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November 10, 2014

Via Electronic Filing

Rosemary Chiavetta, Secretary
PA Public Utility Commission
PO Box 3265
Harrisburg, PA 17105-3265

Re: Petition of PPL Electric Utilities Corporation for Temporary Waivers from Certain
Technical Requirements of 52 Pa. Code §§ 57.174 and 57.179
Docket No. P-2014-2445072

Dear Secretary Chiavetta:

The purpose of this letter is to request that the Commission consider directing PPL Electric Utilities Corporation (“PPL”) to implement electronic data interchange (“EDI”) protocols that would allow EGSs to specify the enrollment effective date. In its Petition filed September 25, 2014, PPL sought a waiver of the Commission’s accelerated switching regulations that are to be implemented by December 15, 2014. 52 Pa Code § 57.174 & 57.179. As set forth in the Petition, PPL proposed to implement an interim process pending implementation of a final process. By Secretarial Letter dated October 23, 2014, the Commission approved PPL’s proposed interim switching measure while reserving for final resolution the other aspects of PPL’s Petition “such as, but not limited to, the length of the waiver, when full implementation will be required and any specific terms and conditions of the waivers.” As explained further below, requiring PPL to implement EDI protocols that would allow EGSs to specify the enrollment effective date would: (1) allow customers to select a future enrollment date; (2) allow EGSs to better operationalize enrollment effective dates; (3) avoid significant customer dissatisfaction over the imposition of early termination fees; and, (4) allow EGSs to minimize enrollment delays while also ensuring that the 3 day rescission period is honored.

RESA is a strong proponent of accelerated switching and is eager for accelerated switching to become a reality in Pennsylvania – the first retail market outside of Texas to boldly adopt this customer-oriented vision. RESA also appreciates the efforts of PPL (and other EDCs) to implement internal processes to comply with the implementation deadline required by 52 Pa. Code § 57.180. However, RESA is concerned about the lack of any real opportunity provided to EGSs to offer any input during the development phase of all of the EDC’s accelerated switching plans given that accelerated switching has significant operational, business process, contractual and hedging practice impacts for EGSs. Specifically, RESA is particularly concerned about the

potential negative and unintended consequences that may flow from not permitting EGSs to select the enrollment date.

If all enrollment transactions are processed as off-cycle switches, some customers will likely be exposed to more frequent early (and inadvertent) cancellation penalties. Moreover, limiting off-cycle switches to once per billing cycle means that the EGS has no ability to know in advance whether its enrollment will be processed as an accelerated switch or as an off-cycle switch. Consider the situation where a customer has a regular meter read date of December 31. If an EGS receives, for example, an online enrollment request for a new customer on December 10th, the EGS – which is not currently serving the customer – does not know whether this new customer will be eligible for an accelerated, off-cycle switch in the month of December. If the EGS transmits the enrollment shortly after the customer signs up online, such as December 13th, one of two things will happen. Under one scenario, the enrollment will be accepted as an off cycle switch and the customer's service will begin with the new EGS on December 17th. Under a second scenario, if the customer has already used its one off cycle switch that month, the enrollment will not become effective until the regular meter read date on December 31. The EGS cannot know in advance which scenario will occur. If the customer is under contract with its existing EGS through the December meter read date, December 31, the first scenario could result in the customer incurring an early termination fee. If the EGS could specify the enrollment effective date, the EGS can ask the customer to provide its current contract end date at the time of enrollment and then specify an enrollment effective date after this date to avoid any early termination fees for the customer.

Another benefit of this functionality is the management of the legal requirement that mass market customers have a three business day rescission period. Under the current plans, EGSs must manage the rescission period by delaying the initial enrollment transaction while waiting for the three business day rescission period to pass (because if an EGS sends the enrollment request before then and the customer chooses to rescind, the EGS cannot cancel the enrollment process). If the EGS could specify the enrollment effective date, then the EGS could initiate the enrollment immediately but transmit an effective date after expiration of the rescission period. If the customer chooses to rescind during this three day period, the EGS would transmit a rescind EDI transaction to cancel the pending enrollment.

Similarly, in the case of larger commercial accounts, they could be more frequently exposed to liquidated damages provisions if an EGS cannot specify the enrollment date. This is because a customer who selects a new EGS during the ending month of their current contract, is much more likely to switch before their current contractual end date, which for most customers would currently be defined as the regularly scheduled meter read date. The following example illustrates this point:

- A customer originally signed up under a fixed price contract in January 2014 for a 12 month term. The customer's meter read date is January 29th. Currently, most EGSs define contract terms based on the regular meter read date. So, this customer would have a term extending through January 29th, 2015.

- If the customer shops and selects a new EGS during January 2015, they are likely to believe that if they switch in January, they will be honoring their existing contract. However, consistent with the way that all the EDCs have chosen to implement accelerated switching, if the customer's new EGS initiates the EDI enrollment transaction at any time before January 26th, the switch will happen before the customer's contracted end date.
- This may expose the customer to early termination fees or liquidated damages provisions for commercial contracts. In the case of large commercial customers, the mark to market loss associated with liquidating a partial month's worth of supplies can be substantial.

To address these concerns, customers who wish to avoid such fees should be permitted to define their switch effective date. Doing so is consistent with 52 Pa. Code § 57.173(2) which expressly requires the EDCs and EGSs to allow a customer to indicate an enrollment date in the future. Modifying the EDI enrollment transaction to permit the new EGS to specify the switch effective date would enable a customer to advise the new EGS of the existing contract end date and the new EGS can use this information to implement the enrollment in a way that avoids any early termination fees for the customer.

For all these reasons, RESA recommends that the Commission direct PPL to implement EDI protocols that would allow EGSs to specify the enrollment effective date as part of its final order addressing PPL's petition.

Sincerely,



Deanne M. O'Dell

cc: Per Certificate of Service

CERTIFICATE OF SERVICE

I hereby certify that this day I served a copy of RESA's Letter Response upon the persons listed below in the manner indicated in accordance with the requirements of 52 Pa. Code Section 1.54.

Via E-mail and/or First Class Mail

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