it also believes that it would be most appropriate for the Commission and/or the OCA to provide that information to customers, through websites like the new PA Power Switch website, where customers are able to input their zip code and find the price to compare for their utility as well as competitive offers. In lieu of using web access, the Commission could easily provide automated telephone response system which would provide customers with a price to compare for the various rate classes for the various electric distribution companies in Pennsylvania. Dominion Retail posits that, in a competitive market, it is inappropriate to require an EGS to provide its competitor's price on its bill. Moreover, in this instance, where the potential for the price to be incorrect is substantial and the liability of which will almost certainly rest with the EGS, such a determination is fought with peril for the EGS and provides no benefit to customers.

In addition to the potential for providing customers with inaccurate information and requiring an EGS to provide its competitor's price, the Order imposes additional costs on the EGSs by requiring them to train their call center personnel to respond to customer inquiries regarding the current PTC. Again, EGSs will be held responsible by customers for providing inaccurate information for which they should otherwise have no responsibility. All of these issues have the potential to damage the customer relationship with the supplier, a relationship for which suppliers expended significant resources to establish.

The Office of Consumer Advocate has a long history of providing accurate and independent information to customers. Moreover, the Commission's recently-launched website provides the same type of information to customers. It would be far more advantageous for customers to receive accurate information, when available, rather than receiving potentially inaccurate information, regardless of the caveat, from an EGS.

Finally, on a practical note, the option proposed by the Commission makes it almost certain that the information has significantly less chance of being accurate than it would be if the Commission adopted the option proposed by the NGSs and the OCA – to point the customers to other sources of information. This is because lead time for printing and distributing options notices would require that they be prepared at least several days/weeks prior to being distributed to customers, whereas, if customers are simply pointed to the appropriate websites, by the time those customers receive the notices there will be a far greater likelihood that the information contained on the website would be actual PTC for the appropriate period of time. For this reason alone, the Commission should reject the proposal in its Tentative Order and adopt Option 2 which requires that EGSs simply provide information as to where to find the customer's PTC.

Issue 2

With regard to the second issue, Dominion Retail agrees with the Commission's proposed resolution of this matter. Dominion Retail believes that it is rational and logical to impose the same requirements in the electric industry as the natural gas industry in this regard. Under this option, in the event that the customer does not respond to a renewal, EGS would be able to convert a fixed-term agreement to a month-to-month agreement at the same terms and conditions or revised term conditions so long as the agreement converts from a fixed-term to a month-to-month agreement and contains no cancellation penalties. Alternatively, a fixed-term agreement could be converted to another fixed-term agreement so long as the new agreement provides a cancellation provision allowing the customer to cancel at any time for any reason without penalty. Under these conditions, new terms and conditions cannot be imposed on a customer that ultimately would penalize the customer.

The OCMO advocated for Option 2. Under the Option 2 approach, however, EGSs would be placed at significant risk because they would not know whether a customer would have a free cancel option in the first thirty days after the renewal. This is the reverse of Option 1, which provides greater certainty for all. That is, even though under Option 1 customers who fail to respond to an options notice would have the option to cancel a contract, they would only have the option if the new terms were proposed. Under Option 2, the customer could fail to respond to the notice and then cancel within thirty days for any reason, including trying to get a better price, thus imposing additional risk on the suppliers and giving customers a free 30-day option contract as a reward for failing to do what they should have done. For this reason, Dominion Retail rejects this as a viable option.

In conclusion, Dominion Retail requests that the Commission modify its Tentative Order and adopt Option 2 with regard to inclusion of price to compare in options notices and that it adopt Option 1 with regard to the issue to what to do if customers fail to respond to renewal notices, that is, to adopt the gas rule.

Respectfully submitted,

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DATED: September 13, 2010

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