

COMMENTS OF DOMINION RETAIL, INC.

ON THE

RECOMMENDATION TO NAESB EXECUTIVE COMMITTEE

For Quadrant: Joint Retail Electric and Retail Gas Quadrants

Requesters: Joint REQ/RGQ Business Practices Subcommittee

Request No.: 2011 Retail Annual Plan Item No. 7

Request Title: Supplier Marketing Practices

- **RXQ.23.3.6 Specific Practices for Direct Mail Marketing (page 19)**

RXQ.23.3.6.6 “ If a Retail Customer responds by telephone to a Direct Mail Marketing solicitation the verification process in RXQ.23.3.5.8 should be followed.”

RECOMMENDED NEW LANGUAGE: “If a Retail customer responds by telephone to a Direct Mail Marketing solicitation, or if the Retail Customer contacts the Supplier unsolicited, the verification process in RXQ.23.3.5.8 should be followed.”

DISCUSSION: There are instances when customers contact the Supplier unsolicited because they may have heard via friends or other sources about a Supplier offering and would like to enroll with that Supplier. It would seem appropriate that the same verification process should be followed.

- **RXQ.23.3.8 Supplier Disclosure Statements (pages 22-23)**

RXQ.23.3.8.3 “The Supplier’s disclosure statement should include, but is not limited to, the following information:

- The Supplier’s name;
- The Supplier’s website;

- The Supplier's telephone numbers for inquiries, verification and complaints
- The service(s) that will be provided;
- A statement that the Supplier is an independent seller of gas, electricity and/or energy service, licensed by the Applicable Regulatory Authority;
- A statement that the Supplier and its Marketing Agent is not representing or acting on behalf of the Distribution Company, governmental bodies, or consumer groups;
- The price per unit of energy, consistent with the Distribution Company's billing format, exclusive of any state or local taxes (See RXQ.23.3.8.4 and RXQ.23.3.8.5);
- The length of the contract term;
- An approximate service commencement date;
- Any Rescission period and the process for rescinding;
- The contract termination date;
- Any fees for Retail Customer cancellation prior to such date;
- Method for Retail Customer cancellation prior to such date;
- Any material limitations, conditions, or exclusions;
- Any other fees or costs to the Retail Customer;
- If applicable, whether the Supplier will perform a credit check and require a deposit, including the amount;
- Who will bill for the Supplier's service(s);
- The Supplier's generation resource mix (environmental disclosure), if appropriate;
- The method whereby the Retail Customer will be notified of changes to the material terms and conditions of the contract, and;
- Other relevant or required disclosures, as required by the Applicable Regulatory Authority."

RECOMMENDED NEW LANGUAGE: "The supplier's disclosure statement should include the following information:

- *Price;*
- *Fixed or variable and, if variable, how the price is determined;*

- *Length of the Agreement and end date;*
- *Process Customer may use to rescind the Agreement without penalty;*
- *Amount of early termination fee and method of calculation;*
- *Amount of late payment fee and method of calculation;*
- *Renewal;*
- *Conditions under which savings to the customer are guaranteed."*

DISCUSSION: Disclosure statements originated, most recently, with the adoption of the so-called "Shumer Box" that appears with credit card application forms. Rep. Charles Shumer of New York was responsible for amending the Truth-in-Lending Act in 2000 that required credit card companies to disclose fees and credit card interest rates in their promotional material in a very easy-to-read fashion so that consumers could easily determine what their costs were. The "Shumer Box" is a table with two columns that summarizes the key features of the cost of a credit card. Typically there are 5-10 key points listed on the table.

The New York Public Service Commission (PSC) in its Uniform Business Practices (UBP) has, for a number of years, also required retail energy marketers, or energy service companies ("ESCOs" as they are known in NY), to also include a customer disclosure statement with the customer's contract terms and conditions (attached is a copy of such a form used in New York by an ESCO). Note that there are eight key provisions from the sales contract that are listed in the Shumer Box.

The Illinois Commerce Commission (ICC) is also considering requiring marketers to include a disclosure statement with their sales contracts. However, the ICC's proposed Marketing Standards have not yet been officially approved and the concept of a "disclosure statement" was a very controversial item in the stakeholder working group. While consumer advocates support the concept, other parties such as marketers believe that the very lengthy disclosure statement (similar to that of NAESB's proposed language) goes far beyond merely "disclosure" and constitutes a costly, virtual duplication of the entire sales contract terms and conditions. Consequently, they also believe that such a lengthy document would probably confuse consumers more than help them understand their agreement, and that a highly summarized disclosure statement like that adopted in NY would be far more appropriate, informative, and useful for price comparisons by consumers.

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RESIDENTIAL ELECTRICITY SALES AGREEMENT

CUSTOMER DISCLOSURE STATEMENT

Price	For the first two billing cycles after the enrollment with [REDACTED] has become effective, the price will be [REDACTED] less than [REDACTED] Electricity Supply Charge, plus applicable taxes, charges and fees ("Introductory Term"). Variable Price will be charged after the Introductory Term.
Fixed or Variable and, if Variable, How the Price is Determined	Variable Price - After the Introductory Term, the price will be calculated each month by multiplying (i) the price of electricity by (ii) the amount of electricity used in the billing cycle plus (iii) applicable taxes, fees and charges levied by the Utility for distribution and other services ("Post Introductory Term").
Length of the Agreement and End Date	Introductory Term is in effect for the first two billing cycles. At any time during the Post Introductory Term, [REDACTED] may offer you the option to purchase electricity at a fixed price for a stated period of time, in place of the Variable Price. [REDACTED] will notify customer of such option in writing.
Process Customer May Use to Rescind the Agreement Without Penalty	Customer may cancel at any time without penalty.
Amount of Early Termination Fee and Method of Calculation	There is no early termination fee.
Amount of Late Payment Fee And Method of Calculation	N/A
Renewal	After the Introductory Term, should [REDACTED] choose to switch you from the variable price to a fixed price option, you shall receive written notification of the renewal terms not less than 30 days or more than 60 days prior to the renewal date (the "Renewal Term"). You will have three business days from receipt of the first billing statement of your Renewal Term to cancel the renewal agreement without termination fees.
Conditions Under Which Savings to the Customer are Guaranteed	For the first two billing cycles after enrollment has become effective, the price will be [REDACTED] less than [REDACTED] Supply Charge, plus applicable taxes, charges and fees ("Introductory Term").