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May 8, 2012

Hon. Silvan B. Lutkewitte, III, Chairman  
Pennsylvania Independent Regulatory Review  
Commission  
333 Market Street, 14<sup>th</sup> Floor  
Harrisburg, PA 17101

In Re: Default Service Regulations  
IRRC No. 2837  
Pennsylvania Public Utility Commission  
Final Regulation No. 57-273

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Dear Chairman Lutkewitte:

I am writing to express my Office's support for the request of the Pennsylvania Public Utility Commission (PUC) that the IRRC reconsider and reverse its prior disapproval of the Final Form Default Service Regulations in the above-captioned matter.

As the statutory advocate for the electric consumers of Pennsylvania, the Office of Consumer Advocate (OCA) has supported the PUC's efforts to bring its default service regulations in line with the General Assembly's directions that were set forth in Act 129 of 2008. These regulations are particularly important to residential customers, the majority of whom continue to receive generation service through their utility default service programs and for whom generation service makes up the majority of their monthly electric bills.

After a thorough rulemaking process, the Commission presented a set of regulations to IRRC that are consistent with the terms of Act 129 and that were not opposed in their final form by any party.

As noted by the PUC in its most recent submission for reconsideration to IRCC, the PUC's current default regulations as set forth in 52 Pa. Code §54.181 *et seq* are no longer in accordance with Pennsylvania law. The General Assembly made a number of changes with respect to the terms of electric default service in Act 129 of 2008 that are not reflected in, and are indeed inconsistent with, the Commission's existing regulations.

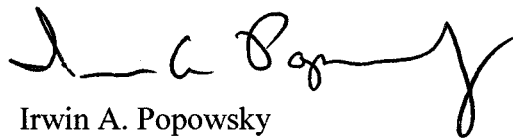
Hon. Silvan B. Lutkewitte, III, Chairman  
May 8, 2012  
Page 2

For example, the Commission's existing default service regulations refer in several places to the "prevailing market prices" standard for procurement of default service supply that was contained in the original 1996 electric restructuring law. That standard, however, was explicitly repealed by Act 129 of 2008. The Commission's proposed Final Form Regulations properly account for this significant legislative change.

Similarly, the Commission's existing regulations at 52 Pa. Code §54.188(h) state that default service rates for small customers "shall be adjusted on a quarterly basis, or more frequently." Act 129, however, states in the new 66 Pa.C.S. §2807(e)(7) that default service rates for small customers "shall change no more frequently than on a quarterly basis." In other words, the Commission's existing regulations are directly contrary to the current governing statute. The Commission's proposed Final Form Regulations properly account for this change in the new Section 53.188(i).

As stated by the PUC in its recent submission to the IRCC, the disapproval of the revised regulations "would perpetuate a conflict between Act 129 and the Commission's existing regulations." The OCA respectfully supports the PUC's request that its Final Form Default Service Regulations be approved at this time in order to eliminate this conflict and in order to provide appropriate guidance to all parties affected by these important regulations.

Sincerely yours,



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PA Attorney I.D. # 25764

cc: George D. Bedwick, IRRC Vice Chairman  
Arthur Coccodrilli, IRRC Commissioner  
John Mizner, Esq., IRRC Commissioner  
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