

Energy Choice

Matters

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Pa. PUC Approves Revised Purchase Of Receivables Program at Columbia Gas

The Pennsylvania PUC approved without modification a settlement implementing Columbia Gas of Pennsylvania's revised Purchase Of Receivables program (P-2009-2099333).

The settlement was first reported in *Matters* (Only in Matters, 4/21/10). When filed in April, the settlement called for a discount rate of 2.45% for all customer classes, representing Columbia's unbundled supply-related uncollectible accounts expense ratio (1.86%) plus a fixed administrative adder of 0.59%.

Since that time, the Commission has approved a revised uncollectibles percentage at Columbia in an order on Columbia's base rate case. In that order, the Commission, which permanently approved the unbundling of Columbia's uncollectibles, set the uncollectibles factor to be included in the Price to Compare at 1.66%. Accordingly, although this numeric rate is not listed in the settlement, the POR discount rate will be updated to reflect this revised rate, and will thus be 2.25%.

The settlement is explicit that, "Columbia will purchase NGS [supplier] receivables at a fixed reduced base discount rate to be based upon Columbia's experienced uncollectible accounts expense ratio as established in its then most recent base rate proceeding."

The discount rate was 5% under the POR program in place before the revisions.

Under the settlement, Columbia will implement the revised POR program nine months after issuance of a final order. Within six months of Commission approval of the POR program, Columbia will provide a good faith estimate of the costs associated with the implementation and administration

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Pa. Tentative Guidelines Would Limit Default Electric Renewals to Products Without Exit Fees

The Pennsylvania Office of Competitive Market Oversight is to issue for comment modifications to the interim guidelines governing renewals of competitive electric supply contracts. The proposal for comment, revised by the Commission at yesterday's public meeting, was not issued as of yesterday evening (M-2010-2195286).

The current guidelines do not address what shall occur if a customer fails to respond to a renewal notice sent by the electric generation supplier. OCMO initially recommended 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.

However, Commissioner Wayne Gardner disagreed with this recommendation, since it could potentially lock a customer into a contract for a year or even longer. Gardener suggested mirroring the language in an analogous regulation applicable to 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

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Md. PSC Approves SOS Pricing with Critical Peak Rebate at Pepco

The Maryland PSC endorsed Pepco's proposal to default SOS customers onto a product with a critical peak rebate upon the implementation of advanced meters (Case 9207). The PSC previously issued an abbreviated order on Pepco's smart meter plan, for purposes of facilitating potential federal stimulus funding, but that abbreviated order did not discuss the Commission's findings in detail.

Pepco has proposed three SOS pricing options for default residential, small commercial, and medium commercial customers upon the deployment of advanced metering. First, the default SOS product would be the otherwise applicable SOS rate combined with a critical peak rebate (CPR) that customers could earn for reducing usage during critical peak events. Under this product, customers would not be penalized for not reducing usage.

Notably, unlike at Baltimore Gas & Electric where all customers are eligible for the critical peak rebate, Pepco's critical peak rebate is explicitly an SOS pricing option, and thus would only provide rebates to customers on SOS.

The second SOS option was an opt-in critical peak pricing product. The third option was the normal SOS rate paid under the first option, but without the ability to earn a critical peak rebate.

The Commission concluded that the third option -- the normal SOS price without a critical peak rebate -- is superfluous since customers under the default critical peak rebate option will pay the same price, with the opportunity to earn an additional rebate and with no adverse consequences or risk.

"We find that presenting customers with a choice between an SOS rate schedule and a CPR rate schedule is redundant, potentially confusing, and unnecessary to protect those customers who either cannot or will not reduce their electricity consumption during critical peak periods. We therefore approve the concept of a dynamic rate schedule that will combine the SOS rates in effect at the time the schedule is implemented with the CPR opportunities available to residential, small commercial, and

medium commercial customers once AMI has been installed," the Commission ordered.

The PSC also declined to approve a critical peak pricing (CPP) rate structure at this time, even on an opt-in basis, and also rejected an alternative proposal from the Maryland Energy Administration for a voluntary real-time pricing tariff.

"We are persuaded that at this early stage of the Companies' AMI initiative, the risk is too great that customers will opt for CPP with the hope or expectation of lowering their bills, only to find that, at least initially, the CPP rate results in higher bills," the Commission said.

"Our concern in this regard is particularly acute because the Companies contemplate that once a customer has selected the CPP option - or either of the other two pricing options, for that matter - the customer would not be permitted to change his or her selection but once per year. Our concern is heightened further still by the Companies' lack of a detailed customer education and communications plan that would help ensure that customers make fully informed choices from the outset," the PSC added.

The Commission also ordered the creation of a working group to address several dynamic pricing implementation matters, specifically including harmonization between the definition of critical peak events at Baltimore Gas & Electric and Pepco.

The Commission's order deferred consideration of Delmarva's joint request for approval of an advanced metering deployment plan.

Briefly:

Stream Energy Receives Pennsylvania Electric License

Stream Energy was granted a Pennsylvania electric generation supplier license to serve residential and all sizes of commercial customers in all service areas. Stream's Pennsylvania application was exclusively reported by *Matters* (Only in Matters, 6/16/10).

City of Dallas Files to Become Option 2 REP

The City of Dallas Texas has submitted an application for an Option 2 REP certificate, with

its affidavit listing the customers to be served as an Option 2 REP including only municipal loads. As previously reported, Priority Power Management, LLC is aiding Dallas in becoming a REP (Matters, 8/9/10).

Just Energy Network Marketer Expands to Ohio Gas Market

Momentis, Just Energy's network marketer, said that it is expanding into the Ohio natural gas market, specifically the Dominion East Ohio and Columbia Gas territories.

Pennsylvania Energy Consortium Receives Pa. Broker License

The Pennsylvania PUC granted Energy Services Management of Pennsylvania, trading as the Pennsylvania Energy Consortium, an electric broker license to serve all sizes of non-residential customers in all service areas. As only noted in *Matters*, Energy Services Management of Pennsylvania is led by Steve Rosenstein, who runs similarly named brokers in Maryland and the District of Columbia (Only in Matters, 7/5/10).

Rapid Power Management Receives Pa. Broker License

The Pennsylvania PUC granted Rapid Power Management LLC an electric broker license to serve commercial customers over 25 kW and industrial customers at West Penn Power, Penn Power, Duquesne Light, and Penelec.

Texzon Utilities Receives Pa. Broker License

The Pennsylvania PUC granted Texzon Utilities Ltd. an electric broker license to serve all classes of customers in all service areas (Only in Matters, 7/19/10).

Prospect Resources Receives Pa. Broker Licenses

The Pennsylvania PUC granted Prospect Resources Inc. both electric and natural gas broker licenses to serve all sizes of commercial, industrial and governmental customers in all service areas (Only in Matters, 4/9/10).

Commercial Utility Consultants Receives Expanded Pa. Broker License

The Pennsylvania PUC granted Commercial

Utility Consultants an expanded electric broker license to include marketing to residential customers (Only in Matters, 7/19/10).

Paragon Advisors Receives Expanded Pa. Broker License

The Pennsylvania PUC granted Paragon Advisors LLC an expanded electric broker license to include marketing to commercial customers over 25 kW, industrial customers, and governmental customers in all service areas, in addition to its current authorization to serve these customers at PPL (Only in Matters, 7/28/10).

Maryland Energy Trust Receives Maryland Broker License

The Maryland PSC granted Maryland Energy Trust, LLC an electric broker license to serve residential, commercial, and industrial customers.

Freedom Logistics Receives Conn. Aggregator License

The Connecticut DPUC granted Freedom Logistics, LLC an electric aggregator certificate to serve commercial, industrial, municipal, and governmental customers (Only in Matters, 6/18/10).

Verso Maine Energy Seeks Maine Supplier License

Verso Maine Energy, LLC, an affiliate of Verso Paper, applied for a Maine competitive electric provider license to self supply its affiliated load.

Reliant Energy Named Official Supplier of Houston Rockets

Reliant Energy has signed an agreement with the Houston Rockets making Reliant Energy the official electricity supplier to the team and Toyota Center.

Broker Lower Electric Bill Today Offering Free Energy Audits in Conn.

Online broker Lower Electric Bill Today said that it is offering free home energy audits for Connecticut residents who switch energy providers via its website (www.LowerElectricBillToday.com).

DPUC Re-opens Public Power License Docket to Determine Whether Change in Control Has Occurred

The Connecticut DPUC re-opened the electric licensing docket (07-06-13) of Public Power LLC to investigate and determine whether Public Power's license, "has effectively been transferred without the Department's prior approval as required pursuant to Conn. Gen. Stat. §16-245(j)." On October 17, 2007, the DPUC issued Public Power & Utility, Inc. a license. Effective March 19, 2010, the company legally changed its name and began operating as Public Power, LLC, with identical ownership. On July 27, 2010, Public Power informed the DPUC that Robert Gries, Jr. had assumed the role of President & CEO, and that David Pearsall was no longer acting as President. Similar to a draft decision (Only in Matters, 8/20/10), the final order does not include any discussion of what constitutes a transfer of a license (e.g. whether it includes a legal reorganization or change in management) and which of the enumerated events, if any, prompted the investigation. Under section 16-245(j) of the General Statutes of Connecticut, no electric supplier license may be transferred without the prior approval of the Department. Further, the Department is authorized to assess additional licensing fees to pay the administrative costs of reviewing a request for such transfer.

DPUC Approves CL&P Metering Rates

The Connecticut DPUC approved Connecticut Light & Power's revised Electric Restructuring Rates and Charges under a decision in Docket 98-01-02RE04. The new rates, which were approved as filed and relate to various metering options (such as Pulse Output) and off-cycle reads, were previously detailed in our March 21, 2010 story.

Citizens', Wellsboro Post Updated Generation Rates

Citizens' Electric Company of Lewisburg filed a Generation Supply Service Rate of 8.2207¢ per kWh for the period October 1 through December 31, 2010, an increase from the current 6.9464¢ per kWh charge. Wellsboro Electric Company's Generation Supply Service Rate for the period October 1 through December 31, 2010 is

7.2044¢ per kWh, down from the current 7.5398¢ per kWh charge.

Gexa Energy Connecticut Changes Name to NextEra Energy Services

Gexa Energy Connecticut LLC informed the Connecticut DPUC that effective September 1 it has legally changed its name to NextEra Energy Services Connecticut, LLC.

Md. PSC Schedules Winter Gas Supply Conference

The Maryland PSC scheduled for October 20 a conference to review preparations for the upcoming winter natural gas season, including discussions of preparations to meet the gas market demand, as well as expectations of market conditions for the 2010-2011 winter (PC 23). The PSC directed LDCs to detail the costs of summer hedges for storage injection, other summer storage injection costs, and the cost of any 2009-2010 winter hedges for gas delivery. Additionally, LDCs and suppliers were directed to discuss the potential costs and benefits from hedging for summer 2011 injections and other future periods given the current level of natural gas prices.

Study Finds PG&E Smart Meters Accurate

Laboratory testing, field meter testing, and end-to-end system testing by The Structure Group determined that all of the more than 750 tested Pacific Gas & Electric advanced meters were working accurately and that customer billing matched the expected results. Structure's evaluation identified multiple factors that appeared to contribute to the escalation of smart meter-related high bill complaints, including PG&E's customer service practices. Structure noted that in some complaint cases, customers experienced multiple cancelled bills followed by re-billing, which exacerbated customer confusion and frustration. In addition, customers indicated to Structure that there was a lack of communication and notification from PG&E about their smart meter installation.

Calif. PUC Approves SDG&E Solar PV Program

The California PUC approved a 100 MW solar photovoltaic (PV) program at San Diego Gas &

Electric to support the development of 1-5 MW distributed solar installations, with 74 MW of the generation to be competitively owned, and 26 MW to be utility owned (A.08-07-017). The total reflects an increase from an earlier draft which would have limited the project to 52 MW, 26 MW for competitive projects and 26 MW for utility owned projects (Matters, 7/14/10). The capital cost for the 26 MW of utility-owned projects under this program will be capped at \$3.50/watt. The operations and maintenance cost will be capped at \$25/kilowatt-year. The cost of the 74 MW procured under competitive power purchase agreements will be capped at \$235/megawatt-hour.

Pa. PUC Modifies UGI Central Penn Storage Refund Settlement to Ensure Competitive Neutrality

The Pennsylvania PUC adopted a motion from Chairman James Cawley to modify a stipulation concerning the transfer of certain UGI Central Penn Gas storage facilities to UGI Storage, Inc. for use in interstate commerce, so that a refund provided to customers under the stipulation is competitively neutral (P-2009-2145774).

Central Penn Gas is transferring the storage facilities, whose costs are currently included in base rates, to UGI Storage, Inc. Currently, 20% of the capacity from the storage facilities is used by Central Penn Gas to provide storage service to its purchased gas cost customers.

The costs for these storage services are recovered in both the Purchased Gas Cost (PGC) charge and base rates. A total of \$351,278 related to these assets is currently included in base rates for the residential and general service customer classes.

The stipulation calls for a credit to be paid to customers due to the transfer of the assets through the E-factor component of the PGC.

"Although the Stipulation adequately addresses the mitigation of potential storage cost increases, the means of crediting customers under the Stipulation creates many price distortions and allocates costs to the wrong accounts. It also would likely create unjust rates for some shopping customers," Cawley said.

"While the E-factor would provide rate relief

to PGC customers, it would not provide rate relief to customers who may participate in retail choice in the future after the expiration of the migration rider. Since the base rates under the Stipulation were not reduced, shopping customers would continue to pay these costs in both base rates and assigned capacity or balancing services. Furthermore, shopping customers would not receive the benefit of the storage credits once the migration rider no longer applies to them. The Stipulation also proposes to allocate \$207,427 in acquisition credits related to the acquisition of PPL Gas Utilities Inc. to the E-factor. This credit is unrelated to purchase gas costs, yet PGC customers will get a credit until UGI-CGP's [sic] next base rate case takes effect. After expiration of the migration rider, shopping customers will no longer receive this credit," Cawley added.

The Stipulation also provides that the C-factor component of PGC rates will include the new, higher "Future Demand Cost", or FDC, which is then reduced to the "Current Demand Cost", or CDC, by providing another E-factor credit equal to the difference between the FDC and the CDC. "This artificially inflates the C-factor rate, thus distorting the price to compare used by customers to make shopping decisions. The price distortions created by this mechanism would continue even after the filing of the base rate case by UGI-CPG," Cawley said.

Cawley moved that the stipulation should be adjusted to reflect the following changes:

1. The distribution rates should be reduced by \$351,278, consistent with the original Petition.

2. The PPL Gas Utilities Inc. acquisition credit of \$207,427 should be allocated to distribution service, thus further decreasing distribution rates.

3. The net demand cost of storage (FDC minus the Storage Credit) equal to the CDC should be reflected in the C-factor of the PGC rates. The net demand cost of storage is \$488,399.

4. The cost of any assigned storage capacity, or such capacity used in balancing services for shopping customers, should be at cost.

Md. PSC Letter Orders Confirm Disparity in Provision of Type II SOS Price Comparison Info

Letter orders issued by the Maryland PSC yesterday concerning the utilities' SOS Supply Price Comparison Information confirm the Commission's verbal directions at Wednesday's administrative meeting, and do not clear up any confusion concerning the applicability of the information to Type II customers created during the meeting.

As noted by *Matters* yesterday (9/2/10), the Commission at its Wednesday meeting instructed Allegheny Power to provide the SOS Supply Price Comparison Information on the bills of Type II customers, and perhaps even hourly customers, in addition to Type I and residential customers.

That broad direction was memorialized in the letter order, which directed Allegheny to, "include the supply charge comparison information on both residential and non-residential customer's bills." No limitation regarding the classes of non-residential customers covered by the order was contained in the letter order.

However, the letter orders for Baltimore Gas & Electric, Pepco, and Delmarva contain no direction for the utilities to provide SOS Supply Price Comparison Information on Type II customer bills, as has been suggested at Allegheny.

As previously reported, BGE, Pepco, and Delmarva are only providing the SOS Supply Price Comparison Information for Type I customers, and the letter orders made no issue of the exclusion of Type II customers from the comparison information as provided in each utility's compliance plan.

At BGE, the Commission simply noted BGE's compliance filing, and ordered no changes.

At Pepco and Delmarva, the PSC directed the utilities to include all bypassable charges in the SOS Supply Price Comparison Information (including the procurement charge adjustment, see discussion in our 9/2/10 issue), but ordered no other changes.

Gexa to Pay \$65,000 to Resolve Allegations Under PUCT Consumer Protection Audit

Gexa Energy would pay \$65,000 under a settlement with PUCT Staff to resolve Staff's allegations that Gexa violated 17 provisions of the Substantive Rules (38632). Among other things, a Staff audit alleged:

- Public access to historical prices for variable rate products was restricted by requiring a "product code," contrary to Subst. R. 25.475(c)(2)(G)
- A statement regarding the price for the next bill was missing [Subst. R. 25.475(d)(2)(C)]
- Actual recurring charges were missing for the Electricity Facts Label [Subst. R. 25.475(g)(2)]
- Gexa did not obtain or confirm ESI-IDs during the verification process [Subst. R. 25.474(h)(5)(B)(ii)]

Prior to entering the settlement, Gexa has corrected all of the deficiencies listed in the audit.

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of the POR program to be recovered through the administrative adder, though the estimate will be for informational purposes only and will not be binding upon Columbia. The POR program will not include a reconciliation mechanism for uncollectibles.

POR will be mandatory for suppliers using Columbia's consolidated billing. Furthermore, the settlement retains the all-in/all-out requirement for POR participation in the residential class.

A competitive supplier that chooses Columbia's consolidated billing option for its Rate SCD (Small Commercial Distribution) accounts will be required to sell its accounts receivables to Columbia. Effective 18 months after issuance of a final order, a supplier may choose Columbia's consolidated billing option or issue its own bills (dual billing) for all or a portion of its Rate SCD Choice accounts. If a supplier elects to issue its own bills for all or a portion of its Rate SCD customers, those dual billed accounts cannot be included in POR, though other accounts billed on utility consolidated

billing may be included in POR. The 18-month delay in providing the small commercial part-in/part-out option to suppliers is due to billing system modifications needed to implement the mechanism.

Per the stipulation, Columbia will purchase only receivables associated with natural gas supply charges and no other services that may be provided by competitive suppliers. The natural gas supply charges eligible under the POR program will not include any charges associated with the following: carbon based attributes, including value added green products such as carbon offsets; termination fees; energy efficiency service or equipment; a non-recurring charge billed by a supplier for calling the supplier's call center or negotiating a payment plan; security deposits charged by a supplier; or other equipment or services provided by a supplier, such as heating equipment repairs or maintenance policies.

Suppliers participating in Columbia's POR program must agree not to reject new customers based upon credit issues or payment histories, nor may they require a separate security deposit. Columbia will have the right to terminate a customer for failure to pay the full amount of purchased receivables and require full payment for reconnection in accordance with the service termination provisions of Chapter 14 of the Pennsylvania Public Utility Code and Chapter 56 of the Commission's regulations.

The settlement provides that Columbia's POR proposal did not intend to require competitive suppliers to include the customer's zip-plus-four zip code in the enrollment confirmation when the supplier enrolls a customer telephonically, and Columbia's proposed tariffs have removed that inadvertent requirement.

In the event that either Columbia or a supplier were to declare bankruptcy, the non-bankrupt party may elect to terminate consolidated billing, and such election shall become effective for customer billing 90 days following the election. If consolidated billing is terminated by a supplier's election, the supplier may not return to consolidated billing for one year following the effective date of such election. If consolidated billing for an individual supplier is terminated by Columbia's election, the supplier may not return

to consolidated billing until it emerges from bankruptcy.

Columbia's provision of a POR program is voluntary and Columbia retains the discretion to terminate the program. However, the stipulation provides that in the event that Columbia decides to terminate the program, Columbia shall provide at least three months advance notice to all parties to the POR proceeding and to any natural gas supplier participating in the POR program.

Columbia said in its statement of support that any further attempts by parties to unbundle other costs from Columbia's base rates, which could place Columbia at an unacceptable risk of stranded costs, could prompt it to re-evaluate and elect to terminate the POR program.

Columbia retains the right to propose changes to the POR program in the future, subject to Commission approval.

Though the PUC made no modifications to the settlement, Chairman James Cawley urged Columbia to address two issues in future revisions to the plan.

First, while Cawley recognized that Columbia is voluntarily offering the program, he said that three months does not provide enough notice or certainty for suppliers if Columbia elects to withdraw the program.

Second, Cawley noted that the settlement does not provide an exception to the all-in/all-out requirement when Columbia is unable to bill for a supplier's basic supply services or bundled non-basic services due to Columbia's billing program design or system limitations. Suppliers should be able to separately bill for supply services under such circumstances, Cawley said.

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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."

"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," Gardner said.

The PUC accepted a motion from Gardner to revise OCMO's proposal for comment to reflect Gardner's recommendation on this issue.

The current guidelines also require the electric generation supplier to issue a contract renewal notice that lists the Price to Compare. However, given the quarterly adjustment of the Price to Compare in some areas, OCMO noted that the Price to Compare may not be known at the time the renewal or contract expiration notice is sent.

The recommended solution by OCMO is to require an estimated Price to Compare in the notice, a clear statement that it is an estimate, and instructions on how and when to obtain an accurate Price to Compare.