



UNITED STATES OF AMERICA
FEDERAL TRADE COMMISSION
WASHINGTON, D.C. 20580

Response to the Utah Public Service Commission

**Request for Comments
on Consumer Protection
Report to Electrical Deregulation
and Customer Choice Task Force
Docket No. 96-999-001**

**Comment of the Staff of the
Bureau of Consumer Protection of
the Federal Trade Commission(1)**

I. Introduction and Summary

The staff of the Bureau of Consumer Protection of the Federal Trade Commission (FTC) appreciates this opportunity to respond to the Utah Public Service Commission's June 8, 1998 invitation to comment on the consumer protection issues set forth in S.B. 67. Utah is joining a growing number of states considering regulatory reforms to bring the benefits of competition (lower prices, improved service, and innovation) in the electric industry to its citizens and businesses. These benefits, however, will not be realized without strong consumer policies in place that recognize the unique consumer issues involved in a competitive electric industry.

The FTC is an independent administrative agency responsible for safeguarding the interests of consumers and maintaining competition. The staff of the FTC has a longstanding interest in regulation and competition in energy markets, and has submitted comments concerning competition issues to the Federal Energy Regulatory Commission (FERC), as well as several state and regional regulatory bodies. The staff actively monitors industry and legislative developments in the electric industry at the state and federal level that will affect consumers' interests. The FTC's mission includes ensuring truth in advertising and enforcing regulations in the areas of advertising, marketing, and credit practices in many industries. Its primary interest in this area is to prevent and to remedy unfair or deceptive trade practices aimed at consumers.

The Utah Public Service Commission (UPSC) has invited comment on eight topic areas identified by S.B. 67, for its Report on Consumer Protection (Report) to the Electrical Deregulation and Customer Choice Task Force. This comment addresses two of these topics: (1) educating consumers about the impact of electricity restructuring; and (2) regulation of electric service providers (ESPs), such as power marketers. We address six issues that fall within those two topic areas: information disclosures; billing, credit, and collection practices; customer privacy; utility affiliate rules; licensing; and consumer education. It is not the staff's intent to recommend policy decisions or outcomes in these particular areas, but rather to assist the UPSC in those consumer protection areas in which the staff has expertise.

II. Consumer Information Disclosures

Following deregulation of the electricity industry, advertising will be one of the primary sources from which consumers obtain information about the products they will

directly by ESPs or by regulated utilities on behalf of ESPs, several billing p

If existing regulated utilities are allowed to continue selling electricity generation through subsidiaries or other

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July 15, 1998

1. This comment represents the views of the staff of the FTC's Bureau of Consumer Protection. They are not necessarily the views of the FTC or of any individual Commissioner. Inquiries regarding this comment should be directed to Gina Schaar Howard by telephone at (202) 326-2982 or by e-mail at "ghoward@ftc.gov."

2. "Information Disclosure for Electricity Sales: Consumer Preferences from Focus Gr

4. The feasibility of requiring disclosure of fuel source ma-3(i)-4d,p 8.04 0 Td ()Tj ET EMC /P <n 9 -lofiseti0iih 1(e)(T)15(he *le)-13(flof)

11. In designing a registration or licensing scheme, the cost and time required for an ESP to become registered or licensed should be reasonably limited, to avoid barriers to market entry and increased prices passed through to consumers.

12. The California PUC, in February 1998, obtained a consent order against Boston-Finney, a registered electric service provider that was charged with operating an allegedly illegal multi-level marketing scheme, with allegedly dishonest, fraudulent and deceptive practices, and with lacking the financial and operational capabilities to provide service. The order required Boston-Finney to cease operations and effectively put the company out of business in California.

13. Winneg, et al., "Summary Report: Baseline Survey -- Consumer Knowledge, Practices and Attitudes, Electric Utility Deregulation and Consumer Choice," National Council on Competition and the Electric Industry (Jan. 1998).

14. Edison Electric Institute public opinion research for California (Sept. '97), Maine (July '97), Massachusetts (July '97), Vermont (July '97), Connecticut (July '97), Rhode Island (July '97), New Hampshire (July '97), Illinois (March '98), and Missouri (April '98).