The Office of Competitive Market Oversight (OCMO) is exploring what can be done to accelerate the time it takes a customer to obtain service from a new supplier once a customer enrolls. While this may appear to be a simple issue, it can be rather complex in that it involves utilities and suppliers and many regulations, procedures, and EDI transactions. OCMO has had informal discussions with some utilities to discuss their processes, and we have also consulted with regulators from other states as to steps they have taken to accelerate the switching process.

To assist with the discussion, OCMO has prepared this brief summary of some of the issues involved. It is not intended to be a comprehensive statement of the issues involved, and is also not intended to promote or endorse any particular solution(s).

**REGULATIONS AND STATUTE:**

The supplier switching regulations (52 Pa Code §§ 57.171 – 179; see attachment one) contain some timeframes relevant to the switching process.

- When considering the switching regulations, it has to be kept in mind that the Commission’s statutory authority for these regulations is found in the electric restructuring statute (66 Pa C.S. § 2807(d)(1)). This section requires the Commission to “…establish regulations to ensure that an electric distribution company does not change a customer’s electricity supplier without direct oral confirmation from the customer of record or written evidence of the customer’s consent to a change of supplier.”

- § 57.173 of the switching regulations requires the EGS to notify the EDC of the customer’s selection “…by the end of the next business day following the customer contact.” However, the Commission has waived this provision for instances where the customer’s service is not to start until some distant, future date. See P-00991673, Public Meeting 6/24/99. Also, many suppliers have made it a practice to wait until the customer’s 3-day right of rescission (see below) expires before contacting the EDC.

- § 57.173(2) requires the EDC to mail a 10-day confirmation letter to the customer “…by the end of the next business day following the receipt of the notification of the customer’s selection of an EGS.” This regulation also states that “[t]he 10-day waiting period shall begin on the day the letter is mailed.” Can this 10-day period be shortened? If so, by how much? Is this confirmation process still needed? Are there alternatives to the use of the U.S. mail for the
EDC to request confirmation from the customer and the customer to respond to the EDC that would speed up the confirmation process?

- § 57.174 requires the EDC to “…make the change at the beginning of the first feasible billing period following the 10-day waiting period…” Should this regulation include a more specific timeframe? Or do the various EDC system requirements make delineating a specific timeframe problematic?

Customer Information regulations (52 Pa. Code §§ 54.1 – 54.9) also include some timeframes that impact the switching process:

- § 54.5(d) requires that customers be provided “…a 3-day right of rescission period following receipt of the disclosure statement.”

- § 54.5(d)(1) and (2) state that the 3-day rescission period is “3 business days” and “…begins when the customer receives the written disclosure.”

- Some suppliers make it a practice to wait until the 3-day rescission period expires before submitting the enrollment to the EDC.

- Changes to this 3-day rescission period may be difficult in that this generally reflects existing Pa consumer contract law (Unfair Trade Practices and Consumer Protection Law, 73 P.S. §§ 201.1 – 201 – 9.2). There is also, in federal law, a 3-day “cooling off period” for door-to-door transactions (See Rule Concerning Cooling-Off Period for Sales Made at Homes or at Certain Other Locations; 16 CFR Part 429 (FTC)).

UTILITY PROCEDURES:

- Most EDCs have what is commonly referred to as the “16-day rule” or something similar (see Attachment 2 for an example). Can this timeframe be shortened? Can it only be shortened by revising the timeframes in the regulations discussed above?

- Supplier switches are executed on meter reads, and per the customer’s regular meter-reading schedule (the meter read that is obtained for EDC billing purposes). Should we explore off-cycle reads when needed, or at least a mid-cycle read? Estimated reads? Are the answers to these questions different if automated meters (AMRs)/smart meters are involved?

- If mid-cycle/off-cycle reads are needed, what corresponding changes to EDC billing systems will be needed, if any? Are there any regulatory hurdles to changing billing periods? 52 Pa. Code 56.2 specifies that residential billing periods are to be between 26 – 35 days; but exceptions are allowed for initial and final bills.
• If utility meter-read and billing practices are impacted and costs are incurred, who pays these costs?

SUPPLIER PROCEDURES:
• Are there any supplier practices/procedures that can cause unnecessary delays? Does the practice of “batching enrollments” before sending them to the EDC unnecessarily delay the switch? Or are there good reasons for “batching” (from both the supplier and the EDC’s perspective)? Can supplier agent and/or vendor practices, including compensation practices, inadvertently lead to agents/vendors stockpiling/delaying enrollments?
• If supplier practices have to change, and costs are incurred, is the cost (that could be passed along to customers) worth the benefits achieved?

EDI:
• What, if any, changes are needed to EDI to facilitate accelerated switching?
• If there are EDI changes that cause costs to be incurred, who pays these costs?

CONSUMER EDUCATION:
• To what extent is this a consumer education issue? Do consumers need to be better informed as to how the switching process works? Can consumer education be used to decrease consumer frustration/disappointment; keeping expectations more realistic? Should consumer education include information about what the customer can do to expedite the switching process, like responding promptly to the EDC to confirm his authorization to transfer the account?
• Who is obligated to educate the consumer as to the switching process? The supplier at the time of enrollment? The EDC at the time of confirmation? Or should this be done even earlier, at the time the customer shops? Should the Commission do more, such as through PaPowerSwitch.com?

CHARGE AGENDA ITEM: ACCELERATING SUPPLIER SWITCHING TIMEFRAMES

INFORMAL DISCUSSION DOCUMENT

March 2011
Subchapter M. STANDARDS FOR CHANGING A CUSTOMER’S ELECTRICITY GENERATION SUPPLIER

57.171. Definitions.
57.172. Customer contacts with the EDC.
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57.179. Record maintenance.

§ 57.171. Definitions.
The following words and terms, when used in this chapter, have the following meanings, unless the context clearly indicates otherwise:


Customer—A purchaser of electric power in whose name a service account exists with either an EDC or an EGS. In addition, the term includes all persons authorized to act on a customer’s behalf.

EDC—Electric distribution company—An electric distribution company as defined in section 2803 (relating to definitions).

EGS—Electric generation supplier—A supplier as defined in section 2803 of the act.

§ 57.172. Customer contacts with the EDC.
When a customer or a person authorized to act on the customer’s behalf orally contacts the EDC to request a change of EGS, the EDC shall notify the customer that the selected EGS shall be contacted directly to initiate the change.

§ 57.173. Customer contacts with EGSs.
When a contact occurs between a customer or a person authorized to act on the customer’s behalf and an EGS to request a change of the EGS, upon receiving direct oral confirmation or written authorization from the customer to change the EGS, the contacted EGS shall:
(1) Notify the EDC of the customer’s EGS selection by the end of the next business day following the customer contact.

(2) Upon receipt of this notification, the EDC shall send the customer a confirmation letter noting the proposed change of EGS. This letter shall include notice of a 10-day waiting period in which the order may be canceled before the change of the EGS takes place. The notice shall include the date service with the new EGS will begin unless the customer contacts the EDC to cancel the change. The 10-day waiting period shall begin on the day the letter is mailed. The letter shall be mailed by the end of the next business day following the receipt of the notification of the customer’s selection of an EGS.

§ 57.174. Time frame requirement.
When a customer or authorized party has provided the EGS with oral confirmation or written authorization to change EGSs, consistent with electric data transfer and exchange standards, the EDC shall make the change at the beginning of the first feasible billing period following the 10-day waiting period, as prescribed in § 57.173 (a)(2) (relating to customer contacts with EGSs).

§ 57.175. Persons authorized to act on behalf of a customer.
A customer may identify persons authorized to make changes to the customer’s account. To accomplish this, the customer shall provide the EDC with a signed document identifying by name those persons who have the authority to initiate a change of the customer’s EGS.

§ 57.176. Valid written authorization.
A document signed by the customer of record whose sole purpose is to obtain the customer’s consent to change EGSs shall be accepted as valid and result in the initiation of the customer’s request. Documents not considered as valid include, but are not limited to, canceled checks, signed entries into contests and documents used to claim prizes won in contests.

§ 57.177. Customer dispute procedures.
(a) When a customer contacts an EDC or an EGS and alleges that the EGS has been changed without consent, the company contacted shall:
(1) Consider the matter a customer registered dispute.
(2) Investigate and respond to the dispute consistent with § § 56.151 and 56.152 (relating to utility company dispute procedures).

(b) When the customer’s dispute has been filed within the first two billing periods since the customer should reasonably have known of a change of the EGS and the dispute investigation establishes that the change occurred without the customer’s consent, the customer is not responsible for EGS bills rendered during that period. If the customer has made payments during this period, the company responsible for initiating the change of supplier shall issue a complete refund within 30 days of the close of the dispute. The refund or credit provision applies only to the generation charges.

(c) A customer who has had an EGS changed without having consented to that change shall be switched back to the original EGS for no additional fee. Any charges involved in the switch back to the prior EGS are the responsibility of the company that initiated the change without the customer’s consent.
(d) If a customer files an informal complaint with the Commission alleging that the customer’s EGS was changed without the customer’s consent, the Bureau of Consumer Services will issue an informal decision that includes a determination of customer liability for any EGS bills or administrative charges that might otherwise apply, rendered since the change of the EGS.

(e) In addition to customer-specific remedies, the Commission may, after investigation and decision, assess fines under 66 Pa.C.S. Chapter 33 (relating to violations and penalties) and initiate proceedings to revoke the license of an EGS that demonstrates a pattern of violating this subchapter. The Commission may order a particular EGS that has a pattern of violating this subchapter to obtain written authorization from every new customer as a condition of providing service in this Commonwealth. Nothing in this subchapter is intended to limit the Commission’s authority.

§ 57.178. Default service provider.
This subchapter does not apply when the customer’s service is discontinued by the EGS and subsequently provided by the default service provider because no other EGS is willing to provide service to the customer.

§ 57.179. Record maintenance.
Each EDC and each EGS shall preserve all records relating to unauthorized change of EGS disputes for 3 years from the date the customers filed the dispute. These records shall be made available to the Commission or its staff upon request.
Enrollment of Customer  
**PPL 16 Day Rule**

- Suppliers can obtain customer information and enroll customers via EDI transactions. Suppliers can receive an EDI response containing the customer's service meter read date, capacity and network transmission peak load contributions (PLCs), meter bills cycle, billing type, and other pertinent information.

- To ensure an orderly transfer of customers between PPL and suppliers, the PUC has established rules that require a new supplier to enroll the customers account with PPL Electric a minimum of 16 days prior to the meter read date when supply will start. The 16 day rule is necessary to allow customers to be notified of the pending switch and to correct any errors before supply begins.

- The 16 day rule requires the enrollment to be received through an EDI transaction, by 1:00 pm, 16 days prior to the meter read date (See the **Meter Read Schedule**). This date is determined by counting 16 days back starting with the day prior to the meter read date. For example, if the meter read date is April 20th, start counting with April 19th as day 1. In this case the customer must be enrolled with PPL by 1:00 pm on April 4th. If day 16 is a weekend (Saturday or Sunday) or a holiday the customer must be enrolled with PPL on the prior business day.

- See the next slide for sample applications of the 16 day rule.

(Note: The 16 Day Rule also applies to the submissions of drop requests.)