

**Legal Department**

Exelon Business Services Company  
2301 Market Street/S23-1  
P.O. Box 8699  
Philadelphia, PA 19101-8699

Telephone 215.841.4000  
Fax 215.568.3389  
www.exeloncorp.com

Direct Dial: 215.841.6863

October 25, 2010

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

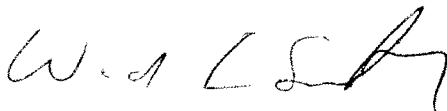
**Re: Charles Gallagher, Jr. v. PECO Energy Company**  
**PUC Docket No. C-2008-2075240**

Dear Ms. Chiavetta:

Enclosed for filing is the Report of PECO Energy Company pursuant to the Commission's Order Entered September 8, 2010, as required by Ordering Paragraph 3 of the Commission's Order.

I have enclosed a Certificate of Service showing that a copy of the above document was served on the interested parties. Thank you for your time and attention on this matter.

Very truly yours,



Ward L. Smith  
Counsel for PECO Energy Company

WLS/adz

Enc.

Cc: Robert Young, Commission Law Bureau (via email)

**BEFORE THE  
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

Charles Gallagher, Jr.

C-2008-2075240

v.

PECO Energy Company

**REPORT OF PECO ENERGY COMPANY PURSUANT TO THE  
COMMISSION'S ORDER ENTERED SEPTEMBER 8, 2010**

**I. Procedural Background and Information on the Underlying Complaint**

On September 8, 2010, the Commission entered an order in the above-noted docket in which it ordered (p. 8, Ordering paragraph 3) PECO Energy Company (“PECO”) to file a report in this matter, stating:

That, within thirty (30) days of the entry of this Opinion and Order, PECO shall file a report for Commission approval that details proposed procedures designed to prevent erroneous, involuntary service terminations when PECO receives a request to transfer service out of one name and place it in the name of someone else. This report is to include an explanation as to why customer records are unavailable for restoration in PECO's system after an erroneous termination. The report shall be sent to the Commission's Bureau of Consumer Service.

PECO subsequently filed a Petition for Review (an appeal) with the Commonwealth Court of Pennsylvania seeking review of the September 8, 2010 order. PECO provides this report pending the Commonwealth Court's review of and action on its appeal.<sup>1</sup>

---

<sup>1</sup> With the filing of the appeal, the Commission's Law Bureau granted PECO an extension until October 25, 2010 to file the report required by Ordering Paragraph 3.

The *Charles Gallagher* case involves a request for new electric utility service received by PECO. PECO's practice upon receiving a request for new service is to process that request and open an account in the new of the new applicant as soon as it can. If PECO's records show that there is a prior, open account at the location, PECO simultaneously sends a letter to the existing customer to inform them that a request for new service at their location has been received, and requesting that the existing customer contact PECO if they believe that request is in error.

PECO followed this process with Mr. Gallagher, who subsequently contacted PECO to inform it that the new service request for his address was in error. When Mr. Gallagher contacted PECO, Mr. Gallagher's existing account had already been closed and a new account had been opened in the new applicant's name. After his contact, PECO worked with Mr. Gallagher to put service at this location back into his name. New electronic funds transfer ("EFT") information was taken and entered for the new account. All issues to re-create an account in Mr. Gallagher's name were resolved within a few days.

Electric utility service was not terminated. Mr. Gallagher had continuous electric service to his residence at all times.

Mr. Gallagher filed a formal complaint regarding these events, and the Commission ultimately sustained his complaint and ordered PECO to file this report.

## II. A Clarifying Statement Regarding “Termination”

One clarifying statement must precede PECO’s substantive report. The Commission’s Ordering Paragraph 3 states that PECO report shall include:

. . . proposed procedures designed to prevent *erroneous, involuntary service terminations* when PECO receives a request to transfer service out of one name and place it in the name of someone else. (emphasis added.)

*Mr. Gallagher’s service was never terminated*, and none of the issues discussed in this litigation have to do with service termination. Indeed, the fact patterns involved here make it nearly impossible for service termination to be involved. We are dealing with a situation that always and only begins when a customer calls in and asks for service to be *initiated* in their name at a given address. That point of that request is to make sure the service is on, and therefore when that request is made, the service is not turned off. The service is on continuously, and no one goes without electric service at all.

The procedure about which Mr. Gallagher complained is that PECO initiated a new account in a new name at his address – *but service remained on the entire time*. Mr. Gallagher’s complaint is that the change of service from one name to another was inconvenient, not that his service was terminated.

This report therefore presents procedures to address the issues and inconvenience experienced by Mr. Gallagher and discussed in the underlying litigation. However, since no service termination ever took place, the report does not contain measures to address service terminations.

### **III. Information Regarding Requests for New Service Received by PECO**

In order to determine which initiatives are reasonable alternatives to address the Commission's order, PECO reviewed the number of new service requests that it receives each year, the number of times in which those new service requests apply to a residence with a new, open account, and the number of times that existing customers later contact PECO to inform it that the new service request was in error (and that are thus similar to Mr. Gallagher's situation.) It found that:

- Each year, PECO receives new service requests from approximately 500,000 customers.
- Approximately 80,000 such requests involve residences where there is an open, active account. Letters are sent for those accounts. (For the approximately 400,000+ locations for which no letter is sent, there either was no existing account at that location, or the existing customer had previously informed PECO that they were ending their service at that location.)
- In response to the 80,000 letters, PECO receives approximately 10-12 responses each year informing it that the new service request was in error and that an account needed to be re-established in the existing customer's name. (This is the group that might face situations similar to Mr. Gallagher's experience.)

Given the response rate of 10-12 customers per year for 80,343 letters sent out, the existing system works appropriately for 99.9985% of the situations it is designed to address.<sup>2</sup>

---

<sup>2</sup> In a Secretarial Letter issued September 22, 2010, the Commission provided PECO with a copy of a post-order filing made by Mr. Gallagher and urged PECO to consider the issues raised therein by Mr. Gallagher. Mr. Gallagher's comments include the claim that PECO's current method of sending an automatically-generated letter has had a "nearly ZERO success rate" in the past. As demonstrated in text, the exact opposite is true – PECO's existing system has a near-zero failure rate of only 0.0015% of "letter" accounts resulting in an incorrect creation of a new account.

Based on this information, PECO investigated two potential types of corrective action. First, PECO inquired whether there are reasonable methods to decrease the inconvenience experienced by any customer for whose residence PECO receives and processes an incorrect request for new service. As set forth in more detail later in this report, given the limited number of accounts that face this situation each year, PECO believes that there are significant opportunities for improvement in this area, and recommends focusing its efforts on this goal. Second, PECO inquired whether there are reasonable methods to reduce the number of customers for whom accounts must be re-established below the 10-12 accounts per year under PECO's current procedure. As discussed in more detail below, each of the potential new procedures in this area is very costly. Given the 99.9985% success rate of the current system, PECO is not recommending changes aimed toward a goal of changing the success rate. The detailed results of PECO's analysis are described in the next sections of this report.

#### **IV. Procedures Evaluated by PECO**

##### **A. Procedures to Reduce Customer Inconvenience**

Under PECO's current procedures, PECO sends approximately 80,000 letters per year to existing residential customers with open accounts informing them that PECO has received a request to initiate new service in a new name at their address. Approximately 10-12 customers per year contact PECO to inform it that the request it received was in error.

Under PECO's existing procedures, by the time PECO receives that information from the customer, the existing account is already closed, and the existing customer experiences inconvenience in re-establishing service in their name. Mr. Gallagher fell into this group and experienced inconvenience.

Given the small number of customers who fall into this category each year, PECO believes that the customer inconvenience can be significantly reduced by focusing on the 10-12 customers per year who fall into this category. It proposes the following procedures to accomplish that goal:

First, PECO will establish a procedure for "flagging" any customer contact in which the existing customer contacts PECO to inform it that the request for new service at their residence is an incorrect request. Each such flagged account will be assigned to a PECO employee or vendor with the goal of re-instituting service in the name of the existing customer on a seamless basis that causes little or no inconvenience to the existing customer.

One of the primary issues that the assigned employee will assist with is "portability" of customer information from one account to another. One of the issues that caused Mr. Gallagher to experience inconvenience was that he had to re-provide PECO with bank routing information and other information to re-establish his electronic funds transfer (EFT) in his re-established account. Since that time, as part of its larger initiative to improve functionality of its EFT program, PECO has already taken steps to make EFT

information “portable” from one account to another. This will allow PECO to re-establish EFT and other banking information in a new account for future Mr. Gallaghers without the need for the customer to provide bank routing and other information. The PECO employee assigned to assist future customers will use this new functionality, plus any subsequently-implemented tools, to assist the customer to a seamless transition.

Second, the \$6 fee for establishing a new account will automatically be waived for customers who contact PECO to inform it that the new service request is in error.<sup>3</sup> The assigned employee will also track this issue to make sure that the waiver is correctly applied.

Third, PECO recognizes that customers may raise issues that did not become apparent during the interaction with Mr. Gallagher or in this litigation. The assigned employee will be instructed to quickly address or escalate those issues to determine how to best address them to minimize customer inconvenience.

Fourth, PECO will continue its current practice of archiving customer records so that they are available for future use and review.<sup>4</sup>

---

<sup>3</sup> In Mr. Gallagher’s comments appended to the September 22, 2010 Secretarial Letter, Mr. Gallagher requested that the \$6 fee be addressed in PECO’s report.

<sup>4</sup> In Mr. Gallagher’s comments appended to the September 22, 2010 Secretarial Letter, Mr. Gallagher requested that the issue of archiving be addressed in PECO’s report.

The Commission's Order requests additional explanation on this issue, stating that PECO's report shall "include an explanation as to why customer records are unavailable for restoration in PECO's system after an erroneous termination."

First, it should be clarified that customer records *are available* in PECO's system after an erroneous request is made to initiate service at a residential address. Put simply, PECO keeps customer records in its computer systems for many years, typically well beyond the normal 4-year record retention requirements.

The question is not whether the records are kept – they are. The question, as the Commission's inquiry notes, is whether they are available "for restoration." While the records are archived and kept for years, there is an existing computer system limitation that limits the use of those records in account "restoration." In PECO's Customer Information Management System ("CIMS"), once an account is "closed," it cannot be reopened. A new account can be created for the same customer at the same address, but the old account number is locked down and made unavailable.

CIMS is a standardized program used by numerous utilities across the Commonwealth and the nation, and the functionality described above – that once an account is closed it cannot be reopened – is part of the pre-programmed functionality of CIMS. PECO has not previously had reason to make programming changes to this part of CIMS.

PECO has investigated the cost of making changes to CIMS to allow accounts to be re-opened. CIMS is PECO's system-wide repository of information on customer bills, payments, contacts, etc. for approximately 1.5 million customers; changes to its programming must be done carefully and are often quite complex. PECO's first-level estimate is that re-programming its CIMS system to allow accounts to be re-opened, once closed, would cost approximately \$500,000, plus or minus 50%. PECO does not believe this cost is warranted by this situation, given its commitment set forth above.<sup>5</sup>

In sum with respect to availability of records, all of the customer records remain available in PECO's system. They can be called up and reviewed at any time. But the account, once closed, cannot be reopened in the current CIMS programming. PECO estimates it would cost approximately \$1/2 million to change this programming. It therefore does not recommend making this change.

PECO therefore recommends that it adopt procedures to (1) flag each account in which a customer informs it that a request for new service is inappropriate at that address (estimated to be 10-12 times a year); (2) assign personnel to each such account with instructions to reduce any customer inconvenience in creating a new account, (3) apply "portability" for ETF and other available programs so that customers do not have to re-provide banking and related information, and (4) automatically waive the \$6 account creation fee for all customers in this situation.

---

<sup>5</sup> Because PECO believes that the cost makes such a change unwarranted, it has not done detailed investigation of any subsidiary effects of making such a change in the CIMS system. Because the CIMS system integrates numerous functions for 1.5 million customers, changing one portion of the system can have unintended consequences elsewhere in the system.

PECO does not recommend making changing to its CIMS system to allow “re-opening” of closed accounts.

**B. Procedures to Reduce the Number of Situations in Which Existing Accounts are Discontinued and Must Be Re-Established**

As noted previously in this report, PECO’s current procedure when it receives a new service request at a location for which there is an existing, open account is to discontinue the existing account, initiate service in the applicant’s name, and send the existing customer. PECO evaluated two potential changes to this procedure. First, it evaluated replacing the current “letter to existing customer” step in the process with a call to each existing customer. Second, it evaluated continuing with a letter, but waiting a longer period of time to initiate the new service in the applicant’s name.

**1. Replacing the existing letter with a call**

PECO’s current procedure of sending a letter to the existing customer when it receives a new service request for a residence with an existing, open account is done automatically through hard-coding in PECO’s Customer Information Management System (“CIMS”). When a call-taker enters the new service request into the CIMS system, CIMS automatically determines whether there is an existing, open account at that location and generates the letter to the existing customer. Effectively, CIMS uses its robust access to the full panoply of customer information to automatically send the letter.

PECO evaluated changing the CIMS functionality so that the automatic step taken in CIMS would be, instead of sending a letter, having an auto-dialed phone call to the existing customer.<sup>6</sup> As noted earlier in this report, CIMS is PECO's system-wide repository of information on customer bills, payments, contacts, etc. for approximately 1.5 million customers; changes to its programming must be done carefully and are often quite complex. PECO's first-level estimate is that re-programming its CIMS system to perform an auto-dial function, rather than an auto-letter function, would cost approximately \$565,000, plus or minus 50%.

PECO also considered whether it would be possible to step outside of its CIMS system, either by having a manual bridge between the CIMS system and a separate auto-dialing capability (that is, having staff manually note whenever one of the 500,000 disconnect requests involved an existing, open account and then taking steps to trigger an auto-dialed call in a separate auto-dialer system) or by simply having calls made manually, rather than on an auto-dial basis. For both of these options, the sheer number of transactions makes a manual fix inappropriate. As noted previously, last year PECO auto-generated approximately 80,000 letters for residences in which new service requests were received where an active, open account is in place. Any manual replacement for that process would thus have approximately 80,000 replacement events – for example, if manual calls were made instead of an auto-generated letter, 80,000 manual calls would need to be made. If each such manual event were to take one-and-a-half minutes to complete, the manual function would require approximately 2000 hours per year of staff

---

<sup>6</sup> In Mr. Gallagher's comments attached to the September 22, 2010 Secretarial Letter, Mr. Gallagher recommends that use of an auto-dialer in place of an auto-generated letter. The comments in text provide PECO's analysis of that suggestion.

time. (80,000 calls x 1.5 minutes = 120,000 minutes, divided by 60 minutes per hour = 2000 hours.) 2000 hours is more than one full time equivalent (FTE) employee. If the average time per manual transaction is presumed to be more than 1.5 minutes, then the number of required FTEs to conduct the manual tasks would also increase. This would not be a one-time expense. Since the manual tasks would have to be done every year, this would effectively require staffing an FTE or more to do these manual tasks.

In any of these cases, the maximum advantage that could be attained is to decrease the number of potentially inconvenienced existing customers from the current level of 10-12 per year. Moreover, there is no reason to believe that use of an auto-dial or other call would result in quick contact with all existing customers. People may not be home when the call is received, may not quickly pick up their messages, or may wait a day or two to return the call. Even assuming a relatively high success rate of 70%,<sup>7</sup> the total system effect would be to go from the current level of 10-12 cases per year to a future level of 3-4 cases per year. Put differently, the overall success rate would be driven from the current 99.99985% to a level of 99.99995%.

PECO has concluded that it is not reasonable to spend approximately \$1/2 million to reprogram its CIMS system to allow auto-dialing, or alternatively to have at least one FTE on an ongoing basis for manual fixes for calls, to accomplish this very small projected change in success rates. It therefore does not propose any new procedures to implement auto-dialing or manual dialing.

---

<sup>7</sup> In his comments appended to the September 22, 2010 Secretarial Letter, Mr. Gallagher suggested that auto-dialing might be expected to achieve a 70% contact rate. While PECO has no data to support such a success rate, it has used Mr. Gallagher's estimate for purposes of this illustration.

**2. Delaying new service implementation to allow the letters to be received by the existing customer so that the existing customer can respond to the letter**

PECO also evaluated the possibility of continuing its existing procedure of auto-generated letters, but waiting several days before initiating the account in the name of the new customer. The idea behind such an approach would be to give customers such as Mr. Gallagher a window of opportunity to contact PECO and inform it that the new service request is inappropriate before any action is taken to initiate an account in a new name. This approach has several difficulties that, in PECO's view, make it an unreasonable option.

First, this approach would require delaying new service initiation for 80,000 customers each year in order to avoid 10-12 events of incorrectly moving the account service to a new name. PECO recognizes that the 10-12 customers who have the existing account in those situations may experience considerable inconvenience, perhaps even as much as Mr. Gallagher experienced. That is why PECO's overall recommendation is to put its resources into reducing the inconvenience suffered by those 10-12 customers. PECO expects that those efforts will be able to substantially reduce the inconvenience of any future similar situations. On balance, it appears more reasonable to solve this by reducing the inconvenience to 10-12 customers rather than increasing the inconvenience to 80,000 other customers.

Second, this alternative faces the same challenges to solving the issue as described in the auto-dialer section. People may not be home when the letter is received,

may not quickly read their mail, or may wait a day or two to make a return call based on the letter. Simply, it's not clear that giving the existing customers additional days to respond to a PECO letter would result in a success rate that is any higher than the existing success rate.

Third, this option is actually quite costly, for two reasons. First, the CIMS event that currently causes the auto-generation of a letter to the existing customer is the act of creating a new account at that address. To create a program in which a letter is auto-generated without actually creating a new account, and delaying the creation of a new account for several days, would require a re-programming effort. And, since the portion of the CIMS program that would need to be re-programmed for such an effort is similar to the portion that would need to be re-programmed to create auto-dial capability, the projected cost is about the same -- approximately \$565,000, plus or minus 50%. Second, using this approach would create the need to track 80,000 accounts annually to determine when the "existing customer" timeline had expired and the time is ripe to implement the new account. That tracking could be done manually, at a significant cost, or CIMS could be reprogrammed to create that functionality, also at a cost. In either event, the cost would be significant as compared to any achieved benefit.

## **V. Conclusion**

For the reasons set forth above, PECO recommends that it should not focus on reducing the number of *Gallagher*-type events below the existing 10-12 per year, but

instead should focus on minimizing any customer inconvenience when such events do occur. It recommends that it adopt procedures to (1) flag each account in which a customer informs it that a request for new service is inappropriate at that address (estimated to be 10-12 times a year); (2) assign personnel to each such account with instructions to reduce any customer inconvenience in creating a new account, (3) apply “portability” for ETF and other available programs so that customers do not have to re-provide banking and related information, and (4) automatically waive the \$6 account creation fee for all customers in this situation.



**BEFORE THE  
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

CHARLES GALLAGHER

v.

PECO ENERGY COMPANY

:  
:  
:  
:  
:

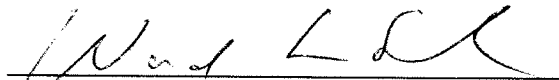
DOCKET NO. C-2008-2075240

**CERTIFICATE OF SERVICE**

I, Ward L. Smith, hereby certify that I have this day served a copy of the Report of PECO Energy Company Pursuant to the Commission's Order Entered September 8, 2010, in the above matter upon all interested parties by mailing a copy, properly addressed and postage prepaid to:

CHARLES GALLAGHER, JR.  
126 S. Lansdowne Avenue  
Lansdowne, PA 19050

Dated at Philadelphia, Pennsylvania, October 25, 2010.



Ward L. Smith  
Counsel for PECO Energy Company  
2301 Market Street, S23-1  
P.O. Box 8699  
Philadelphia, PA 19101-8699  
Direct Dial: 215.841.6863;  
Fax: 215.568.3389  
ward.smith@exeloncorp.com