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March 23, 2015

To: Massachusetts Licensed Electric Competitive Suppliers  
Massachusetts Electric Distribution Companies

RE: Switching to Competitive Supply – IMMEDIATE ACTION REQUIRED

The Department of Public Utilities (“Department”) sends this letter to address an urgent situation regarding customers switching to competitive supply. Under current rules, when a customer switches from electric distribution company basic service to competitive supply, his fixed rate for basic service is recalculated.<sup>1</sup> The Department has received numerous reports regarding customers who have made a switch to competitive supply but who were unaware of the bill recalculation provision. Understandably these customers were upset to see additional charges on their electric bills. It is vital that customers have a full understanding of all charges in order to make an informed choice about their electricity supply options. Therefore, the Department requests your immediate action.

To ensure that customers are aware of the bill recalculation provision, the Department requests that electric competitive suppliers clearly inform potential customers about bill recalculation at the time the customer is seeking to enroll. While this may require some additional explanation beyond current practice, it is necessary for customers to receive this information, and competitive suppliers are in the best position to inform their potential

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<sup>1</sup> Bill recalculation happens when a customer on fixed-price basic service leaves basic service during a pricing term and has his basic service costs recalculated using the monthly prices that were in effect during each month that the customer received basic service. The Department established this practice to ensure that basic service customers pay the full costs of providing the service for the period that the customers receive basic service: Pricing and Procurement of Default Service, D.P.U. 99-60-A (2000); D.P.U. 99-60-B (2000). This bill recalculation can result in a credit or charge on a customer’s electric bill.

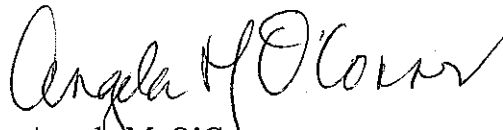
customers. In addition, bill recalculation does not always result in a charge; sometimes it will be a credit. Regardless, it is not acceptable that a customer should be surprised to see such a recalculation on their electric bill.

For customers to determine the exact amount of any charge or credit due to bill recalculation, the Department directs the Massachusetts electric distribution companies to provide clear and easily understandable information about the amount of the bill recalculation to any customer seeking this information. One helpful tool that at least one electric company has deployed is a calculator on its website that determines the bill recalculation amount. The Department leaves it to the discretion of each electric company to develop a method which provides this information to customers in a clear, simple, and transparent way. However, each electric distribution company should have a clearly identifiable resource, such as a webpage or call number, that a competitive supplier can refer a customer to if they are interested in determining charges that may result from bill recalculation.

In December 2014, the Department opened an investigation into ways to enhance the value the retail competitive supply market in Massachusetts provides to customers. Investigation by the Department of Public Utilities into Initiatives to Improve the Retail Electric Competitive Supply Market, D.P.U. 14-140. The initiatives proposed in this docket are intended to provide customers with information regarding competitive supply products that is accurate, transparent, and understandable. One of the initiatives we proposed is to eliminate the basic service bill recalculation provision for residential and small commercial and industrial customers. If the Department adopts this change, these customers will no longer experience this bill recalculation.

The Department thanks you in advance for your cooperation in this vital effort to provide clear and transparent information to customers.

Sincerely,



Angela M. O'Connor  
Chairman