**PENNSYLVANIA**

**PUBLIC UTILITY COMMISSION**

**Harrisburg, PA 17105-3265**

Public Meeting held June 30, 2016

Commissioners Present:

Gladys M. Brown, Chairman

Andrew G. Place, Vice Chairman

John F. Coleman, Jr.

Robert F. Powelson

David W. Sweet

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| Pike County Light and Power Company Plan for Seamless Moves and Instant Connects | M-2014-2401119 |

**FINAL ORDER**

Before the Pennsylvania Public Utility Commission (Commission) is a recommendation from its Office of Competitive Market Oversight (OCMO) to provide Pike County Light and Power Company (Pike) with a temporary exemption of the Commission’s seamless movesand instant connects requirements. On or before August 31, 2017, Pike is required to submit for the Commission’s review and approval a revised plan for implementing seamless moves and instant connects in its service territory.

A seamless move is the ability of a customer’s choice of supplier to move with the customer to a new address within a single service territory without interruption. Instant connect is the ability of supply service to start on “day one” of new utility service, without the customer first having to go on default service.

# BACKGROUND

By order entered on April 29, 2011, the Commission launched its *Investigation of Pennsylvania’s Retail Electricity Market* (Electric RMI), directing OCMO to develop recommendations for improvements to ensure that a properly functioning and workable competitive retail electricity market exists in Pennsylvania.[[1]](#footnote-1) On February 15, 2013, the Commission entered its Electric RMI Final Order (*Electric RMI Final Order*).[[2]](#footnote-2) As part of the *Electric RMI Final Order,* the Commission instructed electric distribution companies (EDCs) to submit, by the end of 2013, plans for the implementation of seamless moves and instant connects in their service territories by June 1, 2015.

Pursuant to the Commission's *Electric RMI Final Order,* Pike submitted a compliance filing on December 30, 2013, which detailed its plan to implement seamless moves and instant connects in its service territory by June 1, 2015. In the alternative, Pike requested that it be exempted from the seamless moves and instant connects provisions due to the cost of implementation relative to the size of its customer base. Subsequent events caused the Commission to modify the implementation timelines for these new market enhancements. Specifically, on April 3, 2014, the Commission promulgated new regulations directing the EDCs to develop three-business day supplier switching timeframes.[[3]](#footnote-3)

On July 29, 2014, Pike filed a Petition for Waiver of Regulations Regarding Standards for Changing a Customer’s Generation Supplier requesting a waiver of the three-business day switching requirements.[[4]](#footnote-4) Shortly thereafter, this Commission acknowledged that the implementation of three-business day supplier switching required significant effort by the EDCs and that the timely development of three-business day switching was a priority over instant connects and seamless moves. As such, by means of an August 13, 2014 Secretarial Letter, the Commission permitted the EDCs to delay the development of seamless moves and instant connects if an EDC determined that developing these processes could hinder or delay the development of three-business day supplier switching.[[5]](#footnote-5)

At its November 13, 2014 Public Meeting, this Commission granted *Pike’s Petition for Waiver of Accelerated Switching*, providing for a waiver of the three-business day switching requirements until June 15, 2015.[[6]](#footnote-6) The Commission required Pike to submit an analysis of the costs and feasibility of a manual process to switch customers that complies with our regulations at 52 Pa. Code § 57.174 within 90 days of the entry date of its *Nov. 2015 Accelerated Switching Waiver Order*.[[7]](#footnote-7) On March 4, 2015, Pike submitted its analysis to the Commission.[[8]](#footnote-8) Pike included in that filing a request that it be provided with a permanent waiver of the three-business day switching requirements at 52 Pa. Code §§ 57.173-57.174.[[9]](#footnote-9) As an alternative, Pike proposed implementation of three-business day, *on-cycle* switching.[[10]](#footnote-10)

On March 20, 2015, this Commission issued a Secretarial Letter directing EDCs, including Pike, to file revised plans to implement seamless moves and instant connects by July 1, 2016.[[11]](#footnote-11) EDCs, in their plans, were directed to demonstrate how they will achieve seamless moves and instant connects and their timeframes for implementation to meet a July 1, 2016 implementation deadline. Each plan was also to include an estimate of the costs to design, test, implement and maintain seamless moves and instant connects, and proposals for the recovery of those costs. This Secretarial Letter also provided a 30-day comment period for responses to the filed plans. The Commission then committed to review the plans and comments to determine appropriate further actions with regard to the filed plans.

On April 20, 2015, Pike filed a revised plan to implement seamless moves and instant connects by July 1, 2016. As in its previous plan, Pike included a request that it be exempted from the seamless move and instant connect requirements due to the high costs relative to the size of its customer base. On May 28, 2015, the Office of Consumer Advocate (OCA) submitted comments regarding Pike’s revised plan, which are discussed below.

Lastly, this Commission, at its June 11, 2015 Public Meeting, addressed *Pike’s Analysis and Waiver Request*.[[12]](#footnote-12) In its *June 2015 Accelerated Switching Waiver Order*, the Commission accepted Pike’s proposed three-business day, on-cycle switching process.[[13]](#footnote-13) Additionally, Pike was provided with a waiver of the Commission’s three-business day switching regulations until June 15, 2017.[[14]](#footnote-14)

**PIKE’S PLAN**

In its filing, Pike proposes that it be exempted from the seamless move and instant connects requirements discussed above. In the alternative, Pike proposes a Plan for implementation. Pike estimates the total cost of implementing seamless moves and instant connects will be between $950,000 and $1.2 million. Pike Plan at 7.

**Request for Exemption**

Pike states that it strongly supports retail electric competition and notes that currently 54% of its electric delivery customers are enrolled for commodity service with an electric generation supplier (EGS). Pike expresses concern, however, regarding the cost effectiveness of seamless moves and instant connects in its service territory. Pike estimates that the bill impact of seamless moves and instant connects on its 4,700 customers would be approximately $289 to $365 per year, per customer, for five years. Pike states that its analysis of EGS rates paid by its customers compared to Pike default service rates from July 2009 through December 2013 reveals that the largest customer cost incurred while waiting one month to switch to an EGS was $12.07 based on 700 kilowatt-hour (kWh) per month usage. Pike notes that it does not believe that this amount has increased materially since 2013 and that, if the $12.07 benefit was captured by all customers, the total benefit would be approximately $57,000. *Id.* at 8.

Based on this information, Pike requests that the Commission exempt it from implementing both seamless moves and instant connects. Pike believes such an exemption to be in the best interests of its customers. Pike notes that, if the Commission does not provide such an exemption, it will implement seamless moves and instant connects based on its proposed plan (detailed below) and seek to recover the costs of implementation by adding them to the revenue requirement provided in its next rate filing, which it estimates will be filed no earlier than September 1, 2016.[[15]](#footnote-15)

**Seamless Moves**

For seamless moves, Pike proposes to allow eligible shopping customers to retain their current electric generation supplier when moving within Pike’s service territory provided that the customer requests the disconnection of service at one premises and the initiation of service at a different premises within Pike’s service territory. Pike Plan at 5. Additionally, the customer must meet the following criteria:

* Customer is enrolled with an EGS at the existing premises;
* The name on both accounts is identical;
* The rate class on both accounts is identical; and
* The start date for service at the new premises is after the disconnect date at the existing premises.

Pike states that if the criteria listed above are met, its customer service representative (CSR) will ask whether the customer wishes to remain with his or her current EGS at the new premises. If the customer responds affirmatively, the CSR will initiate the seamless move transaction in Pike’s billing system. *Id.* at 6. Pike will then send an electronic data interchange (EDI) transaction to the EGS notifying if of the customer’s change in address and new account number.[[16]](#footnote-16) The EGS will send an acknowledgement upon receipt of the EDI change request. Pike states that, if the customer requests a start date that is at least four business days prior to the next meter read date, the customer will begin service at the new premises with the EGS. However, if the start date is less than four business days prior to the next meter read date, the customer will become a default service customer for the first bill cycle and will take service from the EGS beginning on the second bill period. *Id.* at 7.

Pike notes that, for a seamless move to occur, the customer must final the first account before initiating the second. *Id.* at 7. Additionally, backdating of service connections will not qualify; the change can only be made prospectively. *Id.* at 8.

If a customer calls to finalize service at his or her current location and initiate service at a new location with Pike’s service territory and there is a pending active enrollment with a second EGS on that customer’s current account, Pike states that the customer would be ineligible for a seamless move. Additionally, if, after a new account is created but before the current account is finalized, the customer calls for a seamless move and a second EGS submits an enrollment transaction via EDI, the transaction will follow the normal rules – the second enrollment will not become effective because the current account is in the process of closing. *Id.* at 7.

**Instant Connects**

When a customer calls Pike to initiate electric service, Pike proposes that its CSR establish the customer’s account as a “Pending Active” account and assign a new account number, similar to Pike’s current process. If the customer is either new to the Pike service territory or is adding a new service (*e.g.,* the customer moved from on residence to another within Pike’s service territory and was a default customer at the prior residence), the CSR will ask the customer if he/she would like to enroll with an EGS. If answered affirmatively, the CSR will provide the customer with the newly-created account number. The CSR will then transfer the customer to the customer’s chosen EGS or, if a specific EGS is not chosen, to an EGS assigned on a rotating basis. If the customer enters into a contract with the EGS, the EGS must follow its normal enrollment process and submit an EDI enrollment request to Pike. Pike Plan at 3-4.

Pike proposes that, upon receipt of the EGS enrollment request, it will undertake its “Day One” process. “Day One” refers to the first business day outside of the “8 Day EDI acceptance window” (the 8 Day Window). The 8 Day Window encompasses the four business days prior to the meter read date, the day of the meter read, and the three business days following the meter read date. Pike states that it cannot make changes to a customer’s account during the 8 Day Window due to the downloading of data utilized to read the meter and prepare the bill (the four business days prior to the meter read date), the reading of the meter (the day of the meter read), and the preparation of the customer’s bill (the three business days following the meter read date). Therefore, if the EDI enrollment request is received at least four business days prior to the customer’s next meter read date, the EGS enrollment will be effective on the date that service is initiated. If the EDI enrollment request is received during the 8 Day Window, the customer will receive Pike’s default service for a first billing period up to the end of the 8 Day Window (a maximum of eight business days). The customer will then receive service from the selected EGS beginning on the second bill period. Pike notes that neither the customer nor the EGS would be required to take any additional action to make the enrollment effective. *Id.* at 4.

Pike states that it will accept all enrollments from an EGS and will code the “Pending Active” account as enrolled with the chosen EGS. Pike notes that both the change in the number of days and an acceptance while an account is “Pending Active” constitute changes to its current enrollment processes and will require modifications to its billing and EDI systems, as well as to its Retail Access Information System (RAIS). Additionally, Pike states that it will follow its normal procedures and mail an enrollment letter to the customer. The customer will have the standard three days to rescind the contract. *Id.* at 4-5.

**Timeline**

Pike anticipates that it will need 12 months in order to modify its systems, develop new processes, and perform significant programming and testing in order to implement seamless moves and instant connects. Additionally, Pike notes that it must notify the NYPSC of any new EDI segments. *Ibid.*

**COMMENTS**

OCA is in general agreement with the Commission’s proposals related to seamless moves and instant connects. While it finds these processes to be reasonable, OCA asserts that certain issues should be addressed. OCA Comments at 2-3. 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 at the new location. OCA further submits that EGSs should be required to send a confirmation letter to a customer informing the customer that the EGS will or will not continue service at the new location. OCA acknowledges that this may increase costs for EGSs, but believes that customers should be aware of how their service will be provided as their circumstances change. *Id.* at 3-4.

Regarding EDC cost recovery, 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, OCA submits that the costs should be recovered in a base rate case and that the Commission must carefully review these costs in such proceedings to ensure that they are just and reasonable. *Id.* at 5-6.

OCA states that Pike has clearly demonstrated that the costs of seamless move and instant connect implementation are not reasonable given the size of the utility. Therefore, OCA submits that the Commission should grant Pike’s request for an exemption. *Id.* at 6.

**RESOLUTION**

**Request for Exemption**

As discussed in our Orders addressing other EDCs,[[17]](#footnote-17) this Commission remains convinced that seamless moves and instant connects are important enhancements to the competitive electric marketplace. These two items are, from a customer’s perspective, ordinary and expected capabilities that have been hindered by current EDC account handling processes and information systems.[[18]](#footnote-18) However, as expressed in our *June 2015 Accelerated Switching Waiver Order*, this Commission recognizes Pike’s uniqueness, specifically with regard to its relatively small customer base and its operational relationship with its corporate parent in New York.[[19]](#footnote-19) Additionally, we recognize Pike’s efforts to estimate the billing impacts associated with implementing seamless moves and instant connects in its service territory at this time. We will not grant Pike a permanent exemption from this Commission’s seamless move and instant connects requirement, at this time. However, we will grant Pike a temporary exemption, similar to that afforded to Pike in our *June 2015 Accelerated Switching Waiver Order* regarding three-business day switching. As previously discussed herein, our *June 2015 Accelerated Switching Waiver Order* provided Pike with a waiver of the three-business day switching requirements until June 15, 2017, and also approved Pike’s proposed three-business day, *on-cycle* switching process. The implementation of Pike’s on-cycle process, as well as the expiration of the three-business day switching waiver in Pike’s service territory, may allow for a smoother and less costly methodology for implementing seamless moves and instant connects. Therefore, this Commission will temporarily exempt Pike from our seamless move and instant connect requirements. As discussed later herein, Pike is require to submit to this Commission for its review and approval a revised plan for seamless move and instant connect implementation on or before August 31, 2017.

**Revised Implementation Plan**

Pike’s Plan details it existing processes for customer moves. It appears that Pike currently requires at least the first bill of a customer moving into its service territory to be processed before an EGS may even send an enrollment request. This request will then be processed and become effective on the customer’s next meter read date. Pike states that, if an EGS sends an enrollment request less than five business days prior to the next meter read date, the enrollment will become effective on the second meter read date after Pike receives the enrollment request. As a result, new customers experience a shopping “black out” that requires them to take default service from Pike for at least the first bill period and potentially the second bill period, depending on the timing of the enrollment request. *See* Pike Plan at 3. It is unclear as to whether or not Pike’s proposed instant connect process[[20]](#footnote-20) addresses this shopping “black out”. Therefore, we direct Pike to include in its revised plan a methodology for shortening, or preferably eliminating, this initial default service period.

In the proceedings regarding the revised plans filed by Duquesne, FirstEnergy, PECO and PPL, comments were filed by FirstEnergy Solutions (FES) regarding concerns about how customer relocation, in seamless move scenarios, could result in significant changes to the character of the service being used and thus possibly impacting existing contracts.[[21]](#footnote-21) While FES did not file those same comments in this proceeding, we would like to maintain directives that are as consistent as possible across all EDC service territories. As noted in our *Duquesne Order*, we do not believe the way to address FES’s concern is to allow EGSs to unilaterally terminate contracts simply because a customer relocates.[[22]](#footnote-22) Instead, as outlined in the *Duquesne Order*, we will carefully restrict the customer eligibility requirements for seamless moves. We do not find Pike’s customer eligibility requirements for either the seamless move or the instant connect process to be clear. As we approved in the *Duquesne Order*,[[23]](#footnote-23) we direct Pike to include in its revised plan a requirement that, in a seamless move scenario, the customer maintains the same supplier billing rate, billing option and tax exemption percentage. Additionally, we direct Pike to include in its revised plan the rate classes/schedules eligible for both the seamless move and instant connects processes.

In response to the customer notice issues raised by OCA, we will adopt the same measures as we did in the *Duquesne Order* and not require EGSs to send a confirmation letter to the customer stating that it will/will not continue to serve the customer at the new address.[[24]](#footnote-24) EGSs are free to send such a notice to their customers, but requiring such a notice is unnecessary. We prefer the approach adopted in the *Duquesne Order*, where the EDC will inform the customer that his or her EGS supply service will seamlessly move to the new location (assuming eligibility requirements are met).[[25]](#footnote-25) The customer does not have to authorize or take any additional actions for this to happen. We direct Pike to include this in its revised plan.

Pike notes that it will take approximately 12 months and between $950,000 and $1.2 million to implement the seamless moves and instant connect processes outlined in its plan. This Commission has provided through this Final Order a temporary waiver of the seamless move and instant connect requirements for Pike as we believe the implementation of Pike’s three-business day, on-cycle switching, as well as the upcoming implementation of three-business day, off-cycle switching may affect both seamless moves and instant connects. We believe that the implementation of those processes may allow for a smoother and less costly methodology for implementing seamless moves and instant connects in the Pike service territory. Therefore, we direct Pike to include in its revised plan updated cost estimates and timelines for implementing the seamless move and instant connects functionalities. We will address potential cost recovery mechanisms upon review of Pike’s revised implementation plan.

# CONCLUSION

After review of Pike’s proposed plan and request for exemption, we find that granting Pike a temporary exemption of this Commission’s seamless move and instant connect requirements to be in the public interest. On or before August 31, 2017, Pike is required to submit for the Commission’ s review and approval a revised plan, per the terms of this Final Order, for implementing seamless moves and instant connects in its service territory.

**THEREFORE,**

**IT IS ORDERED:**

1. That Pike County Light & Power Company’s request for exemption from the Commission’s seamless move and instant connects requirements is temporarily granted.

2. That Pike County Light & Power Company shall file with the Commission, on or before August 31, 2017, a revised plan, per the terms of this Final Order, for implementing seamless moves and instant connects in its service territory.

3. That this Final Order be served on all jurisdictional Electric Distribution Companies, the Bureau of Investigation and Enforcement, the Office of Consumer Advocate, the Office of Small Business Advocate and the parties who filed comments at Docket No. M-2014-2401119.

4. That the Secretary shall deposit a notice of this Final Order with the Legislative Reference Bureau for publication in the *Pennsylvania Bulletin*.

5. That a copy of this Order be posted on the Commission’s website at the Office of Competitive Market Oversight’s web page at <http://www.puc.pa.gov/utility_industry/electricity/electric_competitive_market_oversight.aspx>.

6. That the Office of Competitive Market Oversight shall electronically serve a copy of this Final Order on all persons on the contact list for the Committee Handling Activities for Retail Growth in Electricity.

**BY THE COMMISSION,**

 Rosemary Chiavetta

Secretary

(SEAL)

ORDER ADOPTED: June 30, 2016

ORDER ENTERED: June 30, 2016

1. *See Investigation of Pennsylvania’s Retail Electricity Market*, Docket No. I-2011-2237952 (Order entered Apr. 29, 2011). [↑](#footnote-ref-1)
2. *See Investigation of Pennsylvania’s Retail Electricity Market: End State of Default Service*, Docket No. I-2011-2237952 (Final Order entered Feb. 15, 2013). [↑](#footnote-ref-2)
3. *See Rulemaking to Amend the Provisions of 52 Pa. Code, Chapter 57 Regulations Regarding Standards for Changing a Customer’s Electricity Generation Supplier*, Docket L‑2014-2409383 (Final-Omitted Rulemaking Order entered Apr. 3, 2014). [↑](#footnote-ref-3)
4. *See Petition of Pike County Light & Power Company for Waiver of Regulations Regarding Standards for Changing a Customer’s Generation Supplier*, Docket No. P-2014-2437967 (Filed July 29, 2014) (hereinafter *Pike’s Petition for Waiver of Accelerated Switching*). [↑](#footnote-ref-4)
5. *See* *EDC plan filings for Seamless Moves and Instant Connects*, Docket No. M‑2014‑2401127 (Secretarial Letter served Aug. 13, 2014). [↑](#footnote-ref-5)
6. *See Petition of Pike County Light & Power Company for Waiver of Regulations Regarding Standards for Changing a Customer’s Generation Supplier, 52 Pa. Code §§ 57.171-57.180*, Docket No. P-2014-2437967 (Order entered Nov. 25, 2014) (hereinafter *Nov. 2015 Accelerated Switching Waiver Order*). [↑](#footnote-ref-6)
7. *See* *Nov. 2015 Accelerated Switching Waiver Order* at 10. [↑](#footnote-ref-7)
8. *See Petition of Pike County Light & Power Company for Waiver of Regulations Regarding Standards for Changing a Customer’s Generation Supplier (Pike Analysis of Costs and Feasibility of a Manual Process)*, Docket No. P-2014-2437967 (Filed Mar. 4, 2015) (hereinafter *Pike’s Analysis and Waiver Request*). [↑](#footnote-ref-8)
9. *Id.* at 5. [↑](#footnote-ref-9)
10. *Ibid.* [↑](#footnote-ref-10)
11. *See EDC plan filings for Seamless Moves and Instant Connects*, Docket No. M‑2014‑2401127 (Secretarial Letter served Mar. 20, 2015). [↑](#footnote-ref-11)
12. *See Petition of Pike County Light & Power Company For Waiver of Regulations Regarding Standards for Changing a Customer’s Electric Generation Supplier And an Analysis of Costs and Feasibility of a Manual Process*, Docket No. P-2014-2437967 (Order entered June 11, 2015) (hereinafter *June 2015 Accelerated Switching Waiver Order*). [↑](#footnote-ref-12)
13. *Id.* at 7. [↑](#footnote-ref-13)
14. *Id.* at 8. [↑](#footnote-ref-14)
15. Pike states that this would be in accordance with its current electric rate plan at Docket No. R-2013-2397237. [↑](#footnote-ref-15)
16. Pike notes that it utilizes New York EDI protocols and therefore will need to notify the New York Public Service Commission (NYPSC) prior to the implementation of any EDI changes. [↑](#footnote-ref-16)
17. *See Duquesne Light Company Plan for Seamless Moves and Instant Connects*, Docket No. M-2014-2401127 (Final Order entered Sept. 3, 2015) at 10 (hereinafter *Duquesne Order*); *Joint Plan of Metropolitan Edison Company, Pennsylvania Electric Company, Pennsylvania Power Company and West Penn Power Company for Seamless Moves and Instant Connects*, Docket No. M-2014-2401130, *et. al* (Final Order entered Oct. 1, 2015) at 15; *PPL Electric Utilities Corporation Plan for Seamless Moves and Instant Connects*, Docket No. M-2014-2401103 (Final Order entered Oct. 1, 2015) at 11; *PECO Energy Company’s Plan for Seamless Moves and Instant Connects*, Docket No. M-2014-2401085 (Final Order entered Oct. 22, 2015) at 9; *UGI Utilities, Inc. – Electric Division Plan for Seamless Moves and Instant Connects*, Docket No. M-2014-2401126 (Final Order entered May 19, 2016) at 7. [↑](#footnote-ref-17)
18. *Ibid.* [↑](#footnote-ref-18)
19. *See* *June 2015 Accelerated Switching Waiver Order* at 6-7. [↑](#footnote-ref-19)
20. *See* Pike Plan at 3-5. [↑](#footnote-ref-20)
21. *See Comments of FirstEnergy Solutions Corp. to the Seamless Moves and Instant Connects Plans of Duquesne Light Company, PECO Energy Company, PPL Electric Utilities, Metropolitan Edison Company, Pennsylvania Electric Company, Pennsylvania Power Company, and West Penn Power Company*, Docket Nos. M-2014-2401127, M-2014-2401085, M-2014-2401103, M-2014-2401130, M-2014-2401155, M-2014-2401151 and M-2014-2401148 (Filed May 28, 2015). [↑](#footnote-ref-21)
22. *See* Duquesne Order at page 10. [↑](#footnote-ref-22)
23. *Id*. [↑](#footnote-ref-23)
24. *Id.* at pages 11-12. [↑](#footnote-ref-24)
25. *Id*. at page 5. [↑](#footnote-ref-25)