Energy Choice Matters

August 24, 2010

Pepco, Delmarva Unopposed to Recovering Additional Costs Through SOS Admin. Charge

Pepco and Delmarva do not oppose the Maryland PSC Staff's request to add the cost of certain customer service functions to SOS rates (with a rebate of such revenue refunded to all distribution customers), but warned that the expenses proposed to be added to SOS rates by Staff, "are significant and could have a material impact on the cost of SOS for all customer classes, particularly for residential customers." The utilities' statements came in reply testimony in Cases 9226 and 9232.

As only reported by *Matters*, Staff has proposed adding an Allocated Cost component to the SOS Administrative Charge to reflect commodity-related customer accounts expenses, billing expenses, credit and collection expenses, customer service expenses, and customer information expenses (Only in Matters, 8/10/10). These costs, also collected in distribution rates, would be collected from SOS supply customers, but refunded to all distribution customers.

Pepco said that the effect of Staff's proposal, using 2009 expenses, would be to add $0.00295/kWh to the SOS rate of each customer class.

Delmarva reported that Staff's proposal would add the following amounts to SOS rates:

Residential	$0.00358/kWh
Type I	$0.00371/kWh
Type II	$0.00438/kWh
Hourly	$0.00622/kWh

The utilities noted that the Allocated Cost component at each company would exceed the 2.5

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N.Y. Utilities Say CSRs Should be Allowed to Provide Shadow Billing Amounts to Customers

The joint New York utilities said that their customer service representatives (CSR) should be allowed to provide ESCO customers on utility consolidated billing with what the customer's charges would have been under utility supply service, upon the customer's request (98-M-1343 et. al).

The recommendation came in reply comments regarding several working group reports related to Phase II of the Uniform Business Practices review. Specifically, the joint utilities' comments were in response to the National Energy Marketers Association's recommendation that the UBPs include a provision holding that utility CSRs should not offer explicit or implicit opinions about the nature or effect of any ESCO's offers, or marketing or sales efforts (Only in Matters, 7/7/10).

While the joint utilities, "agree that [utility] CSRs should not be offering unsolicited statements that would lead a customer to conclude whether an ESCO offering was better or worse than the utility's offer, whether or not the offerings are even comparable," the joint utilities further said that, "where the utility provides the billing service to the ESCO, a CSR should not be precluded from answering questions concerning the bill itself just because an ESCO rate is applied."

"Particularly where a customer asks for a comparison of actual bills to what the bills would have been if the customer took utility sales service, factual answers from CSRs should be provided

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OCC Seeks Hearing on Use of Columbia Trade Name by Interstate Gas Supply

The Ohio Consumers' Counsel petitioned the Public Utilities Commission of Ohio to hold a hearing on Interstate Gas Supply's amendment to its gas supplier license to use the name Columbia Retail Energy (see Matters, 8/12/10).

"IGS' decision to change its trade name to Columbia Retail Energy can confuse customers who long have associated the Columbia name with their utility and not with IGS the marketer," OCC argued (Case 02-1683-GA-CRS).

"Typically, the PUCO's consideration of the use of corporate names has related to whether it will be unfair to customers to have to distinguish between the utility and its marketing affiliates. But here, customers would be asked to distinguish between a company (IGS) using the Columbia name that is not even a Columbia company, but is a company that consumers have long known as IGS," OCC said.

"There are many unanswered questions which can only be fully explored in the context of an evidentiary hearing, complete with the discovery process and depositions," OCC added.

"Although the licensing agreement is reported to be for only a three-year period, there is no explanation for what happens at the end of that period. At one end of the spectrum is the possibility that IGS would revert to the IGS name. Clearly going back and forth between names would confuse customers. While the other extreme is that the licensing agreement is simply the first step in a Nisource takeover of IGS which would enable Nisource to become one of, if not the largest marketer in its affiliate's Choice Program," OCC said.

"The proposed licensing agreement also raises questions about the level of the payments from IGS in exchange for the use of the Columbia name and logo. Is the level of the payment contingent on the number of customers that IGS enrolls in the Choice Program? If so does that provide Columbia with an inherent bias towards IGS because the payments to the parent company will increase as IGS' - Columbia Retail Energy's - market share increases," OCC said.

UGI PNG 1307(f) Settlement Includes Transition to Mandatory Direct Capacity Assignment

A settlement in UGI Penn Natural Gas' Section 1307(f) rate investigation would establish, "a reasonable transition period for Choice Suppliers to adjust their supply portfolios and retail service offerings to reflect an ultimate transition to mandatory direct assignments based on peak day requirements" (R-2010-2172928).

The settlement would establish four direct assignment options for the period December 1, 2010 trough October 30, 2011, and the period November 1, 2011 through October 31, 2012.

Two of these options are the two methods originally proposed by PNG: (1) a monthly release of pipeline capacity in an amount equivalent to the average projected delivery obligation of the Choice Supplier during the month of January assuming normal weather (the January Normal Daily Delivery Requirement, NDDR); or (2) a release of pipeline capacity equal to 35% of the January NDDR, combined with bundled baseload city gate sales of gas equal to 65% of the January NDDR, sold ratable each day of the month, at prices reflecting average published INSIDE FERC First of Month gas prices for Transco Zone 6, plus variable transportation and storage charges associated with a specified delivery path.

The two additional direct assignment options for these periods would be similar in nature to the two methods described above, except that they would be based on peak day, rather than January NDDR, requirements.

For the twelve month period commencing November 1, 2012 and each twelve month period thereafter, suppliers would have the option of (1) a release of pipeline capacity based on the peak day requirements of a Choice Supplier's Choice customers, or (2) a release of capacity equal to 35% of such peak day requirements coupled with a bundled city gate sale equal to 65% of the peak day requirements of the Choice Customers served by the Choice Supplier during the months of November through March priced at the average of a published index price during the months of April through October plus variable transportation and storage costs associated with a specified delivery path.

"These Settlement terms are reasonable and in the public interest because they provide for a reasonable transition period for Choice Suppliers to adjust their supply portfolios and retail service offerings to reflect an ultimate transition to mandatory direct assignments based on peak day requirements, thereby eliminating potential cost shifts, while also offering the option of releases or releases coupled with bundled city gate sales for the first two years of the transition period for those Choice Suppliers that might find mandatory direct assignment options based on peak day requirements to be beneficial," PNG said.

All capacity releases would be at a price equal to the projected weighted average demand cost of all transportation, storage and peaking assets held to serve core market customers.

The mandatory direct assignment would apply to Rate RT (General Service - Residential Transportation) and Rate NT (General Service - Non-residential Transportation) customers under PNG Rate AG - Aggregation Service.

The stipulation was signed by PNG, the Office of Trial Staff, the Office of Consumer Advocate, and the Office of Small Business Advocate.

WGES Says Pepco Method for Billing Pre-POR Arrearages Confusing to Customers

Although Pepco proposed to continue billing supplier arrearages outstanding as of the start date of POR in Maryland on utility consolidated bills (such receivables are ineligible for POR), Washington Gas Energy Services said that Pepco's compliance plan could still create unnecessary customer confusion.

Pepco is to bill the outstanding supplier receivables through its Merchandising Module. WGES' understanding is that these charges will be displayed as a single lump sum amount on the bill with no descriptive messaging.

"Customers will not be provided with a direct explanation of the origin of this charge. They will not know that these are past due supplier charges, nor will they know the time period over which these charges were incurred. Additionally, in the case of a cancel and re-bill, no information will be displayed regarding the details of the cancelled and re-billed usage and charges; instead there would simply be a netting of the difference. This is basic information that customers need in order to understand the charges on their bills," WGES said.

"While WGES appreciates Pepco's efforts to retain the charges on the consolidated bill, those efforts alone do not do enough to make the transition to POR a seamless one for customers. As such, WGES urges the Commission to direct Pepco to find a more direct and less confusing way to present these charges to customers on the Pepco consolidated bill," WGES said.

Briefly:

Algonquin Energy Services Seeks Ohio, D.C. Electric Licenses

Algonquin Energy Services, Inc. has applied for electric supplier licenses in Ohio and the District of Columbia. In Ohio, Algonquin applied to serve commercial, mercantile, and industrial customers at Dayton Power & Light. In D.C., Algonquin applied to serve commercial and industrial customers. Algonquin Energy Services said that it serves 47 medium and large commercial non-residential customers in Maine, apart from acting as the Standard Offer provider for the large commercial customer group at Maine Public Service. Its current load totals 27 MW.

Utility Choice International Seeks Pennsylvania Broker License

Utility Choice International, LLC applied for a Pennsylvania electric broker/marketer and aggregator license to serve all customer classes in all service areas. Utility Choice International has served as a Marketing Services Consultant, as defined by 52 Pa. Code § 62.101, for Volunteer Energy Services in the Columbia Gas of Pennsylvania territory.

Mondre Energy Seeks Pennsylvania Broker License

Mondre Energy, Inc. applied for a Pennsylvania electric broker/consultant license to serve all customer classes in all service territories. Mondre offers various energy audit and demand-side services.

Sustainable Energy Works Seeks Ohio Broker License

Sustainable Energy Works LLC applied for an Ohio electric broker/aggregator license to serve commercial, mercantile, and industrial customers in all service areas. Sustainable Energy Works offers various energy management and efficiency solutions to commercial and industrial clients. Principal Scott Slisher was previously Managing Director of Customer Experience at Integrys Energy Services, and principal George Rooney was previously senior vice president for Marketing and Origination at AEP's ERCOT customer supply operation.

Md. PSC Opens Investigation of Curtailment Service Provider Licensing

Consistent with a Staff recommendation (Only in Matters, 8/12/10), the Maryland PSC has opened Case 9241 to determine (a) whether a Curtailment Service Provider that operates or will operate in Maryland is required to obtain a license pursuant to § 7-507 of the Public Utility Companies Article, Annotated Code of Maryland; and (b) if so, whether the Commission should require Curtailment Service Providers to submit periodic reports that contain necessary information to permit the Commission to assess the adequacy of Maryland's electricity supply. Staff's discussion regarding the legal and policy basis for licensure of curtailment service providers is more fully discussed in our Aug. 12 issue.

N.Y. Revamps Power to Choose Website

The New York PSC has launched a revised Power to Choose website (www.newyorkpowertochoose.com) which adds functionality and improves formatting and presentation versus the stop-gas site the PSC implemented upon taking the comparison site in-house last year. Notably, the revamped site allows customers to compare only selected products (through use of a check box feature) in addition to sorting products based on rate, product type, and green content. Also, customers may now create an excel spreadsheet or PDF of their comparisons. Offers are expressed in $ per kWh or therms, so ESCOs reporting to the PSC must be sure to report in the same format; several offers were apparently submitted as ¢ per kWh, affecting their placement when ranked by rate.

Citizen Power, Industrials Seek Review of Pennsylvania Stranded Costs

Citizen Power and the Pennsylvania Steel & Cement Manufacturers Coalition have filed a petition with the Pennsylvania PUC to review the stranded costs collected by utilities via the competitive transition charge. The groups claimed that the $12 billion collected via the CTC is unreasonable given that electric prices did not fall after restructuring, since the CTC was intended to compensate utilities for investments which were expected to become stranded due to lower prices.

Mass. DPU Approves Revised Long-Term Renewable Contracting Rules as Final

The Massachusetts DPU adopted as final revisions to its long-term renewable contracting rules previously adopted on an emergency basis to remove the restriction on out-of-state projects (10-58-A). The DPU declined to modify, as sought by TransCanada Power Marketing, language in the Purpose section of the regulations stating that the purpose is to, "facilitate the financing of renewable energy generation." TransCanada had sought clarification that such language would not be used to undervalue a bid from an out-of-state resource that otherwise meets statutory criteria.

ERCOT Records Peak Demand

ERCOT set a record peak of 65,715 MW between 4 p.m. and 5 p.m. yesterday, its fourth record peak this month. Weather-related disconnect for non-pay moratoriums continue in several areas. The CenterPoint moratorium has been extended for an eleventh consecutive day.

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mills/kWh charge that Staff proposed for the incremental cost component for residential customers.

The utilities also said that if the Allocated Cost component were adopted, the Commission should conduct a more detailed review of the method for calculating the costs for the component, as the companies do not believe that the use of sales dollars would be the most appropriate method.

While the utilities noted that Staff is not proposing to remove the so-called allocated cost from distribution rates, the companies stressed that they are, "concerned, however, that this proposal might be a first step in that direction, and [the companies] would oppose such a move."

The Office of People's Counsel opposed Staff's Allocated Cost component, suggesting, citing a Pepco data response, that some of the costs cited by Staff are already included in SOS rates.

"The most appropriate way to determine whether SOS costs are currently recovered through distribution rates is through a full evidentiary review in a distribution rate case of the Company's proposed functional unbundling of total system costs into distribution-related and SOS-related cost categories. This process would provide a record for the Commission to rely on to ensure that the only costs classified as SOS-related and recovered through the Administrative Charge are those incremental costs incurred as a result of providing standard offer service," OPC said.

Pepco and Delmarva opposed the Office of People's Counsel proposal to end the Administrative Adjustment, calling the recommendation premature. The Administrative Adjustment is an adder to SOS rates, which is refunded to all distribution customers.

While OPC has said that the Administrative Adjustment is no longer needed given the maturity of the retail market, Pepco noted that only 8.8% of its residential customers purchase competitive supply, while residential migration is less than 2% at Delmarva.

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without regard to the conclusion that the customer may draw from the answer. For example, if a customer asks a CSR how much money they saved last year by enrolling in an ESCO's Fixed Price Offering and the CSR provides an answer that makes it obvious the customer would have paid less if they had remained with full utility service, such a response would be a factual statement based upon movement of the market during the prior year," the joint utilities said.

"It would not be a negative characterization of the ESCO's products or practices, or intended to discourage any customer from choosing a particular supply provider. It would simply be a statement of fact," the joint utilities noted.

The joint utilities did not specify how CSRs would perform such shadow billing for the customer.

Furthermore, the joint utilities said they were willing to provide in the UBPs that utility CSRs should refer all questions on ESCO prices to the ESCO, "[p]rovided ESCOs are willing to abide by an analogous requirement when dealing with consumer questions about utility rates."

"After all, neither ESCO marketing representatives nor CSRs know what prices may be applicable to the other's service in the future," the joint utilities said.

As a counter-proposal to NEM's language, the joint utilities suggested that the following be included in the UBPs:

"In the context of prospective competitive service offerings, when responding to customer inquiries about price and service, the distribution utility may provide factual information about its own price and terms and may provide to the customer any pricing information set forth on a consolidated bill, but shall refer the customer to the ESCO for questions about the ESCO's prices and terms. Similarly, the ESCO may provide factual information about its own price and terms and may provide to the customer any pricing information set forth on a utility bill or website, but shall refer the customer to the distribution utility for questions about the distribution utility's prices and terms."

The joint utilities also objected to the, "effort by NYSEMC [New York State Energy Marketers

Coalition] to dictate the content of utility websites." NYSEMC had requested that utilities provide a direct link from their homepage to a list of approved ESCOs serving customers in their service area, and raised concerns about the design of the National Fuel corporate and distribution utility webpages (Only in Matters, 7/6/10).

"NYSEMC's request is yet another backdoor request to force utilities to market and promote retail access. Every utility in New York has website information concerning energy competition that is easy to reach with just a few clicks of the mouse," the joint utilities said.

"It is unnecessary and unreasonable to impose UBP requirements on where and how a utility must present specific information on their website or homepage. The primary function of the utility homepage is to provide customers with information on an array of varied but necessary and pertinent customer and utility information concerning accounts, safety, usage (including energy efficiency), billing, utility programs, and energy choice. By mandating a priority to ESCO choice over all other required or pertinent information, the utilities' ability to balance customer needs, state and federal requirements, and business needs would be compromised in favor of ESCO interests," the joint utilities added.

The joint utilities consisted of Central Hudson, Consolidated Edison, Orange and Rockland, National Fuel Gas Distribution, National Grid, New York State Electric & Gas, and Rochester Gas and Electric.