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October 21, 2014

VIA ELECTRONIC FILING

Rosemary Chiavetta, Secretary
Pennsylvania Public Utility Commission
Commonwealth Keystone Building
400 North Street, 2nd Floor
Harrisburg, PA 17120

Re: ***Joint Petition of Pennsylvania Power Company for Temporary Waiver of Technical Requirements of 52 Pa. Code § 57.174***
Docket No. _____

Dear Secretary Chiavetta:

Enclosed for filing on behalf of Pennsylvania Power Company please find the above-referenced Joint Petition for Waiver of Metropolitan Edison Company, Pennsylvania Electric Company, Pennsylvania Power Company and West Penn Power Company.

As indicated on the attached Certificate of Service, copies have been served on the parties in the manner indicated.

Please contact me with any questions regarding this matter.

Very truly yours,

Tori L. Giesler

dlm
Enclosures

c: As Per Certificate of Service

BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION

Joint Petition of Metropolitan Edison	:	
Company, Pennsylvania Electric Company,	:	**Docket No. _____**
Pennsylvania Power Company and West	:	**Docket No. _____**
Penn Power Company for Temporary	:	**Docket No. _____**
Waiver of Technical Requirements of 52	:	**Docket No. _____**
Pa. Code § 57.174	:	

JOINT PETITION OF METROPOLITAN EDISON COMPANY, PENNSYLVANIA ELECTRIC COMPANY, PENNSYLVANIA POWER COMPANY AND WEST PENN POWER COMPANY FOR TEMPORARY WAIVER

Metropolitan Edison Company ("Met-Ed"), Pennsylvania Electric Company ("Penelec"), Pennsylvania Power Company ("Penn Power") and West Penn Power Company ("West Penn") (each a "Company" and collectively, the "Companies"), in accordance with the provisions of 52 Pa. Code §§ 1.15 and 5.43, hereby petition for a temporary waiver of 52 Pa. Code § 57.174.

In response to the bill impact many shopping customers sustained as a result of the effects of extreme temperature conditions associated with the polar vortex experienced during January and February 2014, the Pennsylvania Public Utility Commission ("Commission") initiated a final omitted rulemaking via Secretarial Letter on March 18, 2014.[1] The stated intent of the Rulemaking was acceleration of the process by which customers can switch from the electric generation supplier ("EGS") with which they are shopping in order to provide options to customers to mitigate

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[1] *Proposed Rulemaking: Standards For Changing a Customer's Electricity Generation Supplier*, Docket No. L-2014-2409383 (Secretarial Letter entered March 18, 2014 initiating final omitted rulemaking process ("March 18 Secretarial Letter")) ("Rulemaking").

the impact of unexpected variable rate pricing spikes to customer bills.[2] This rulemaking was approved by a Final Omitted Rulemaking Order entered on April 3, 2014, requiring that electric distribution companies ("EDCs") implement process changes to enable customers to switch their EGS on three business days' notice by no later than December 15, 2014.

Immediately following the entry of the March 18 Secretarial Letter, the Companies began investing significant time and resources in developing solutions to meet the letter and spirit of the Rulemaking within the timeframe allotted. The Companies have identified and are actively implementing a solution that will enable them to meet the spirit of the Commission's intent in its initiation of the Rulemaking. Despite the significant and time-consuming modifications that have been made to the Companies' existing systems and practices, there remain several details that the Companies have determined they will not be able to fully implement by the December 15 deadline. Nonetheless, the modifications that the Companies will be able to implement by December 15, 2014 will result in an accelerated switching process that meets the stated goal and spirit of the Rulemaking and will serve to fully address the Commission's concern that all customers be able to make real time decisions to avoid escalating rates due to the same shopping lags that proved challenging during the winter of 2014. The Companies' immediate modifications will allow all customers to request one off-cycle switch per billing cycle, with any additional requests being processed on-cycle for that given bill period. These immediate modifications will ultimately be paired with a second phase of modifications to allow multiple shopping decisions, or switches, during the same billing period no later than December 31, 2015.

In support of this position, the Companies state as follows:

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[2] *Id.* The switching process traditionally has followed a roughly 10-40 day timeline. The Commission's proposal accelerated this to a three-day process.

I. INTRODUCTION AND BACKGROUND

1. The Petitioners are each electric public utilities that provide retail electric service to customers within their respective franchised service territories throughout Pennsylvania. Pursuant to the Electricity Generation Customer Choice and Competition Act, 66 Pa.C.S. § 2801, *et seq,* the Companies each serve as an "electric distribution company" as defined therein, and also as the electric default service provider to retail customers within their service territories who do not choose an alternate EGS.

2. The name and address of the Petitioners' attorney with respect to this matter is Tori L. Giesler, 2800 Pottsville Pike, P.O. Box 16001, Reading, PA 19612-6001.

3. As part of their duties as EDCs and default service providers, the Companies are responsible for maintaining and administering meters, customer accounts and billing associated not only with delivery and default service, but also for purposes of supporting EGS-served generation load, including the switching process supporting the various shopping decisions of their customers.

4. On April 3, 2014, the Commission entered a Final Omitted Rulemaking Order formalizing the Rulemaking ("Final Omitted Rulemaking Order"), which became effective upon publication in the *Pennsylvania Bulletin* on June 14, 2014.[3] The Final Omitted Rulemaking Order contemplated that customers not only be able to perform off-cycle switching in as little as three business days, but that there may be more than one such switch during the same billing period.[4]

5. Under the Rulemaking, EDCs were given six months, or until December 15, 2014, to develop and implement system and process changes to conform to Chapter 57's new requirements as directed by the Final Omitted Rulemaking Order.

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[3] 44 Pa.B. 3539.
[4] Final Omitted Rulemaking Order, pp. 27-28.

6. The Companies have designed and are actively implementing system and process modifications as part of a two-phase process that will permit their customers to request an off-cycle switch to be effective in no more than three business days. Phase I of these modification will fully permit one off-cycle switch per month by the December 15, 2014 deadline.

7. However, the Companies will not have Phase II completed by that deadline, which extends the functionality of these system modifications to the ability to complete multiple off-cycle switches in the same billing period. For this reason, the Companies submit this petition for waiver.

II. REQUEST FOR WAIVER

8. Section 5.43 of the Commission's regulations permits that petitions be made to the Commission seeking waiver of regulations, to include the interest of the petitioner in the waiver, the section(s) for which a waiver is sought, and the statutory or other authority involved, as well as the purpose of and facts constituting the grounds requiring the waiver. The Companies' Petition complies with the format required by the Commission in its regulations.

9. Section 57.174 of the revised Commission regulations requires that, where a customer requests a switch to a new EGS or default service provider, an EDC shall make such change within three business days of receipt by the EDC of the enrollment from the EGS.[5]

10. While the regulation does not explicitly state so, the Commission's Final Omitted Rulemaking Order clarified the Commission's intent that multiple off-cycle switches be permitted during a single billing period.[6]

11. The Companies, immediately upon issuance of the March 18 Secretarial Letter, initiated a review process which included a series of workshops involving all affected business

[5] 52 Pa. Code § 57.174(a).
[6] Final Omitted Rulemaking Order, pp. 27-28.

units to develop detailed process flows to outline the new switching process, identify necessary system changes, and incorporate these process flows and system changes into a workplan enabling the Companies to perform off-cycle switching in time to meet the December 15, 2014 deadline.

12. One of the Companies' primary goals in determining how to accelerate their existing switching process to meet the new regulations was ensuring that while improving one process for their customers, they were not inadvertently thwarting other existing processes that could lead to increased customer confusion or frustration related to another process. To that end, apart from the significant programming required to accelerate the switching process itself, a large number system changes were identified and executed as necessary to support the new process, as there are many billing functions that will be implicated by the accelerated switching timeframe. Collectively, many of these items, as well as the primary functionality of the three-day switch itself, comprised Phase I of the Companies' efforts towards meeting the mandates of the new regulations. These programming changes included but were not limited to:

- Adjusting the logic that sets a switch to always occur on the next meter reading. Multiple logic programming changes were added to determine the new date of switch based upon the point during the billing period that a switch request is received;
- Adjusting invoicing logic so that the Companies' system will not invoice customer until the full billing period's EDC charges are ready for billing, as well as to allow billing by multiple active suppliers on one invoice;
- Implementation of billing modifications to prevent erroneous proration of demand and fixed price charges in instances where EGS charges are outside and additionally within a 26-35 day billing range (For example, where a customer would be shopping for 7 days of a billing period and taking default service for the remaining 26 days of a 35-

day billing period. Absent this set of modifications, the customer would be charged 23% more for fixed charges than if the switch occurred on-cycle);

- Changes to the price to compare ("PTC") presentation so as to only show an apples to apples price to compare for the value calculated at the end of the billing period;
- Changes to the normal move-in/move-out process to allow mid-cycle switches to occur during that process;
- Billing modifications to support percentage-off PTC rates offered by EGSs;
- Billing modifications allowing for EGS true-ups of net-metered customers;
- Modifications to bill print functionality to add additional detail for multiple meter reads and multiple EGSs' charges;
- Modifications to the order population of meter reading results to allow mid-cycle demarcation based on an end of cycle read;
- Changes to the customer-supplied meter read (via Web) process to allow mid-cycle reads;
- Changes to the logic governing payment posting in order to ensure that each generation supplier is paid in the appropriate order of service;
- Modifications to the Drop Letter and the Enrollment letter that goes to Customer; and
- Changes to the automatic billing process that is designed to do a back-out/rebill when current actual consumption is determined to be less than the previous estimate.

13. By addressing these items proactively, the Companies have attempted to ensure that their transition to the accelerated switching process timeline will produce benefits to customers in as seamless a way as possible by avoiding the potential conflicts that could arise with other billing and shopping functions.

14. Phase I implementation will be complete on or before December 15, 2014. The results of Phase I's implementation will allow for the following functionality:

- One off-cycle supplier switch per billing period. The meter read delineating the supply portions of the cycle will occur within three business days of receiving a customer's switch request (with the limited exception of certain unmetered accounts, discussed further, *infra*);
- In some instances where the request is received near the billing window, the meter read may occur within one or two days;
- Customers will receive only one invoice for the total billing period, to include the full period's EDC charges, as well as all EGS charges and consumption for the period; and
- Added bill messaging to remind the customer that a mid-cycle switch occurred during that billing period.

15. In order to support this functionality, a number of manual processes are required to be carried out by the Companies in certain scenarios. For instance, all net metered and interval metered accounts will need to be manually processed in order to ensure that the switch occurs within the required three business day period. Also, because the system does not allow a final read for a switch and a read for periodic consumption to occur on the same day, there will be switches that will need to be completed via manual processing rather than through the typical process where these dates coincide in a cycle. In addition, when certain types of open orders exist on an account (e.g. a meter exchange, disconnections, move outs, etc.) the switch will need to be completed via manual processing. By addressing these scenarios manually, the Companies anticipate that the possibility for billing errors associated with off-cycle switches will decline dramatically as opposed to allowing switches to occur through the automated process.

16. Unmetered accounts, or accounts that are not billed based upon the actual measured usage during a given billing period, have presented special programming challenges. An example of an unmetered account includes a streetlighting account which is billed on a flat monthly rate as opposed to usage-based charges. Once these accounts enter their billing window (a roughly six to eight-day span of time during which the billing process takes place) for the subject period and the billing system creates an order to bill the customer, the bill itself is generated directly following. This is as opposed to a metered customer, where a meter read must be obtained following the creation of the order and before the generation of a bill on the account, leading to a lag. Because there is no such lag associated with unmetered accounts during the billing window, there is no opportunity for the Companies to effectuate an off-cycle switch for an unmetered account that has entered its billing window without creating complications in both the switching and billing processes. Due to this conflict, the Companies cannot be certain that switch or drop requests received near or during the billing window will be carried out within three business days, as those requests must be held for processing until the close of the billing window. The Companies are actively seeking a programming resolution to this issue. Until such time as a resolution is identified, unmetered accounts seeking a switch near or during the billing window will still see their switch take place on an accelerated basis, but the switch could take as long as ten business days, depending upon when it was initially received in conjunction with the timing of the billing window.

17. Because of the number of interactive processes that the Companies have had to address in planning for day-to-day activities on customer accounts in advance of the Phase I rollout, they will not be able to effectively accommodate more than one off-cycle switch per billing period until Phase II of their implementation process is complete. Due to the added complexities multiple off-cycle switches will present to the meter read order process, bill print display, the

possibility for conflicting switch requests on the same account, and the potential for multiple switches to occur near the billing window, additional time is required to effectively address those scenarios. It is important that these matters be resolved before implementing multiple switches in an off-cycle period in order to avoid serious complications to the billing process that will undoubtedly confuse and frustrate the customer shopping experience.

18. The Companies estimate that they will not be able to complete the programming required to effectively address these challenges until December 31, 2015. This is due, in part, to various blackout periods in their billing systems which must be accommodated, in addition to the extensive testing that will be required to ensure that the programming changes not only work as expected but also do not adversely affect any other customer service functionality.

19. Despite the Companies' limitation with respect to providing multiple switches during the interim period between December 15, 2014 and the full implementation of their Phase II programming, the Companies stand ready to offer a manually-processed second switch per month to customers who have already sought an off-cycle switch in the same billing period under limited circumstances until Phase II is completed. Such limited situations might include instances of verified slamming, or periods of severe weather paired with unprecedented pricing spikes, such as seen during early 2014. In the event it became necessary to effectuate this second switch, the Companies would, upon a customer call to the EDC requesting a switch under such extraordinary circumstances, process a customer's request to drop their EGS by temporarily reverting the customer to default service within the required three business days, following which the Companies would provide the switch to whichever EGS was selected at the customer's next scheduled meter read.

20. By providing relief for customers in the form of reduced switching timeframes at least once per billing cycle (or more, should exigent circumstances call for a manual process to be

deployed), the Companies will be able to comply with the spirit and the Commission's stated intent of this Rulemaking by the established deadline of December 15, 2014.

21. A waiver of Section 57.174 to the limited and temporary degree sought by this Petition will benefit the Companies' customers by ensuring that, while protections to escape ongoing volatile price spikes will be available, the customer shopping experience will remain positive and will not be thwarted with confusing and frustrating bill impacts as a result of hasty and incomplete programming. Instead, grant of this Petition ensures that customers will enjoy a smoother transition to a shorter switching timeline, the result of holistic programming across various customer service functions which has been fully tested and vetted to ensure adverse impacts to other processes have been addressed.

III. CONCLUSION

WHEREFORE, in view of the foregoing, Metropolitan Edison Company, Pennsylvania Electric Company, Pennsylvania Power Company and West Penn Power Company respectfully request that the Pennsylvania Public Utility Commission grant this Petition for Temporary Waiver such that this section be temporarily waived until December 31, 2015 in order to allow for the completion of the Companies' Phase II implementation of their accelerated switching process.

Respectfully submitted,

Dated: October 21, 2014

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Counsel for Pennsylvania Power Company

BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION

Joint Petition of Metropolitan Edison Company, Pennsylvania Electric Company, Pennsylvania Power Company and West Penn Power Company for Temporary Waiver of Technical Requirements of 52 Pa. Code § 57.174	:	**Docket No. _____**

CERTIFICATE OF SERVICE

I hereby certify that I have this day served a true and correct copy of the foregoing document upon the individuals listed below, in accordance with the requirements of 52 Pa. Code § 1.54 (relating to service by a participant).

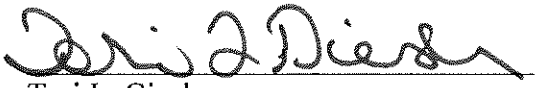
Service by first class mail, as follows:

John R. Evans
Office of Small Business Advocate
Suite 1102, Commerce Building
300 North Second Street
Harrisburg, PA 17101

Tanya McCloskey
Office of Consumer Advocate
555 Walnut Street – 5th Floor
Harrisburg, PA 17101-1923

Johnnie E. Simms
Bureau of Investigation and Enforcement
Pennsylvania Public Utility Commission
P.O. Box 3265
Harrisburg, PA 17105-3265

Dated: October 21, 2014



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