FILE

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NAME: Mr. Christopher Wettle

CONTACT SENDER ? Yes

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- Company: Stillwater Creek Solutions LLC
- Name on account: N/A
- Service address: N/A
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- Account Number: N/A

COMMENT DESCRIPTION:

PUCO 180 East Broad Street Columbus, OH 43215

RE: Case No. 14-568-EL-COI

I currently manage a consulting company that has provided energy procurement advice to Ohio commercial and industrial businesses. Previously, I was a commodity trader at Dayton Power and Light and the Energy Risk Manager at Sara Lee Corporation.

I appreciate that the PUCO is taking an interest in the issue of additional charges to customers with a fixed priced contract and I hope that it is resolved in a fair manner. I believe that my perspective may add some value to the discussion with the understanding that this issue is complex and differing opinions can also be reasonable. One issue that the PUCO should also consider is the leverage a supplier has when an extra cost is added to the utility bill. A customer may disagree with the charge and be willing to dispute the charge but may be concerned that this will impact credit with the utility and even result in loss of service if the bill is not paid in full. A supplier may have the ability to then add costs it may not be entitled to with the knowledge that most customers will pay the entire utility bill and then be unwilling to spend the time and effort to obtain a refund. I hope the PUCO recognizes this and protects consumers of all sizes as best they can. Solutions may be either to require pass through claims to be billed separately or to obtain regulatory approval prior to the inclusion on a utility bill.

A fixed priced electricity contract should allow for a price adjustment for regulatory action or change of law. Many of the contracts that I have seen are one sided and the supplier has discretion on whether to pass along decreases in costs due to regulatory action. While this is unfair, it does not change my opinion that it is unreasonable to expect a supplier to absorb cost increases due to changes in law or regulation that were unknown at the time the contract was signed. The supplier however, as the Load Serving Entity, is responsible for all price risk for energy, capacity and all ancillary services required by the Regional Transmission Organization.

The residential customer or business customer that signs a fixed priced contract expects that the supplier will, presumably for a profit, arrange for the supply of electricity and be responsible for all price risk. This winter may have produced unexpected price increases for energy and ancillary costs but none of this was the result of a change in law or regulation. A customer with a fixed priced contract expects the supplier to prepare for and take the risk for price changes that occur due to weather and supply disruption. All of the specific ancillary costs that were higher than normal were the responsibility of the Load Serving Entity.

It is my view that a contract labeled as a fixed priced contract that allows for price increases due to cost increases not tied to change in law or regulation is at a minimum deceptive. It is unreasonable to assume that a customer of any size signed a fixed priced contract with the understanding that it only applied under normal pricing scenarios. It is more reasonable to assume that any customer signing a fixed priced contract does so to avoid higher prices in extreme events and understands that the supplier has resources to protect against these events. If a specific cost component, capacity or an ancillary cost such as synchronized reserves for example, is going to be passed through the customer. This pass through charge should be clearly labeled on the contract and should adjust lower and higher as the cost changes.

A fair resolution to this issue is important for the future success of the Competitive Retail Electric Service Market. Without a mutual understanding of the contract terms between a supplier and customer, the credibility of the program is threatened. A supplier should bear the burden of explaining clearly the limitations of a fixed priced contract and any contractual vagueness should be resolved to the intent of the contract which was to provide fixed priced electricity to the customer under the existing rules and regulations.

Sincerely, Christopher Wettle