

COMMONWEALTH OF PENNSYLVANIA
HOUSE OF REPRESENTATIVES

CONSUMER AFFAIRS COMMITTEE
PUBLIC HEARING

STATE CAPITOL
HARRISBURG, PA

RYAN OFFICE BUILDING
ROOM 205

TUESDAY, MARCH 23, 2021
10:00 A.M.

PRESENTATION ON
STATE OF THE ELECTRICITY MARKET

BEFORE:

HONORABLE JIM MARSHALL, MAJORITY CHAIRMAN
HONORABLE SHERYL DELOZIER
HONORABLE JOE EMRICK
HONORABLE FRANK FARRY
HONORABLE ROB KAUFFMAN
HONORABLE RYAN MACKENZIE
HONORABLE THOMAS MEHAFFIE
HONORABLE CARL WALKER METZGAR
HONORABLE BRETT MILLER
HONORABLE ERIC NELSON
HONORABLE TINA PICKETT
HONORABLE CHRIS QUINN
HONORABLE THOMAS SANKEY
HONORABLE TODD STEPHENS
HONORABLE MARTINA WHITE
HONORABLE RYAN WARNER
HONORABLE ROB MATZIE, DEMOCRATIC CHAIRMAN
HONORABLE DONNA BULLOCK
HONORABLE FRANK BURNS
HONORABLE AUSTIN DAVIS
HONORABLE MARTY FLYNN
HONORABLE STEVEN MALAGARI
HONORABLE KYLE MULLINS
HONORABLE DARISHA PARKER

BEFORE (cont'd):
HONORABLE PETER SCHWEYER
HONORABLE PAM SNYDER

* * * * *

*Pennsylvania House of Representatives
Commonwealth of Pennsylvania*

I N D E X

TESTIFIERS

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SUBMITTED WRITTEN TESTIMONY

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(See submitted written testimony and handouts online.)

P R O C E E D I N G S

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3 MAJORITY CHAIRMAN MARSHALL: I hereby call this
4 informational hearing of the House Consumer Affairs
5 Committee to order.

6 I'll remind everyone that this meeting is a
7 hybrid style meeting. It is being recorded. If we have
8 any connectivity issues, we'll pause the hearing until we
9 can get the issue fixed. We'll save all questions from our
10 members until the three members testify. Please silence
11 your phone.

12 I'd like to welcome our three testifiers today.
13 The first is Greg Dudkin, President of PPL Electric
14 Utilities. The second is Tony Cusati, Director of RESA.
15 Third is Scott Hudson, the Executive Vice President of
16 Vistra Energy and President of Vistra Retail. Thank you
17 all for joining us today. I look forward to hearing from
18 each of you.

19 Chairman Matzie is attending virtually and our
20 in-person chair is Chair Schweyer. Does Chairman Matzie
21 have any opening remarks? Representative Schweyer, any
22 remarks?

23 REPRESENTATIVE SCHWEYER: Just very briefly.
24 Thank you, Mr. Chairman. First and foremost, I will be
25 placing an order for new business cards, so thank you very

1 much for that. And as we all love a title here, I'll take
2 whatever ones I can get.

3 But anyway, sir, I just appreciate the
4 opportunity to join the committee today. This is an
5 important topic. One that we have heard quite a bit about
6 in our districts from our friends in the utility sector,
7 both in the retail side and the distribution side, and
8 certainly something that is a matter to all of our
9 constituents.

10 So just very quickly, I look forward to
11 participating in this hearing, so I thank you, sir.

12 MAJORITY CHAIRMAN MARSHALL: Thank you, sir.
13 President Dudkin, we're ready when you are, sir. Your
14 call. You can always move the microphone closer if need
15 be. And if the green light's on.

16 MR. DUDKIN: [inaudible] benefit from shopping as
17 they have energy managers to research rates and enter and
18 manage contracts. But our residential and small business
19 customers are not seeing the same level of success. I'm
20 increasingly concerned that rather than lowering
21 electricity prices, the current retail market structure is
22 resulting in higher prices creating significant negative
23 consequences.

24 My testimony moving forward will center on our
25 recommended solutions to make shopping more successful for

1 our residential and small business customers.

2 Based on our observations and research, we have
3 identified three major issues that I want to bring to your
4 attention.

5 First, the majority of residential and small
6 business shopping customers are paying more than price to
7 compare. Number two, deceptive marketing practices are
8 being used to acquire these customers. And three,
9 customers are developing distrust in the retail market and
10 having a poor customer's experience as a result.

11 Our team has been tracking customer rates and I'm
12 alarmed at the numbers that I'm seeing. In fact, most of
13 our shopping customers are not saving money. In the 12
14 months ending February 2021, of the group paying more than
15 price to compare, residential customers paid about \$97
16 million more and business customers paid about \$34 million
17 more. Please note that this time period and amounts are
18 updated from the information submitted from my written
19 testimony.

20 And it's not just one bad actor that's causing
21 this. About 64 percent of suppliers are charging more than
22 half of residential customers a rate that is higher than
23 price to compare. And about 79 percent of suppliers are
24 charging more than half of their small business customers a
25 rate that is higher than price to compare.

1 Secondly, I believe many of these customers were
2 duped into paying more because of a lack of transparency
3 and use of deceptive marketing practices.

4 One of the most prominent deceptive marketing
5 practices reported is using the name PPL and solicitations
6 to make customers believe the offer is endorsed or even
7 coming from us. Likewise, suppliers will reference the PPL
8 bill when calling customers to avoid identifying the call
9 is on behalf of the supplier.

10 Suppliers are also advertising gift cards and
11 prize giveaways in a deceptive way in order to entice
12 customers. This tactic appears to target some of our most
13 vulnerable populations, older customers and customers with
14 fixed incomes.

15 The use of these tactics is particularly
16 troublesome when it lures customers into unknowingly
17 signing up for variable rates. The issue with bating
18 customers into variable rates was highlighted during the
19 2014 polar vortex in Pennsylvania. During that time,
20 customers who sign up with suppliers with a variable rate
21 saw their price spikes with extremely cold weather. The
22 recent scenario in Texas is an eerie reminder of what
23 occurred to us in Pennsylvania. Texans saw their variable
24 rates soar and are now saddled with thousands of dollars in
25 utility bill balances.

1 During the 2014 vortex, the Pennsylvania
2 legislature made the decision that electric utilities
3 needed to change their system so customers could switch
4 suppliers within three days. Electric utilities
5 implemented that change shortly thereafter. Seven years
6 later, however, the same underlying issues remain.
7 Shopping customers continue to pay more and ultimately are
8 not protected from future polar vortex events that could
9 send their rates soaring.

10 Lastly, the culmination of deceptive marketing
11 practices, nuisance telemarketing calls, and high bills is
12 causing customers to lose trust in the overall retail
13 electricity market and return to default service, never to
14 shop again. In 2019, alone, roughly 40,000 of our
15 residential customers returned to default service.

16 While we continue to do everything we can to
17 ensure our customers are making informed decisions, we do
18 believe there is a need for greater transparency,
19 accountability, and clarity for customers around rates and
20 contract terms.

21 Before I transition to my recommend solutions, I
22 want to take a moment to recognize the PUC for several
23 recent actions taken in this area.

24 In late, 2020, the PUC ruled in PPL's default
25 service plan filing that customers enrolled in customer

1 assistance programs which is called CAP for low income
2 customers, must remain on default service at our price to
3 compare rate. In our filing, we informed the PUC that well
4 over 60 percent of these CAP customers that shopped, paid
5 rates above the price to compare, using up the credits they
6 received through the CAP Program at a much faster rate.

7 The PUC also issued amendments to the CAP policy
8 statement and new disclosure regulations went into effect
9 requiring suppliers provide more concise information to
10 customers on the price and terms of the rates they are
11 paying.

12 Finally, the PUC has committed to looking at
13 updates to the current Chapter 111, regulations around
14 supplier marketing and sales practices.

15 While these actions by the PUC are steps in the
16 right direction, more needs to be done. Therefore, I ask
17 this committee to consider the following as a starting
18 point.

19 First, reject House Bill 548 and supplier
20 consolidated billing which would allow suppliers to take
21 over the customer utility bill. House Bill 548 would make
22 suppliers responsible for important, heavily regulated
23 customer service functions. If billing switched to the
24 suppliers, the programs would no longer be regulated with
25 the same rigor. These services are more appropriately

1 provided by public utilities. Because many suppliers are
2 not equipped to handle billing, House Bill 548 favors large
3 suppliers and will decrease competition.

4 Also, consolidated billing by suppliers creates
5 customer confusion about who to contact when they have a
6 service issue and increases duplication of services.

7 Most importantly, deceptive marketing continues
8 to be an issue among suppliers and suppliers are
9 benefitting greatly from customer confusion and
10 inattention, especially around introductory rates.

11 If we just pause to think about this practically,
12 how closely do each of you monitor your utility bill, your
13 kids, parents, or like we often find ourselves, are they
14 busy living their life and not regularly monitoring their
15 rates.

16 Allowing suppliers to have full control over the
17 bill, puts customers at a further disadvantage and
18 completely handicaps electric companies from protecting
19 customers.

20 Second, I ask that you request that suppliers
21 provide detailed information about agreements to electric
22 companies and the PUC so electric companies can augment
23 supplier notifications.

24 We currently have access to bill ready
25 information that provides the final amount the customer is

1 being charged, but no specific agreement details. Due to
2 this limited information, we are unable to answer customer
3 questions about rate increases or provide supplemental
4 customer notifications before rates increase. Rate ready
5 information combined with promotion end dates and
6 termination dates would provide us the necessary
7 information needed to supplement supplier notifications and
8 help customers pay more attention to their agreement, so
9 they can take appropriate action.

10 Third, we must develop tighter restrictions
11 around introductory promotional teaser rates and variable
12 rates. Suppliers have a right to market their goods,
13 however, they should not be allowed to market in a way that
14 is intentionally deceptive or takes advantage of customer
15 inattention and confusion.

16 When the legislature last examined this issue in
17 the aftermath of the 2014 polar vortex, then Committee
18 Chairman Bob Godshall entered his legislation, House Bill
19 2104, to place reasonable limits on these type of rates. I
20 encourage this committee to take a second look at that
21 proposal. The bill included a prohibition on introductory
22 or teaser rates of less than 60 days, as well as, cap
23 variable rates at 30 percent of the kilowatt hour rate
24 charge during the preceding billing cycle.

25 Fourth, require a greater accountability by

1 suppliers.

2 At the end of the day, even if the changes above
3 are instituted, suppliers must also be held accountable
4 through additional reporting to the PUC in several relevant
5 items such as numbers and types of customer inquiries on a
6 quarterly basis, maintaining recordings of calls between
7 customers and employees and third party agents for a period
8 of no less than one year and furnish those recordings upon
9 PUC request for the purposes of investigating deceptive
10 marketing practices.

11 Suppliers should also be required by law to
12 respond to customer inquiries related to customer -- to
13 contract provisions and rates charged within 48 hours of
14 the customer's initial outreach.

15 In closing, I would strongly reiterate that PPL
16 supports the electric retail market, but believes a
17 thorough review by the Pennsylvania General Assembly is
18 long overdue. In the 12 months ending February 2021, PPL
19 residential and small business shopping customers paying
20 more than price to compare, paid a total of \$131 million
21 more. This alarming stat aligns with what all Pennsylvania
22 customers are facing. As the *Wall Street Journal* reported,
23 that in 2019, residential customers who opted to go with
24 retail providers, paid \$383 million more than they would
25 have paid for a default service.

1 Between our customer base losing trust in the
2 electric utility market and the decline in shopping, the
3 time to act is now. If we don't, we not only turn our back
4 on what is right for our customers, but risk a repeat of
5 our 2014 polar vortex.

6 I thank you all for your time and hope we can
7 help customers soon realize the intended benefits of the
8 deregulated electric retail market. I would be happy to
9 answer questions after the other speakers. Thank you.

10 MAJORITY CHAIRMAN MARSHALL: Thank you, Mr.
11 Dudkin. Mr. Cusati, we're ready for your testimony.

12 MR. CUSATI: Good morning, Chairman Marshall,
13 Chairman Matzie, and Chairman Schweyer, and members of the
14 committee.

15 My name's Tony Cusati and I am the Director of
16 Regulatory Affairs for IGS Energy and Chairman of the PA
17 Caucuses of the Retail Energy Supply Association. Thank
18 you for the opportunity to address you here today.

19 IGS is a privately owned company based in Dublin,
20 Ohio, operating since 1989 and employs over 1,000
21 individuals and serves over 1 million customers nationwide.
22 And we are proud of the fact that our company's been voted
23 three years in a row as one of the best places to work.

24 We are a licensed electricity, electric
25 generation, and natural gas supplier here in the

1 Commonwealth and maintain three sales offices which employs
2 over 40 individuals.

3 In addition to the commodity business, we have
4 the IGS Solar Division which installs, owns, and operates
5 solar installations at the residential and commercial
6 level, a home warranty product services division, and a
7 division of construction [inaudible], compressed natural
8 gas filling stations in Ohio, West Virginia, Illinois, and
9 Pennsylvania.

10 Last summer, IGS went totally green and we're
11 taking steps toward becoming carbon neutral by 2040.
12 Starting with green energy, green electricity, and carbon
13 natural -- carbon neutral natural gas for new residential
14 customers and current residential customers who renew with
15 IGS.

16 RESA is a broad and diverse group of retail
17 energy suppliers who share the common vision that
18 competitive retail energy markets deliver a more efficient
19 customer oriented outcome than the regulated utility
20 structure.

21 I appear before you today representing the 17
22 members of RESA who work cooperatively on a national and
23 state-by-state basis with all stakeholders to promote
24 vibrant and sustainable retail energy markets for
25 residential, commercial, and industrial customers.

1 You've been provided copies of my presentation
2 for today's hearing. I will focus my comments on four of
3 the slides in that package and I will draw your attention
4 to Page 7, which I will share on the screen for you all to
5 see right at the moment.

6 This is an analysis of price performance in
7 Pennsylvania over the 21 year period from 1998 to 2019,
8 which compares the price change in electricity rates
9 between the competitive or restructured states to the
10 monopoly states for all classes of customers. Notice I
11 used the word restructured, not deregulated. Competitive
12 suppliers are highly regulated.

13 As indicated by the red arrow on the graph,
14 Pennsylvania ranks number one in price change performance
15 in the country over the 21 year period. In other words, PA
16 experienced a 25.3 percent increase in electricity prices
17 over that period of time, compared to the 67 percent
18 experience in the monopoly states. This chart demonstrates
19 the energy choice of Pennsylvania is working and is working
20 quite well.

21 I'll now share my next chart with you. This
22 chart is the Pennsylvania Residential Choice States chart
23 that breaks out the price change performance for
24 residential class customers and it, too, shows some
25 remarkable results. Over the same period of time, the

1 price change for residential customers is 39.7 percent
2 compared to the monopoly states price change of 64.2
3 percent, ranking Pennsylvania #8 in the country.

4 I'd also like to point out that in looking at the
5 residential chart, 10 out of the 14 restructured states
6 which are the green bars on this chart, fall within the
7 lower 58 percent range in the price change graph. Again,
8 it's obvious that choice is working for the residential
9 segment as well.

10 Next, I'd like to draw your attention to Page 9
11 title Energy Markets Savings Report for January 2021. Each
12 month for the -- all of the restructured markets, RESA
13 analyzes the public supplier rate information is available
14 on the various state commission websites and applies the
15 best deals available to the number of customers who are not
16 shopping.

17 What this analysis demonstrates, that for the
18 month of January is a potential savings of PA customers
19 compared to the utility price to compare of over \$91
20 million if all customers took advantage of shopping and
21 selected the lowest prices available compared to the
22 utility price to compare. Granted, not all customers will
23 shop and take advantage of the savings, but the point here
24 is not all commodity products that suppliers offer are
25 rates that are higher than the price to compare.

1 And then lastly on Page 10, I'll turn -- I'll
2 draw your attention to this analysis which compares the
3 supplier prices to the utilities price to compare and is
4 simply an apples to oranges comparison. Among several
5 factors that are not considered in the analysis is the fact
6 that supplier pricing includes not only the full cost of
7 procuring commodity, but products and services and other
8 components as part of the supplier pricing.

9 Some examples are home protection and warranty
10 plans which could cost upwards over \$50 a month if
11 purchased independently. Green products, and in some
12 cases, a 100 percent green product which could come with a
13 premium. And in addition to that, energy efficiency
14 products which help the consumer manage the energy needs
15 and additionally, supplier plans including a variety of
16 fixed products which range from terms from three months to
17 more than three years.

18 These plans do come with a premium, but provide a
19 fixed rate over the long-term and are preferred by many
20 customers when making their choice since they have a desire
21 to stay away from variable rates. This is the same theory
22 that customers choose when they are shopping for home
23 mortgages. That is fixed rate mortgages versus variable
24 rate mortgages and select what it is they are most
25 comfortable with.

1 So in closing, I'd like to add that RESA supports
2 Senate Bill 277 and House Bill 548 which was introduced
3 recently. Senate Bill 277 addresses three specific areas
4 of retail enhancements. It facilitates the process when
5 consumers switch from default service by allowing customers
6 to select or change electric or gas suppliers by providing
7 personally identifiable information rather than a utility
8 account number.

9 Number two, it identifies all costs associated
10 with providing default energy supply to consumers and
11 appropriately allocates that cost between supply and
12 distribution rates. This is also known as unbundling.

13 Number three, a component for supplier training
14 and testing. Suppliers will be required to pass an online
15 training and certification exam and be certified by the
16 Public Utility Commission in order to be eligible to obtain
17 a supplier license.

18 As for House Bill 548, this is a piece of
19 legislation that allows suppliers to implement supply or
20 consolidated billing. This will enable customers to
21 receive a single bill from their supplier that includes
22 charges for the supplier's competitive supply charges and
23 utilities tariff delivery charges. No longer would
24 suppliers have to rely on their biggest competitors to send
25 out their monthly bills and manage collections for their

1 customers. It would allow customers to gain access to more
2 innovative products and services, including the
3 enhanceability to utilize tools that enable them to budget
4 their energy dollars more effectively and manage their
5 energy needs efficiently.

6 I'd like to point out that the neighboring State
7 of Maryland, Public Service Commission did approve a
8 petition to allow supplier consolidated billing. That
9 petition was approved in May 2019 and the petitioners along
10 with many stakeholders, big and small alike have been
11 participating in ongoing working groups for almost the past
12 two years to develop rules and processes for successful
13 supplier consolidated billing program. One in which
14 numerous suppliers would participate and offer creative,
15 innovative products and services.

16 To say that competitive suppliers are not heavily
17 regulated in allowing competitive suppliers to provide
18 billing for all electric and gas services will make them
19 responsible for important, heavily regulated customer
20 service functions is a misstatement.

21 The past two years in Maryland working on the
22 rules and practices that suppliers must follow is an
23 indication that our industry is highly regulated and must
24 follow the same practices that utilities follow. This is
25 something that could be easily adopted here in the

1 Commonwealth.

2 I would also like to point out that suppliers are
3 already providing supplier consolidated billing in other
4 markets. Texas and Georgia are examples of suppliers that
5 are producing millions of bills per month between those two
6 markets. IGS for example, sends out 400,000 bills per
7 month to its gas customers in Georgia where we bill and
8 collect for both our commodity and utilities transportation
9 and distribution charges and have been doing so for the
10 past 20 years.

11 Thank you again for your time today and I'll be
12 happy to respond to any questions at the conclusion of the
13 remarks.

14 MAJORITY CHAIRMAN MARSHALL: Thank you, Mr.
15 Cusati. Mr. Hudson, we're ready for your remarks.

16 MR. HUDSON: Good morning, Chairman Marshall,
17 Chairman Matzie, and members of the committee. My name is
18 Scott Hudson and I am President of Vistra's retail
19 electricity business. I've worked in consumer services and
20 marketing for over 25 years. And with 10 that compete --
21 and 10 of those competing in the competitive energy sector.
22 I also grew up not far from here in Baltimore, Maryland, so
23 it's good to be here today to focus on retail competition
24 in the Mid Atlantic.

25 Vistra is an integrated energy company. Meaning,

1 we both generate electricity and sell it to residents and
2 businesses. We serve more than 4 million retail customers
3 in 19 states and have a diverse 39,000 megawatt capacity
4 generation portfolio of natural gas, nuclear, solar, and
5 battery storage facilities, making us one of the largest
6 competitive electricity providers and power generators in
7 the country.

8 Specific to Pennsylvania, we serve electric and
9 natural gas customers through our unique retail brands
10 which include Dynegy, Better Buy, and Brighten Energy. We
11 also operate three natural gas fueled powerplants in the
12 Commonwealth and have offices in Harrisburg and King of
13 Prussia.

14 I appreciate the opportunity to appear before you
15 this morning to celebrate the 25th anniversary of the
16 Electric Choice Act. In the course of these proceedings,
17 you've heard a lot of statistics about how the competitive
18 market has been benefitted the Commonwealth. But I don't
19 think that statistics tell the whole story.

20 As an electric supplier to millions of customers,
21 it's important that we highlight the human element of the
22 service we provide. Every single one of our customers is
23 not a statistic defined by the price they pay. They're a
24 single mom trying to make ends meet, a recent college
25 graduate trying to get out on their own for the first time,

1 or an individual who recently lost their job and needs a
2 little extra time to pay their bill.

3 It was the advent of electric competition that
4 was the beginning of consumer empowerment in energy usage.
5 Vistra summarizes the benefits of that empowerment by using
6 three words. We talk about choice, convenience, and
7 control.

8 A fundamental principle of the competitive
9 markets is the ability for a customer to choose. That's
10 why we aimed to develop innovative products that resonate
11 with our customers. Ask any customer what they like about
12 the competitive markets and time again they're going to say
13 it comes back to the power of choice.

14 In fact, a recent poll, we found that 89 percent
15 of Pennsylvanians agree that there should be choice in
16 electric supply, just as in any other retail market. By
17 choosing a supplier, they are voting for a value
18 proposition that matters to them. Whether that's based on
19 price, the amount of renewable energy supplied, the level
20 of service they receive, a company's reputation, or a
21 combination of any one of those factors.

22 Many would suggest that residential customers are
23 only interested in price savings and that comparison should
24 be made between competitive rates and utility default
25 rates. These studies miss the fundamental principle that

1 competitive retailers offer a wide range of products, not a
2 simple default rate. Nor do these studies account for the
3 source of the supply as many customers want renewable
4 energy and they're willing to pay for it. A supplier's
5 brand, reputation, the level of service, or the degree of
6 product innovation are not captured in these basic studies.

7 Furthermore, if we look at offers available on
8 the Pennsylvania Power to Switch, you'll find numerous
9 offers below the utilities price to compare in the PP&L
10 service territory. For example, there's a 12 month fixed
11 price offer with no additional fees for almost 1 cent
12 less per kilowatt hour than the default service price.
13 Another 12 month offer offers 100 percent renewable energy
14 and is again priced below the price to compare.

15 Price may be one of the reasons that consumers
16 enter into the retail choice market, but our experience
17 tell us it's not the reason they stay. Very simply,
18 competition is more than just about price.

19 Second, consumers want convenience. Meeting
20 customers where or when and how they want service is the
21 hallmark of competition. Providing value that goes
22 beyond just the commodity. Spurred by competition,
23 competitive electric suppliers have introduced innovations
24 to make convenient and personalized customer experiences
25 possible.

1 Retail electric providers are experts in customer
2 service, both online and through personal interactions.
3 Exceptional customer service is at the foundation of our
4 business, the heart of what we do because we have to earn
5 every customer, every day. That is why we support House
6 Bill 548, sponsored by Representative Metzgar and
7 cosponsored by six other members of this committee, which
8 will allow suppliers to bill customers directly known as
9 supplier consolidated billing.

10 SCB allows suppliers to build a long-lasting
11 relationship with their customers. This is not a new
12 practice. Vistra has performed the billing function for
13 over 15 years. In fact, we serve over 2 million bills per
14 month directly to customers across our brands.

15 We know that customers prefer simplicity in
16 getting one bill from their chosen retailer that covers the
17 cost of the product and the delivery makes the most sense.
18 This is how every other retail product category works.
19 You're billed by the company from which you buy the
20 product, whether that's Amazon, Apple, or Walmart, not by
21 the delivery agent.

22 So what do customers get when suppliers send them
23 the bill directly? More innovation for one. In a more
24 competitive market, we're able to handle the entire bill
25 and offer innovative products like our solar days and free

1 nights plan where we provide 100 percent solar power to
2 consumers during the day, supported by our solar farms, and
3 then totally free electricity at night. Many stakeholders
4 ask us why don't you offer these products in Pennsylvania?
5 Well the answer is simple. We can only offer these plans
6 where we're able to manage the billing.

7 This billing arrangement also provides retailers
8 with the incentive to be solutions providers across a
9 customer's lifecycle. Suppliers can help customers
10 mitigate up front deposits upon acquisition. We can adopt
11 unique product structures that better suit their
12 lifestyles. And we can make flexible payment arrangements
13 on their bills. But the common element underlying these
14 solutions is the supplier's ownership of the invoice and
15 the credit relationship with the customer.

16 And finally, competition is really about control.
17 Competition trust consumers to know what they want and to
18 seek out those plans and services that provide them with
19 the most overall value. It treats a consumer as an
20 individual, whether they're low income or high net worth
21 allowing them to pick the electric service plan that best
22 fits their needs is critical. As an example, many
23 customers like to see the visualization of their energy
24 usage on our website or to pay their bills on their phones,
25 bringing us back full circle to innovation and the power of

1 choice.

2 Listen, we acknowledge that there are
3 unscrupulous actors in the market, like any retail market.
4 And we strongly support actions to protect customers
5 through education, strong licensing requirements, and
6 enforcement actions. We believe that suppliers and the
7 consumers that choose them, benefit the most from becoming
8 a trusted brand that consumers rely on to meet their needs.
9 And if a supplier breaks that trust, the customer can use
10 the power to choose to walk away.

11 In closing, let me congratulate Pennsylvania
12 which for two decades now has been and remains on the
13 national forefront of electric competition. It is time for
14 Pennsylvania to take the next step forward and implement
15 policies that will revitalize the competitive market and
16 enhance consumer choice and additional options for
17 residential customers.

18 Thank you for your time and I look forward to
19 answering any questions you may have with the rest of the
20 panel.

21 MAJORITY CHAIRMAN MARSHALL: Thank you, gentlemen
22 for your testimony. We will take questions from members
23 that are here and members that are participating virtually.
24 Our first question today is from Representative Nelson.

25 REPRESENTATIVE NELSON: Thank you, Mr. Chair.

1 And thank you, you know, all for your testimony for each
2 group's.

3 I wanted to dig a little bit deeper on some of
4 your testimony regarding the deceptive marketing practices.
5 We've met with a number of constituents in our area,
6 particularly, the elderly. Just during this hearing, I
7 went to PA Power Switch and online, you can learn fixed
8 rate, variable rate, and even unlimited rate, but that
9 doesn't -- like the phone practice and what has happened to
10 some seniors in our area, they're -- can you touch on that
11 a little bit more because they almost are switching and not
12 realized what's happening within this -- and then they're
13 getting slammed.

14 MR. DUDKIN: Right, yeah. Well, I would say
15 there are a number of things that are happening. So you
16 mentioned slamming. We started seeing an uptick of this
17 probably back in 2019. And so we started really measuring
18 it on a daily basis. And we saw a peak of getting, I
19 believe it was 60 slamming complaints in May of last year,
20 right in the midst of the pandemic. So our customers are
21 calling us. A lot of times, the way the conversation
22 starts is they're calling us because of a high bill
23 complaint. And as they take a look, they say -- we tell
24 them what supplier they have and they say I never signed up
25 for that supplier. And that's when we find out that

1 they've been slammed. Or I didn't sign up for that rate.
2 And we send them back to the supplier, but it's these types
3 of practices, it's -- I talked about in my testimony, the
4 deceptive calling up, inferring that it's a PPL offer when
5 it isn't. Being offered discounts on cards when it really
6 isn't that. It's all of these factors come together that
7 people really aren't clear about what they've purchased and
8 are surprised when they get the bill.

9 REPRESENTATIVE NELSON: And in my effort to get
10 to that PA Power Switch, there were a lot of pop-ups that
11 came. One of the -- for the gentleman from Vista, the, you
12 know, my default supplier was our lowest rate, but some of
13 those listings were 18 months long, 24 months long
14 contracts. The ease of switching in three days, how does
15 that relate to if somebody clicks on an 18 or a 24 month
16 contract?

17 MR. HUDSON: Yeah, this is Scott Hudson. Let me
18 first of all say with respect to, you know, these bad
19 practices in the market, you know, we completely agree
20 that, you know, markets need to be appropriately regulated.
21 Anything that makes a strong competitive market in any of
22 the 19 states that we're in, you know, you have to have
23 strong, you know, capital, and technical, and managerial
24 requirements, even to be a supplier. And I think there's
25 opportunity to vet who is a supplier, you know, in the

1 market and if they've been one of those bad apples and
2 doing things in other markets that are inappropriate, then
3 they should be prohibited from participating, you know, in
4 any market.

5 I think any strong competitive market also has,
6 you know, enforceable customer protections. I do think
7 it's incumbent upon the market itself, along with the
8 Public Utility Commission to sort of regulate what is going
9 on in the market and have visibility, you know, into that.

10 With respect to longer term plans, whether
11 they be 12 months, 18 months, 36 month plans, you know, in
12 the market, a customer has the right to choose, you know, a
13 longer term plan. Those are offered by a number of
14 providers in the market, the most common plan in the market
15 is a 12 month plan. And as a consumer decides to switch
16 away from a default service, you know, provider to one of
17 those term plans, they're really getting the assurance that
18 they're going to be fixed into a long-term, you know, rate.
19 That's why a lot of customers like to choose those plans as
20 opposed to a month-to-month plan which could, you know,
21 change the default service which changes more frequently
22 than a longer term plan.

23 So it really is the customer's choice for that,
24 but there we're disclosing what the terms of that plan are
25 and how that plan, you know, operates.

1 REPRESENTATIVE NELSON: Okay, thank you. Thank
2 you, Mr. Chair.

3 MR. CUSATI: Representative, if I may, first of
4 all, I do agree with Mr. Hudson and everything he said, but
5 one of the things I'd like to point out is that there is
6 what they call a standard offer program in Pennsylvania
7 where consumers are given the opportunity to shop. And
8 this comes about by utilities when they take a non-
9 emergency phone call at their call center are required to
10 inform the customer that they have the ability to take
11 advantage of a supplier offer and that offer is usually 7
12 percent below the price to compare and it's for a 12 month
13 period.

14 All complaints that originate in Pennsylvania for
15 my company, flow through my office. And what I have found
16 recently and there haven't been many, what I found recently
17 is that customers just refuse or just forget they have, in
18 fact, chose a supplier through that standing offer program.
19 And once we demonstrate to them that they have signed a
20 contract, they have gone through a verification process,
21 they drop the complaint.

22 So a lot of times what consumers are doing is
23 they're forgetting or not remembering that they have, in
24 fact, signed with them. Hence, going back to what Mr.
25 Hudson said regarding supplier consolidated billing. That

1 gives us an opportunity to have a better relationship with
2 the consumer and better communication with the consumer, so
3 the consumer knows, in fact, that they have signed with a
4 supplier and they're with a supplier as opposed to the
5 utility.

6 REPRESENTATIVE NELSON: So when you mention
7 signing with a supplier, so if somebody is extending a
8 multi-month contract, they have to sign and it's not all
9 just done over the phone? The concern that we had,
10 constituents could not get out of a variable rate contract.
11 It took them almost three months and they were paying a
12 really, really high amount. So is that a signed contract
13 that you're mentioning or this all verbal?

14 MR. CUSATI: Well, there are consumer protections
15 in place that require suppliers to gain authorization from
16 consumers to sign contracts for both variable and long-term
17 contracts.

18 REPRESENTATIVE NELSON: Thank you. Thank you,
19 Mr. Chair.

20 MAJORITY CHAIRMAN MARSHALL: Thank you,
21 Representative. Next, we'll go to Representative Metzgar.

22 REPRESENTATIVE METZGAR: Thank you, Mr. Chairman.
23 You know, I actually was really interested in this meeting
24 because I do want to try and get to the bottom of some
25 things. Like I guess maybe I oversimplify it, but it

1 really is to me, you know, the billing issue is one of the
2 most important things that, you know, and the bill that is
3 before us in this committee.

4 And so, Mr. Dudkin, I'm trying to get a handle on
5 my understanding is it's, you know, if I'm ordering
6 something on Amazon, I pay that person on Amazon, I don't
7 pay the post office. And that's why I feel that the system
8 as we have it now is a little bit confusing because the
9 distribution company, the post office is the one that's
10 giving me a bill for the thing that I ordered on Amazon.
11 And I'm trying to invert that and make it so that the --
12 that my Amazon seller is the one that I'm paying and then
13 the post office gets paid to deliver that item because
14 that's what I want you to focus on and I think that's what
15 you're company is supposed to do is to distribute that
16 power in a reliable way.

17 So my question to you is why are you protecting a
18 cost driver, a bill, the bill is what we're talking about.
19 Like so why do you want that bill, and why do you want to
20 keep sending it, paying for it, all the work that's
21 associated with it, can you explain to me why you're
22 protecting that?

23 MR. DUDKIN: Yeah. I guess I can come at it a
24 couple ways. Number one, I don't think the analogy is a
25 good one between Amazon and ourselves. So we provide a

1 delivery service. So when you get a storm and you're out
2 of power, you know, we're an important aspect of that
3 relationship. And so, I think it's different from the post
4 office or Amazon. So, having that relationship and knowing
5 who to call if you have a service issue, I think is really
6 important.

7 REPRESENTATIVE METZGAR: But you're the -- just
8 so you understand, you're the post office in my analogy,
9 right?

10 MR. DUDKIN: Yeah.

11 REPRESENTATIVE METZGAR: You get that, okay?

12 MR. DUDKIN: Right, yeah.

13 REPRESENTATIVE METZGAR: All right. So we can
14 call either the post office -- if it doesn't deliver, the
15 post office gets the call. If it never shipped, then the
16 Amazon seller gets the call. Like that's my theory.

17 MR. DUDKIN: Yeah.

18 REPRESENTATIVE METZGAR: So I'm not sure that the
19 analogy is terribly off, but go --

20 MR. DUDKIN: So if --

21 MAJORITY CHAIRMAN MARSHALL: Gentlemen, if I
22 could interrupt? If Mr. Dudkin, if you could move your
23 microphone a bit closer.

24 MR. DUDKIN: Sure.

25 MAJORITY CHAIRMAN MARSHALL: Appreciate it.

1 MR. DUDKIN: Well, so from -- well, we'll get off
2 the analogy. But I don't believe it's correct because of
3 the level of service we're providing. In a storm, if you
4 were going to call an energy supplier, they're not going to
5 be able to tell you when they're going to get it restored.

6 The other reason in the context of this hearing
7 is that without us having the bill, I wouldn't be able to
8 come here and tell you that shopping customers paying more
9 to compare are paying \$131 million more. It's because we
10 have visibility to that because we have the billing. So we
11 can go in and take a look. Without that, you would be as a
12 committee, would not be getting any information about what
13 is the actual experience of customers right now.

14 There's been a comment about going on the PA
15 Power Switch. And actually, my assumption was going on PA
16 Power Switch, there were a lot of offers that were better
17 than price to compare, and I just assumed things were
18 great. It wasn't until a couple of years ago that I asked
19 my folks can you actually go in and take a look at what the
20 real experience is. And that's where these numbers came
21 out. It's because people are signing up for good deals
22 originally, but over time, they're ending up, a lot of
23 them, paying more than price to compare and that's really
24 -- the nature of my testimony is that I think competition
25 has been good for the state, but I think we can do better.

1 And the suggestions that I have in the testimony are
2 suggestions about how we can make the retail competition
3 better.

4 REPRESENTATIVE METZGAR: I'm still not sure I got
5 an answer to that question, but I am glad you brought up a
6 couple of those issues. So I feel like we're constantly
7 confused. We're talking about the price to compare and
8 that price is the only driver. And I guess, you know,
9 you're a monopoly, so I mean, it's one of those things
10 where you don't have to be as attuned to your needs of your
11 customer, but I think that the world is shifting underneath
12 your feet because customers aren't just shopping on price
13 anymore, they're shopping on the issue of where does their
14 energy come from, what do you want to in addition to that,
15 do you want air mile rewards for crying out loud can come
16 with some of this. So that's not the sole reason why
17 people shop.

18 And then the second part is that I understand
19 that you seem to always be taking this paternalistic role
20 to the customer, but that's really not the role of the
21 supplier, that's the role of the PUC. And, you know, we
22 have those protections in place, so I'm still confused. I
23 want the people that are making the energy to have a
24 relationship with the people that they're selling it to.
25 And when you make an argument that it's paternalistic and

1 you're protecting them, but in the same breath you're
2 saying that they could get two bills now and that would be
3 a way that they could have that relationship, I mean,
4 that's terribly confusing. I wouldn't know what to do with
5 two bills for the same thing. That doesn't make any sense
6 to me.

7 So I'm again, still trying to get to the question
8 and if you can, help me tease it out. Why do you want that
9 piece of paper that has your name on it as opposed to the
10 supplier providing that?

11 MR. DUDKIN: I think I did answer it.

12 REPRESENTATIVE METZGAR: Okay.

13 MR. DUDKIN: And I think it goes to our
14 relationship with the customers. We're here for the long-
15 term and we're looking out for the customers.

16 On your point about that they can buy other
17 aspects, you know, you talk about renewable energy, we've
18 taken a look at that, too. We've taken a look on the
19 market right now, the -- if we were to take a look at
20 renewable energy and apply that -- so that would be a
21 premium the price to compare and based on the market
22 information we have, even assuming that all of the
23 customers that are paying higher than price to compare were
24 buying renewable energy, that group is still paying more
25 than the market for renewable energy.

1 REPRESENTATIVE METZGAR: I just have one last
2 question. You had a suggestion in here, and I really like
3 it, it says that suppliers should be required by law to
4 respond to customer inquiries related to contract
5 provisions and rates charged within 48 hours of customer's
6 initial outreach. I think that's a great customer
7 protection and I want to make sure that we implement that.
8 I guess I'm just wondering, can -- should -- if it's good
9 for the goose is it good for the gander? And I was looking
10 at your company's timeline with the PUC and it was 16.7
11 days to respond. So are you okay with the same standard is
12 my question.

13 MR. DUDKIN: That's a good point. Yeah, we can
14 take a look at that, sure.

15 REPRESENTATIVE METZGAR: Thank you.

16 MR. DUDKIN: Yep.

17 MAJORITY CHAIRMAN MARSHALL: Thank you,
18 Representative. Our next question is from Representative
19 Flynn.

20 REPRESENTATIVE FLYNN: Thank you, Mr. Chairman.
21 I'd like to Segway back to Mr. Hudson. When you spoke
22 about consumer protections. What consumer protections do
23 suppliers have to adhere to in the residential market?

24 MR. HUDSON: Yeah, I think we, yeah, we applaud
25 the consumer protections that have been in place, put in

1 place by the Public Utility Commission, particularly, you
2 know, those that were implemented after the polar vortex
3 because we were all a part of trying to recover, you know,
4 from that event. Those that I think are particularly
5 interesting are those that just require notice of, you
6 know, a customer moving from say a term plan to a month-to-
7 month plan. And, you know, or a term plan to a term plan.

8 I -- what we want as suppliers is transparency.
9 You know, the last thing we want is to put a customer on
10 something they didn't agree to or aware of because as soon
11 as they discover that, they're going to leave.

12 I think what is lost at times when we, you know,
13 talk about a transmission and distribution company and a
14 retail supplier is retail suppliers are consumer services
15 and marketing companies. We're -- we spend a lot of money
16 in order to advertise and to gain a customer. The last
17 thing we want to do is to lose them.

18 So, you know, we're incented not only by, you
19 know, what the PUC may require or what the requirements,
20 you know, of the market are, or that the legislator can put
21 into effect. You know, we need these types of, you know,
22 protections on our own front so that customers stay with
23 us.

24 I mean, the business is all about getting a
25 customer and keeping them for the long-term because the

1 Pennsylvania competitive market is very competitive. There
2 are numerous suppliers that you can choose from. So I
3 think customer protection is not only incumbent upon those
4 that are overseeing the market. It's incumbent upon the
5 suppliers themselves.

6 REPRESENTATIVE FLYNN: Mr. Hudson, what kind of
7 customer assistance programs does Vistra offer low income
8 customers?

9 MR. HUDSON: Yeah. You know, that is one thing
10 that we're very proud of with respect to, you know,
11 particularly our presence in Texas where we have over 2
12 million customers. We have a program in Texas that's
13 called TXU Energy Aid. What we do there is we provide
14 funding from the bottom line available to social service
15 agencies. And then when a customer of ours goes into a
16 social service agency because say they need help paying
17 their grocery bill or they need help paying their rent, the
18 agency, one of 80 agencies across the state, asks them do
19 you have an electricity bill with TXU Energy and if they
20 do, then the agency works with them to pay that bill, you
21 know, for them.

22 We've helped over 500,000 customers. We've
23 dedicated more than \$120 million dollars to these efforts.
24 Again, it's a part of having a presence and building a
25 brand and being a part of the community and that's what a

1 part of choice and helping kind of low income or people
2 just that are having a tough time getting by, you know,
3 work out, you know through this --

4 REPRESENTATIVE FLYNN: You spoke of Texas. You
5 spoke of Texas before. Do you know why the Texas residents
6 had bills in the thousands of dollars after the storm this
7 winter? Do you guys have any input on that?

8 MR. HUDSON: Yeah, we do. Yeah, there was a lot
9 of confusion that went on in Texas after Storm Urey. I
10 think what people are doing is they're confusing a variable
11 rate plan with what was a wholesale indexed plan.

12 So if you look at the size of the market, 6
13 million customers, less than 1 percent were on this
14 wholesale index plan that was offered by one company,
15 primarily called Griddy. So maybe at their peak, they had
16 30,000 customers on that particular product, but it was
17 tied to a wholesale power rate, not just a variable rate.
18 So again, there was a lot of confusion about that.

19 We don't offer those types of plans. We're not
20 advocates for those types of plans being offered to
21 residents in the State of Texas or in Pennsylvania, you
22 know, for that matter, but those customers had a terrible,
23 you know, customer experience and my not have known that
24 they were tying their electricity rate to a wholesale
25 index, not to a fixed term plan. And we've assured all of

1 our customers in Texas that they won't be impacted by the
2 short-term impacts of Winter Storm Urey as have a lot of
3 the other larger providers in the market.

4 REPRESENTATIVE FLYNN: Thanks, thank you. And
5 Mr. Dudkin, one quick question. I wanted to know if LIHEAP
6 funds were distributed through EDC's instead of going
7 directly to customers, would the current process be more
8 efficient or less?

9 MR. DUDKIN: I think that's an excellent idea.
10 We have a lot of good information about who actually needs
11 these funds. And if the funds came to us and we could work
12 directly with the customers to get them ready access to
13 those funds, I think that would work very, very well.

14 REPRESENTATIVE FLYNN: Thank you.

15 MAJORITY CHAIRMAN MARSHALL: Thank you. We may
16 have more questions than we have time, but we will continue
17 with Representative Delozier.

18 REPRESENTATIVE DELOZIER: Thank you, Mr.
19 Chairman. I have two quick questions related to the
20 testimony that we heard last week. So I appreciate the
21 hearings and all of you bringing your information on both
22 of the issues. I know my colleagues have asked about the
23 consolidated billing. It was testified last year that
24 suppliers already have this capability. So I would like to
25 get your perspective on the fact of why you're not using

1 what is already at your -- a resource that you already have
2 or if not, why you don't have that ability.

3 MR. CUSATI: Representative, this is Tony Cusati
4 with RESA. Customers basically don't want more bills.
5 Sending a separate bill creates customer confusion as Mr.
6 Hudson had indicated earlier. And in this competitive
7 market and technology involved, customers will start seeing
8 electricity as more than just a commodity. It's going to
9 start seeing it as a package of products and services that
10 are included with the electricity commodity product.

11 Thus, it's becoming increasingly more important
12 for suppliers to provide these bills and be able to bill
13 for these products and services in a manner that's
14 convenient to the consumers. I could tell you in my own
15 household, that if I introduce an additional bill to my
16 wife on a monthly basis, it could wind up in Divorce Court,
17 quite frankly.

18 REPRESENTATIVE DELOZIER: Okay. Well, we
19 wouldn't want that. So the ability for doing so -- so it
20 basically comes down to the fact that it would be another
21 bill coming into the households and the consumers don't
22 want that. But along with that, you had mentioned as to
23 the fact in other states, you provide for solar days and
24 free nights types of programs. Why isn't that something
25 that you wouldn't just reach out to your customers to

1 advertise? My understanding from what your statement is is
2 that unless you have consolidated billing, you're not
3 allowing those customers the same access to programs that
4 you allow for in other states. Is that correct?

5 MR. CUSATI: Well, that is correct. I mean, we
6 don't have the ability to put those additional products and
7 services on the utility bill where we have our commodity
8 service. We're relegated a certain amount of real estate
9 on that bill. In some cases --

10 REPRESENTATIVE DELOZIER: Right.

11 MR. CUSATI: -- it's three lines of information
12 that are 180 characters long. We cannot --

13 REPRESENTATIVE DELOZIER: Right. And I'm sorry
14 to interrupt you because I know the Chairman is scowling at
15 me, but with the ability to do that, I recognize that you
16 only have so much on the bill, but my question is why
17 wouldn't you just reach out to your customers directly to
18 sell a product that you know you have?

19 MR. HUDSON: This is Scott. I'll take that
20 because what you're doing is you're presenting on the bill
21 the benefit of the product itself. So as an example, when
22 you get a free nights and solar days bill, you see the
23 exact hours that are in the nighttime period that are free
24 and you see a zero next to the energy charge.

25 REPRESENTATIVE DELOZIER: Okay.

1 MR. HUDSON: You then see the solar days and
2 then you see what the rate is for the solar power that's
3 provided. Not only do you get the bill, but then you go to
4 our website and you look at the hours and it matches the
5 bill. So the customer experience is a tremendous one. And
6 I think we're just missing a lot of innovative
7 opportunities in Pennsylvania that we have elsewhere by
8 still relegating a billing function to a transmission and
9 distribution company.

10 REPRESENTATIVE DELOZIER: Okay, thank you. I
11 just wanted some clarification having the hearing so --

12 MR. HUDSON: Sure, yeah.

13 REPRESENTATIVE DELOZIER: -- thank you very much.

14 MR. HUDSON: Absolutely.

15 MAJORITY CHAIRMAN MARSHALL: Thank you,
16 Representative. I think you misinterpreted a scowl, but
17 that's okay. Representative Pickett?

18 REPRESENTATIVE DELOZIER: Thank you, Mr.
19 Chairman. Mr. Hudson, very quickly. You just named one of
20 the good things that go on in other states. Can you come
21 up with a couple of other good things that we might be
22 looking at if Pennsylvania is going to make this next move?
23 What are some other good things in competitive markets that
24 you might want to tell us about?

25 MR. HUDSON: Yeah. No, I think that some of the

1 things that we can, you know, look towards are, you know,
2 giving the suppliers the flexibility with the oversight of
3 either the legislature or the regulators to, you know,
4 have, you know, a free market when they can compete.

5 But I think one of the other things that I
6 mentioned in my testimony which I think is important is,
7 you know, how do we vet the suppliers that are in the
8 market. I mean, there are certain capital requirements
9 that you can ask for. There are certain technological
10 requirements. For example, you would want to be able to
11 certify those are providing supplier consolidated billing
12 through some sort of technological process, so that you're
13 protecting customer data as an example.

14 So I think it's really collateral, financial,
15 managerial requirements. I mean, we believe in a
16 competitive market and we're not arguing for just the
17 largest players to have this capability. I mean,
18 Pennsylvania is a very competitive market. And there are a
19 number of suppliers large, small, mid-tier that would be
20 able to avail themselves of this opportunity.

21 MAJORITY CHAIRMAN MARSHALL: Thank you. Next,
22 we'll hear from Representative Mullins.

23 REPRESENTATIVE MULLINS: Thank you very much, Mr.
24 Chairman and to our testifiers, I appreciate it. Forgive
25 me for my late arrival, I was at conflicting committee

1 meeting, so if my question was already covered, just tell
2 me to hush up and watch the tape.

3 But this question would probably be best or issue
4 would probably be best responded to by you, Mr. Cusati, but
5 I think all three should be able to weigh in, relative to
6 the unbundling legislation. I know last week it was
7 mentioned that the legislation could negatively impact
8 default service prices that non-shopping customers would
9 have to pay.

10 So could you just pull back the curtain for us a
11 little bit on that issue and I'm just trying to make heads
12 or tails of it relative to the unbundling matter. Thank
13 you.

14 MR. CUSATI: Yeah, Representative. Yes,
15 Representative, thank you very much for that question. You
16 know, as I mentioned in my testimony, the comparison of our
17 rates to the price to compare is an apples to oranges
18 comparison. And I'll give you a good example of that. And
19 I use my company as that example.

20 IGS Energy as I indicated was -- is headquartered
21 in Dublin, Ohio. We have our corporate headquarters there
22 where all the services that we provide, including
23 administration, IT, legal, regulatory, credit collection,
24 customer service, et cetera are housed in that building.
25 All the prices or rates that we charge for our services

1 have imbedded into those rates the cost associated with
2 providing those services. That's not the case with respect
3 to the utilities price to compare. For example, there are
4 a lot of indirect costs that from a Crapper accounting
5 perspective should be allocated to the procurement of the
6 commodity. And those indirect costs are not allocated
7 properly, so what you wind up having is comparison of our
8 rates to a price to compare that is apples and oranges.

9 And, you know, I think about it in the context of
10 what's more important, that the consumer be provided the
11 correct information in order to make an informed decision
12 or make an unfair comparison when they're not provided the
13 needed information that they need in order to make a fair
14 comparison.

15 MAJORITY CHAIRMAN MARSHALL: Thank you,
16 Representative. Our next question is Representative
17 Mehaffie.

18 REPRESENTATIVE MEHAFFIE: Thank you, Mr.
19 Chairman. Real quick and we touched on this last week
20 about the capacity market. It hasn't been bid in over two
21 years. Do you feel that could be problematic if it does
22 not get bid in the next couple -- well, we're going to be
23 out of time here and it's a three year bid. So do you feel
24 that that's going to be a problem entering in or that could
25 be a problem with what just happened in Texas?

1 MR. DUDKIN: I'm probably not the best person to
2 answer that, it's more probably a PJM question.

3 REPRESENTATIVE MEHAFFIE: Okay.

4 MR. DUDKIN: But what I've seen coming out of the
5 Texas market, there has been some discussion about one of
6 the differences between PJM and the ERCOT market in Texas
7 is that PJM does have a capacity component as part of their
8 market and ERCOT doesn't, but it's probably best asked of
9 someone from PJM.

10 REPRESENTATIVE MEHAFFIE: Sure. And on the one
11 bill, my business, I have Constellation is my supplier,
12 and, of course, PP&L as my transmission. I get one bill
13 from you guys. I don't get two bills. So there is a one
14 bill -- is that an option for me as a customer to get one
15 bill from you or how does that work in that regard?

16 MR. DUDKIN: Yes. So you can get one bill. We
17 would incorporate the supplier charges on that one bill or
18 it sounds like you're getting a separate bill from
19 Constellation and a bill from us for the distribution and
20 transmission.

21 REPRESENTATIVE MEHAFFIE: No, I get one bill from
22 you. I pay my Constellation with you.

23 MR. DUDKIN: With --

24 REPRESENTATIVE MEHAFFIE: So I don't have a two
25 bill, mine comes directly from you with Constellation on it

1 and I pay that one bill to you --

2 MR. DUDKIN: Yeah, yep.

3 REPRESENTATIVE MEHAFFIE: -- it's taken care of.
4 Okay. Thank you, Mr. Chairman.

5 MAJORITY CHAIRMAN MARSHALL: Thank you,
6 Representative. Representative Sankey?

7 REPRESENTATIVE SANKEY: Very briefly. Very
8 briefly. It's -- my question is for Mr. Dudkin as well.
9 I'm a cosponsor of H.B. 548 and it's Representative
10 Metzgar's bill. You know, and I trust him on the energy
11 issues and I trust him to -- for protecting consumers, but
12 in order to make this bill come to fruition, we need your
13 help. And so what we're really asking for is can we count
14 on PPL to help us find a compromise in order to enhance the
15 retail electric competition and still protect consumers?

16 MR. DUDKIN: Yeah, we'd love to work with this
17 group to figure out a way to improve the retail market,
18 absolutely.

19 MAJORITY CHAIRMAN MARSHALL: Thank you,
20 Representative. Our final question and possibly closing
21 comments will be from Chairman Schweyer.

22 REPRESENTATIVE SCHWEYER: Thank you, Mr.
23 Chairman. I have a more of a statement than a question at
24 this point in time in the effort to try to move it along.

25 First and foremost, on behalf of Chairman Matzie,

1 thank you for asking me to do -- to participate and fill in
2 for you today and Chairman on behalf of the House
3 Democratic Members, thank you for the -- allowing us to
4 participate being part of this.

5 Quickly, this really almost feels like this
6 committee is being asked to play a referee position between
7 the suppliers and the distributors. And I think we
8 actually maybe need to consider a third option into playing
9 a more active role.

10 Sure, my colleagues on the right will say of
11 course the Democrat is saying that, but I was taking a
12 minute to try to find the PA Power Switch website on the
13 PUC's website. It's not on the front page. So the single
14 most important tool that the state through our utility
15 commission provides is not easily accessible off their main
16 website. I've been concerned about the lack of visibility
17 and accessibility of the PA Power Switch since I've gotten
18 here.

19 We've just had an extraordinary successful
20 rollout of the Penny Program for example which is branded
21 and marketed and spent. We spent a lot of taxpayer
22 resources on it to make sure that the healthcare
23 marketplace is being talked about and well known and
24 notified, but PA Power Switch isn't. It makes me call into
25 question the accuracy of the information on PA Power Switch

1 if it's not readily available, coupled with just the
2 overall understanding of how it's being used.

3 So I think there were some great suggestions from
4 all three of our testifiers and our colleagues about things
5 that we could do to strengthen consumer protections.

6 I'm chatting with Beth, our Executive Director on
7 one or two of those and something that I'll do a little bit
8 more research on myself. But I still think that the state
9 has an active role to play to make sure that we are, in
10 fact, protecting our consumers. And I think the best way
11 to do it is better utilizing an existing tool with our PA
12 Power Switch.

13 So with that, Mr. Chairman, I will turn it over
14 to you. Once again, thank you and thank you to your staff
15 for all of your work today.

16 MAJORITY CHAIRMAN MARSHALL: Thank you, Chairman
17 Schweyer. I'd like to thank all the members that
18 participated today in person. We had a great turnout.
19 Also, the members who had attended online remotely.

20 I also would like to thank the staff of this
21 committee and all the staff in communications and other
22 departments that helped to get this hearing out to the
23 public. Appreciate all those gentlemen that offered
24 testimony today.

25 We may offer questions to -- in an email form at

1 a later date. And we are up to our time limit today, so we
2 will adjourn this meeting. Thank you.

3

4 (The hearing concluded at 11:06 a.m.)

1 I hereby certify that the foregoing proceedings
2 are a true and accurate transcription produced from audio
3 on the said proceedings and that this is a correct
4 transcript of the same.

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