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March 10, 2014

Rosemary Chiavetta, Secretary
Pennsylvania Public Utility Commission
Commonwealth Keystone Building
400 North Street, 2nd Floor
Harrisburg, PA 17120

VIA ELECTRONIC FILING

**RE: Investigation of Pennsylvania's Retail Electricity Market – Joint Electric
Distribution Company – Electric Generation Supplier Bill;
Docket No. M-2014-2401345**

Dear Secretary Chiavetta:

Enclosed please find the Comments of the Industrial Energy Consumers of Pennsylvania ("IECPA"), Duquesne Industrial Intervenors ("DII"), Met-Ed Industrial Users Group ("MEIUG"), Penelec Industrial Customer Alliance ("PICA"), Penn Power Users Group ("PPUG"), Philadelphia Area Industrial Energy Users Group ("PAIEUG"), PP&L Industrial Customer Alliance ("PPLICA"), and West Penn Power Industrial Intervenors ("WPPII") (collectively, "Industrial Customer Groups") regarding the above-referenced proceeding.

Very truly yours,

McNEES WALLACE & NURICK LLC

By

A handwritten signature in black ink, appearing to read 'Pamela C. Polacek', written over a horizontal line.

Pamela C. Polacek

Counsel to Industrial Customer Groups

PCP/sar
Enclosure

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CERTIFICATE OF SERVICE

I hereby certify that I have this day served a true copy of the foregoing document upon the participants listed below in accordance with the requirements of 52 Pa. Code § 1.54 (relating to service by a participant).

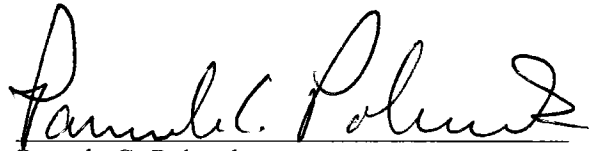
VIA FIRST CLASS MAIL

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Pamela C. Polacek

Counsel to Industrial Customer Groups

Dated this 10th day of March, 2014, at Harrisburg, Pennsylvania.

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

Investigation of Pennsylvania's : Docket No. M-2014-2401345
Retail Electricity Market: :
Joint Electric Distribution Company – :
Electric Generation Supplier Bill :

**COMMENTS OF
INDUSTRIAL CUSTOMER GROUPS**

I. INTRODUCTION

On February 6, 2014, the Pennsylvania Public Utility Commission ("PUC" or "Commission") issued a Tentative Order providing recommendations for a more supplier-oriented utility consolidated electric bill. Specifically, the Tentative Order recommends the inclusion of electric generation suppliers' ("EGSs") logo on the bill; the expansion of bill messaging space allotted to EGSs; and the inclusion of a "Shopping Information Box." The Commission believes that adopting these recommendations will aid electric distribution company ("EDC") customers in developing a stronger relationship with EGSs and will "increase customer awareness when participating in the competitive retail electric market." The Tentative Order proposes to allocate the costs associated with these recommendations to all distribution customers on a non-bypassable basis.

The Industrial Energy Consumers of Pennsylvania ("IECPA"), Duquesne Industrial Intervenors ("DII"), Met-Ed Industrial Users Group ("MEIUG"), Penelec Industrial Customer Alliance ("PICA"), Penn Power Users Group ("PPUG"), Philadelphia Area Industrial Energy Users Group ("PAIEUG"), PP&L Industrial Customer Alliance ("PPLICA"), and West Penn

Power Industrial Intervenors ("WPPII") (collectively, "Industrial Customer Groups") submit these Comments in response to the Tentative Order. IECPA is a 20-member trade association of energy-intensive industrial customers of electricity and natural gas. More than 41,000 Pennsylvanians are employed by IECPA member companies alone. DII, MEIUG, PICA, PAIEUG, PPLICA, and WPPII are all *ad hoc* groups of commercial, institutional, and industrial customers of electricity that participate in various proceedings before this Commission, including the Energy Efficiency and Conservation ("EE&C") Plan proceedings for the respective electric distribution companies ("EDCs").¹

The Industrial Customer Groups strongly oppose the Commission's proposal to allocate the costs to implement the Tentative Order's recommendations to all customers on a non-bypassable basis. The proposal to include EGS logos on EDCs' bills is properly viewed as a marketing opportunity for EGSs; the associated costs should therefore be borne by EGSs rather than by distribution customers. In addition, despite the Commission's assertion that the proposal will "affect all customers," Large Commercial and Industrial ("C&I") customers will receive no measurable benefit from the Tentative Order's proposed recommendations. The Industrial Customer Groups therefore urge the Commission to reject the Tentative Order's proposed cost allocation methodology and to exclude Large C&I customers from any adopted cost recovery mechanism.

II. COMMENTS

A. The Addition of an EGS Logo to An EDC's Bill is a Marketing Opportunity Appropriately Paid for by EGSs

In an effort to increase customers' awareness of their selected EGS, the Tentative Order proposes to include an EGS's logo on the utility-consolidated bill. Although the Commission

¹ The positions set forth herein reflect the collective views of the intervention groups and do not necessarily reflect the views of each individual member.

does not foresee any "major technical obstacles" to including EGS logos on EDC bills, the Tentative Order cites stakeholder comments regarding the excessive cost of logo inclusion. One EDC estimated that adding an EGS logo would require approximately 80-120 hours of work at \$150 per hour per supplier.² Given the substantial number of EGSs operating in certain EDC service territories, the costs to add EGS logos to EDC bills could total in the millions.³ Nevertheless, the Commission believes such significant costs are justified by the expected increase in the strength of relationships between EGSs and customers.

The Industrial Customer Groups urge the Commission to allocate all costs associated with including EGS logos on EDC bills to the EGSs. Although the Tentative Order construes the proposed logo inclusion as benefitting customers, the real beneficiaries of the proposal are EGSs, who stand to benefit greatly from increased brand awareness. EGSs have many opportunities to establish brand recognition and strengthen customer relationships, and including their logo on an EDC bill is one such opportunity. Some EGSs may view this as a cost-effective component of their marketing and branding plan, while others may not. Accordingly, the costs associated with including EGS logos on EDC bills should be allocated to EGSs rather than to EDC customers.

Assuming, *arguendo*, that the Commission determines that costs associated with inclusion of EGS logos are appropriately allocated to distribution customers, the Industrial Customer Groups request that Large C&I customers be excluded from the associated recovery as they will not benefit from the "strengthened relationships" the Commission envisions. The majority of Large C&I customers in Pennsylvania already purchase generation supply from an EGS, and are well aware of the necessity of developing commercial relationships with EGSs in the restructured Pennsylvania market. In addition, given the complexity of competitively-

² See Tentative Order at 4.

³ For example, assuming 100 hours work at \$150 per supplier, the cost to include logos for all 81 EGSs currently marketing in PECO Energy Company's ("PECO") service territory will total approximately \$1.25 million.

negotiated supply arrangements, many Large C&I customers choose to receive dual billing in order to more easily identify generation and distribution rates and charges. These customers are familiar with their EGS and would not benefit from adding an EGS logo to an EDC bill. Moreover, Large C&I customers with dual billing would be paying for a modification to the EDC billing system from which they do not benefit because their EGS's charges are not on the EDC's bill. In light of the significant projected costs and the limited benefit to Large C&I customers, the Industrial Customer Groups urge the Commission to exclude Large C&I customers from cost recovery for inclusion of EGS logos on EDC bills.

B. Large C&I Customers Receive No Benefit From the Proposed Expansion of EGS Messaging Space and Shopping Information Box

The Tentative Order recommends that the mandatory minimum bill messaging space for EGSs be doubled from two to four lines on an EDC's bill. The Tentative Order further recommends creation of a conspicuous "Shopping Information Box" to be placed on an EDC's bill that would include an account number or customer number, a customer's Rate Schedule, and an indication that this information is necessary when communicating with an EGS. As with the recommendation to include EGS logos, the proposed expansion of the EGS bill messaging space and the Shopping Information Box are intended to "strengthen" customers' relationships with their EGSs and to "increase customer awareness" when participating in the competitive retail electric market.

The Industrial Customer Groups recommend that the Commission to exclude Large C&I customers from cost recovery associated with the proposed expanded EGS messaging space and Shopping Information Box. Although the Tentative Order suggests that all customers will benefit from the proposed adjustments to the EDC bill, Large C&I customers will not realize strengthened relationships with their EGSs or increased awareness when shopping for a

competitive electric supplier as a result of these recommendations. EGSs serving the Large C&I customers regularly communicate with current and prospective customers through direct mailings, e-mail blasts, convening informational seminars, exhibiting at trade shows and numerous other means. The EGSs that invest in these types of promotions gain brand recognition; those that do not may have other marketing strategies. The choice of marketing strategy is a business decision for EGSs.

In addition, as discussed previously, many Large C&I customers receive dual billing and therefore communicate with their EGS directly on a monthly basis. Expansion of the EGS bill messaging space on an EDC's bill is therefore superfluous for these customers and constitutes an unnecessary incurred cost. In addition, while the Shopping Information Box may allow residential and/or small commercial customers to easily access EGS information, Large C&I customers require additional information to effectively communicate with their EGS, including the customer's capacity obligation, transmission obligation and losses. Although the Shopping Information Box could be expanded to include this information, such expansion is unnecessary given Large C&I customers' familiarity with their EGS and high level of sophistication and experience in navigating the competitive retail electric market.

Finally, for customers with multiple accounts, the inclusion of this additional information will complicate consolidated billing. Customers may request a single bill from the EDC for multiple accounts. It is not clear how the additional information envisioned in the Tentative Order will be presented in this type of situation. It also could further complicate the billing process. Given the negligible benefit Large C&I customers will receive from both the proposed expansion of the EGS messaging space and the Shopping Information Box, the Industrial


Customer Groups urge the Commission to exclude Large C&I customers from the associated cost recovery.

III. CONCLUSION

WHEREFORE, Industrial Energy Consumers of Pennsylvania, Duquesne Industrial Intervenors, Met-Ed Industrial Users Group, Penelec Industrial Customer Alliance, Penn Power Users Group, Philadelphia Area Industrial Energy Users Group, PP&L Industrial Customer Alliance, and West Penn Power Industrial Intervenors respectfully request that the Pennsylvania Public Utility Commission consider and adopt, as appropriate, the foregoing Comments.

Respectfully submitted,

McNEES WALLACE & NURICK LLC

By 

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Dated: March 10, 2014