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January 17, 2012

Honorable Rosemary Chiavetta  
Secretary  
Pennsylvania Public Utility Commission  
P.O. Box 3265  
Harrisburg, PA 17105-3265

**Re: Investigation of Pennsylvania's Retail Electricity Market:  
Intermediate Work Plan  
Docket Number I-2011-2237952**

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Dear Secretary Chiavetta:

Enclosed please find an original and five (5) copies of Pike County Light and Power Company's Comments in the above-captioned matter.

Should you have any questions concerning this filing, please contact me at your convenience.

Sincerely,



John J. Gallagher

*Counsel for Pike County Light and  
Power Company*

Enclosure

**BEFORE THE  
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

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Investigation of Pennsylvania's :  
Retail Electricity Market: : Docket No.: I-2011-2237952  
Intermediate Work Plan :

**COMMENTS OF  
PIKE COUNTY LIGHT & POWER COMPANY**

In its Tentative Order entered December 16, 2011 (“Order”), the Pennsylvania Public Utility Commission (“Commission”) seeks comments on a proposed intermediate work plan developed by the Commission’s Office of Competitive Market Oversight (“OCMO”). The purpose of the plan is to improve the current retail electricity market. In response to the Commission’s request, Pike County Light & Power Company (“PCL&P” or the “Company”) sets forth below its general comments, as well as specifically addressing some of the recommendations made in the Order.

**General Comments**

Given PCL&P’s robust retail electricity market and small size, many, if not most, of the recommendations made in the Order should not apply to PCL&P or, alternatively, the proposals should be modified to reflect PCL&P’s unique characteristics. The Commission has already recognized PCL&P’s distinctive features, as evidenced by the Commission’s Order excluding

PCL&P from the proposed opt-in auction program.<sup>1</sup> This recognition should be extended to the other recommendations in the Commission's Order.

A significant portion of PCL&P's customers are already participating in the retail electricity market. Currently, approximately 68% of the customers in PCL&P's service territory take generation services from an Electric Generation Supplier ("EGS"). This is by far the highest penetration rate in the state. The majority of customers who take EGS service are served by Direct Energy Services, LLC ("Direct Energy"). Most of these customers took service from Direct Energy pursuant to an aggregation program ("Aggregation Program") initially approved by the Commission at Docket No. P00062205<sup>2</sup> and remained customers of Direct Energy upon the Aggregation Program's expiration on May 31, 2011.<sup>3</sup> The high penetration rate by EGSs in PCL&P's service territory testifies to the existence of a robust competitive market. Thus, the Order's fundamental goal of improving the current retail electricity market has to a great extent already been achieved in the PCL&P service territory.

PCL&P is an electric distribution company ("EDC") serving approximately 4,700 residential and commercial customers in Pike County, Pennsylvania. For calendar year 2010, the electric requirements of PCL&P's customers were 79,000 MWH, with a peak demand of approximately 18 MW.

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<sup>1</sup> Order, p. 27.

<sup>2</sup> *Petition of Direct Energy Services, LLC for Emergency Order Approving a Retail Aggregation Bidding Program for Customers in Pike County Light & Power Company's Service Territory*, Docket No. P-00062205 (Order entered April 20, 2006).

<sup>3</sup> *Petition of Pike County Light & Power Company for Expedited Approval of its Default Service Implementation Plan*, Docket No. P-2008-2044561. The Commission determined that customers in Direct Energy's Aggregation Program at the conclusion of the second renewal term should remain customers of Direct Energy unless they affirmatively choose either another supplier or PCL&P's default service program.

Because of these fundamental differences, PCL&P should not be viewed in the same light as other Pennsylvania utilities in considering measures to improve retail electricity markets. Consequently, any recommendations in the Order that the Commission adopts on a permanent basis should not affect any currently existing waivers for PCL&P. Additionally, the Commission should exempt small EDCs such as PCL&P and/or EDCs with significant levels of EGS penetration from having to make any of the changes recommended in the Order, even in the absence of waivers. In the alternative, the Commission should modify its proposals, as discussed in more detail below, to reflect PCL&P's unique characteristics.

### **Consumer Education**

PCL&P has no objection to the Order's Consumer Education recommendation. However, PCL&P requests the opportunity to review both the tri-fold flyer and the letter that the Order proposes be mailed in May 2012 and the fall of 2012, respectively, in order to verify the information regarding the status of PCL&P's retail electricity market.

### **Acceleration of Supplier Switching Timeframes**

As discussed in the General Comments section above, to the extent that an EDC has existing waivers relating to its switching process, those waivers should be permitted to continue and should not be affected by the Commission's Final Order in this proceeding. Additionally, the Commission's Final Order should not preclude the consideration of future requests for waivers and the granting of such waivers on a case-by-case basis.

From PCL&P's receipt of an enrollment from the EGS, the time required to switch an existing account from one EGS to another or to return the customer to default service, ranges from four to thirty-five days, depending on the customer's scheduled meter read date. PCL&P

would note that it has not received any complaints regarding the time it takes to switch a customer. These switching practices are generally in effect in the Company's other service territories and predicated on following the New York UBP rules, which require that an EGS only enroll customers after the three day rescission period has expired. Any changes required of PCL&P to accelerate this switching process would require the Company to significantly modify the billing and enrollment systems that currently serve O&R, RECO and PCL&P at considerable expense.

### **Customer Referral Programs**

PCL&P reiterates the position it has previously taken in this proceeding, *i.e.*, that it does not generically oppose the concept of an EGS Referral Program. As noted in the Order, the Company's parent, Orange and Rockland Utilities, Inc. ("O&R"), developed and initiated the highly successful Referral Program in New York which is currently called PowerSwitch. PowerSwitch is an introductory program for customers to test the waters of retail choice without economic risk. It was instrumental in O&R's achievement of the highest retail choice levels in New York in the early years of market restructuring. In light of the technical challenges PCL&P would face in implementing the Commission's proposed Standard Offer Customer Referral Program, as well as the related implementation costs, PCL&P instead proposes to extend the PowerSwitch program to PCL&P's service territory. Extending the PowerSwitch program (as well as the discount rate and the two-month discount period) will result in faster implementation at lower cost. Although the PowerSwitch program differs slightly from the Commission's proposal, it is a program that has already proven to be effective and has been recognized as a model by this Commission.

The Commission's proposal that *new* customers be referred to EGSs is not operationally or economically feasible and PCL&P would incur significant costs to implement such a program. PCL&P's enrollment system is currently structured, so that both a customer account number and a billing record in its billing system are necessary in order to effectuate a switch to an EGS. Under the Company's billing system, account numbers are not created until service actually commences. Due to the structure of the enrollment processes as designed and implemented by the Company, when customers initiate service with PCL&P, an account number is created, the customer receives utility service, and a billing record is established. The account number, in conjunction with the billing record, is required for the enrollment system to accept an EGS enrollment. The earliest this can occur is during the customer's second billing cycle. This was the enrollment process throughout the Direct Energy Aggregation Program, where new customers would initiate service with PCL&P and then, assuming they did not elect to opt out of the Aggregation Program, would be switched to Direct Energy during the second billing cycle. In order to accommodate enrollment with the EGS at the initiation of service, PCL&P would be required to significantly modify the billing system that currently serves O&R, RECO, and PCL&P at considerable expense.

For the reasons discussed in the General Comments section above – *i.e.*, PCL&P's robust retail electricity market and small size – imposing such a requirement on PCL&P would be unduly burdensome and would not materially affect the retail electricity market in its service territory. Should the Commission decide that all EDCs are required to adopt this recommendation, PCL&P proposes: (1) referrals result in switches during the second billing cycle; or (2) all costs associated with modifying the Company's billing system be borne by the

EGSs operating in its service territory; and (3) EGSs pay all of the costs associated with EDC customer service representatives referring customers to an EGS.

### **Default Service Price to Compare on Bills**

Currently, PCL&P has the price to compare and a reference to the Commission's PowerSwitch website on its bills. With respect to the Commission's proposal to include a statement in bills indicating the specific date for the next price change, PCL&P would instead propose listing the four months in which the price will change. PCL&P does not have a mechanism in place that would allow the Company to automatically populate the effective date of price changes.

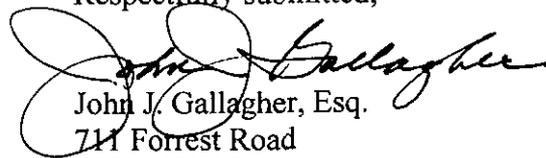
### **Coordination between EDCs and EGSs – Sample Bills**

PCL&P is in the process of including sample bills on its website. Currently, the EGS could obtain a copy of a customer specific bill through "My Account" online, as the EGS will have the customer's account number which is all that is required for access to "My Account." The EGS should obtain consent from the customer in order to access the bills, as they include information that would not otherwise be available to the EGS, such as credit information. Any consent procedure would be between the EGS and the customer and would not involve PCL&P.

**Conclusion**

For the reasons provided above, PCL&P respectfully requests that the Commission affirmatively endorse the continuing need for PCL&P's existing waivers related to default service and exempt EDCs such as PCL&P from having to adopt any of the proposed changes set forth in the Order.

Respectfully submitted,



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Date: January 17, 2012