COMMONWEALTH OF PENNSYLVANIA

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May 28, 2015

Rosemary Chiavetta, Secretary
PA Public Utility Commission
Commonwealth Keystone Bldg.
400 North Street
Harrisburg, PA 17120

Re: Electric Distribution Companies; Plan Filings for Seamless Moves and Instant Connects – Pennsylvania Electric Company
Docket No. M-2014-2401155

Dear Secretary Chiavetta:

Attached for electronic filing please find the Office of Consumer Advocate's Comments in the above-referenced proceeding.

Respectfully submitted,

Hobart J. Webster
Assistant Consumer Advocate
PA Attorney I.D. #314639

Attachment
cc: Office of Competitive Market Oversight
207465

BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION

Electric Distribution Companies;	:	
Plan Filings for Seamless Moves	:	
and Instant Connects	:	
RE: Pennsylvania Electric Company	:	Docket No. M-2014-2401155

COMMENTS OF THE
OFFICE OF CONSUMER ADVOCATE

I. Background and Introduction

On February 15, 2013, the Pennsylvania Public Utility Commission (Commission) entered a Final Order in its Investigation of Pennsylvania's Retail Electricity Market: End State of Default Service, at Docket No. 1-2011-2237952 (RMI Final Order). Pursuant to the RMI Final Order, the Commission directed Electric Distribution Companies (EDCs) to develop and submit plans to improve the procedures for switching Electric Generation Suppliers (EGS) through implementation of "Seamless Moves" and "Instant Connects" by June 1, 2015. The Commission explained that "Seamless Moves" are a process by which an existing EGS customer can move within a service territory while maintaining existing EGS service. The Commission detailed that "Instant Connects" is a process that allows a new electric customer to receive supply from an EGS at the time service is initiated with the utility.

The Commission directed EDCs to utilize existing supplier notification and communication processes in developing their plans. The Commission also requested that the plans include the EDC's expected costs and its proposed mechanism for cost recovery.

By Secretarial Letter dated August 13, 2014, the Commission permitted EDCs to delay the development of Instant Connects and Seamless Moves if the implementation could hinder or delay the development of 3-day supplier switching. By Secretarial Letter dated March 20, 2015, EDCs were directed to file revised plans to implement Seamless Moves and Instant Connects in their service territories by July 1, 2016.

On April 20, 2015, each EDC filed a revised plan for implementation of "Seamless Moves" and "Instant Connects." On April 28, 2015, the Commission's Office of Competitive Market Oversight announced that Comments to filed plans would be due May 28, 2015. The Office of Consumer Advocate (OCA) appreciates the opportunity to respond to the Companies' plans. The OCA submits these comments in two sections. In Section II, below, the OCA provides general comments to issues raised by all of the Companies' filings. In Section III, the OCA addresses issues unique to the EDC that is the subject of the docket number.

II. General Comments

The OCA supports the Commission in its endeavors to improve Pennsylvania's retail electric market. The OCA is in general agreement with the Commission's proposals related to Instant Connects and Seamless Moves. The OCA submits that Instant Connects and Seamless Moves complement the Commission's recent actions. Seamless Moves ensure that when a customer moves, the EGS can continue to serve the customer at the new location. This will allow an EGS to retain a customer that it has invested in obtaining and will avoid the customer having to re-enroll with a supplier at the new location. The Instant Connect process

also gives a customer an opportunity to enroll with an EGS as they establish service, often as part of the customer referral program. This again provides a low cost opportunity for an EGS to obtain customers.

The OCA submits that, while it finds these processes to be reasonable, certain issues should be addressed which are generally applicable to all EDC's plans for implementation of Instant Connects and Seamless Moves.

A. Customer Notification – Seamless Move

The OCA submits that every EGS customer who contacts the EDC to arrange a move should be informed of the Seamless Move process so that the customer is aware that they will retain the EGS at their new location unless the EGS determines that it will not continue to provide service to a Seamless Move customer.

The OCA further submits that EGSs should be required to send a confirmation or "Move Letter" to a customer opting to continue service through a Seamless Move or a letter informing the customer that the EGS will not continue service at the new location. This proposal was made by FirstEnergy, and the OCA submits that this proposal represents a best practice that should be in all of the processes. See, FirstEnergy Revised Plan at 6. Specifically, the FirstEnergy companies propose to require the following:

> The Companies will require the EGS to: (a) send the customer a new "move" letter to ensure the customer receives written notification of the transfer of EGS terms and conditions from the current premise to the new premise; or (b) send the customer a letter explaining why the EGS declined to process the seamless move opportunity.

FirstEnergy Revised Plan at 6.

The OCA understands that this may increase costs for EGSs. The OCA submits, however, customers should be aware of how their service will be provided as their circumstances

change. Additionally, these programs offer EGSs the opportunity to strengthen relationships with their customers and to retain those customers under changing circumstances.

B. Cost Recovery

As to cost recovery, the OCA submits that the implementation costs for Seamless Moves and Instant Connects should be borne by the EGSs. These two processes will provide significant benefits to EGSs by providing a low cost method for the EGS to obtain and retain customers. If ratepayers are asked to pay any portion of these costs, then the cost related to implementation of Instant Connects and Seamless Moves should be included in base rates. The Commission should not allow recovery of any ratepayer share of these costs (if any) through ratepayer surcharges, consistent with its recent decisions on the costs associated with accelerated switching and Citizens' and Wellsboro's Electronic Data Information systems (EDI). As the Commission held in its Opinion and Order in the recent Citizens' and Wellsboro EDI proceeding, efforts to enhance the competitive retail electric markets are properly recoverable via base rates and not a surcharge mechanism as some EDCs have proposed. Pa PUC v. Wellsboro Electric, Citizens Electric Co. of Lewisburg PA, Docket Nos. R-2014-2419774, R-2014-2419776 (Order Entered Feb. 12, 2015 at 17) (C/W Order). With regard to EDI costs in Citizens'/Wellsboro, the Commission held the following:

> [W]e disagree that the estimated costs of this project are properly recoverable via the surcharge mechanism as they propose. Instead, we conclude that the nature of these estimated EDI costs would render them more properly recoverable via a general base rate increase request. Therefore, we conclude that Citizens' and Wellsboro have failed to meet their burden of proving that the estimated EDI costs should be recovered via a non-bypassable surcharge.

C/W Order at 17-18.

In its Accelerated Switching Rulemaking Order, the Commission required that EDCs recover costs associated with this retail market enhancement through base rates. Rulemaking to Amend the Provisions of 52 Pa Code, Ch. 57 Regulations Regarding Standards For Changing A Customers Electric Generation Supplier, Docket No. L-2014-240938S (Order Entered April 13, 2014 at 30) (Accelerated Switching Order). The Commission held that Accelerated Switching costs should be recovered in base rates, as follows:

> EDCs should seek recovery of reasonable costs in a future base-rate filing, which will receive usual full scrutiny of review by the Commission and interested parties.

Accelerated Switching Order at 30.

The OCA submits that if any costs associated with Seamless Moves and Instant Connects are found to be properly recoverable from ratepayers, the costs should be recovered through a general base rate request. The OCA submits however, that these processes are intended to, and do, benefit the EGSs by lowering the cost to obtain and retain customers. As such, these cost should be assigned to EGSs.

III. Company Specific Issues

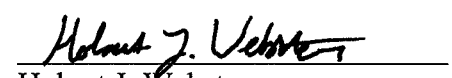
On April 20, 2015, Metropolitan Edison Company, Pennsylvania Electric Company, Pennsylvania Power Company and West Penn Power Company (FirstEnergy or Companies) filed its Revised Joint Plan for Accomplishing Seamless Moves and Instant Connects. The Companies' Plan provides a reasonable framework to achieve the retail switching requirements established by the Commission. The Companies estimate that the required system modifications for Instant Connects and Seamless Moves will cost approximately $2.5 million. FirstEnergy Plan at 15.

The Companies propose to recover all capital costs through its Default Service Support Rider. As noted above in Section II, the OCA submits that these costs should be recovered from the EGSs that benefit through maintaining the customer relationship and by establishing a contractual relationship at the time service is established. To the extent these costs are recovered from ratepayers, however, the OCA submits that the costs should be recovered in a base rate case and that the Commission must carefully review these costs in the base rate case to ensure that they are just and reasonable.

IV. Conclusion

The OCA supports the Commission's initiative to implement Instant Connects and Seamless Moves protocols throughout Pennsylvania. The OCA respectfully requests that the Commission consider these Comments as it moves forward with implementation of these retail market enhancements.

Respectfully Submitted,



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