**PENNSYLVANIA**

**PUBLIC UTILITY COMMISSION**

**Harrisburg, PA 17105-3265**

 Public Meeting held October 22, 2015

Commissioners Present:

Gladys M. Brown, Chairman

John F. Coleman, Jr., Vice Chairman

Pamela A. Witmer

 Robert F. Powelson

 Andrew G. Place

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| PECO Energy Company’s Plan for Seamless Moves and Instant Connects | M-2014-2401085 |

**FINAL ORDER**

Before the Pennsylvania Public Utility Commission (Commission) is a recommendation from the Commission’s Office of Competitive Market Oversight (OCMO) approving the amended plan of PECO Energy Company (PECO) 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,[[1]](#footnote-1) 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. On February 15, 2013, the Commission entered its Electric RMI Final Order[[2]](#footnote-2) (*RMI Final Order*). As part of the *RMI Final Order,* the Commission instructed electric distribution companies (EDCs) to submit plans by the end of 2013 for the implementation of seamless moves and instant connects in their service territories by June 1, 2015.

Pursuant to the Commission's *RMI Final Order,* PECO submitted a compliance filing on December 18, 2013, which detailed the Company's plan to implement seamless moves and instant connects in its service territory by June 1, 2015. 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) Implementation of the three-business day switch went into effect on December 14, 2014. The 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. Therefore, by means of an August 13, 2014 Secretarial Letter,[[4]](#footnote-4) we permitted an EDC to delay the development of instant connects and seamless moves if the EDC determined that developing these processes could hinder or delay the development of three-business day supplier switching. In response, PECO, consistent with the directive in the Secretarial Letter, informally notified OCMO by email that it was postponing the implementation of seamless moves and instant connects.

On March 20, 2015, the Commission issued a Secretarial Letter[[5]](#footnote-5) directing EDCs, including PECO, to file revised plans to implement seamless moves and instant connects by July 1, 2016. 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 expected 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 and determine appropriate further actions with regard to the filed plans.

On April 20, 2015, PECO filed, at the above noted docket, a revised plan to implement seamless moves and instant connects by July 1, 2016. Two parties, FirstEnergy Solutions (FES) and the Office of Consumer Advocate (OCA) filed comments in response to PECO’s filing.

After careful review and consideration of PECO’s plan and the comments filed, on October 1, 2015 the Commission adopted a Tentative Order[[6]](#footnote-6) directing PECO to file, within seven days, a revised plan reflecting the Tentative Order. The Order further provided parties an additional seven days to file comments on PECO’s revised plan.

While the Commission found that most of the elements of PECO’s April 20, 2015 plans for implementing seamless moves and instant connects were reasonable and in conformity with our expectations, a few specific elements of PECO’s plan and its eligibility requirements were of concern or needed clarification. Specifically, in the Tentative Order, we directed PECO to revise their plan to:

* Include a three-day gap/overlap limit in their eligibility requirements for seamless moves.
* Clarify their proposed customer eligibility requirement for seamless moves and instant connects that the customer’s account be in “good standing” and the reasons for this requirement.
* Revise their plan to have seamless moves and instant connect functionality available by September 30, 2016.

On October 8, 2015, PECO filed their amended plan.[[7]](#footnote-7) No parties filed comments in response to PECO’s amended plan.

**PECO’S AMENDED PLAN**

PECO’s revised plan includes eligibility requirements, procedures, timelines, cost estimates and cost recovery proposals. PECO notes that it participated in the Electronic Data Exchange Working Group (EDEWG) subgroup that convened in July 2013 to explore seamless move and instant connect protocols and accepts the EDEWG recommendations that resulted, which have been incorporated into its proposed plan.

**Seamless Moves**

For seamless moves, PECO’s amended proposal allows eligible shopping customers to retain their current electric generation supplier (EGS) when moving within PECO’s service territory, provided that the customer meets each of the following criteria:

* Move requests must come at least one day in advance of the requested transaction.
* Same-day or back-dated requests cannot be accepted.
* The customer must provide PECO with a disconnect date on the current account and a connect date for the new account.
* The disconnect date and connect date do not need to be the same, and in fact, the dates may overlap or have a gap between them. However, a seamless move will not be allowed for any overlapping service or gaps in service lasting more than three business days.
* There must be an active meter at the new premise when the customer calls to establish EGS service on the new account. If meter information is not available, such as with new construction, there will be insufficient information for a move transaction.
* For a seamless move to occur, the current account must be activeat the time of the customer's request for service on the new account. If the current account is *pending active* (an account that is not currently active today, but is set to be active at a specified date in the future) or is *inactive,* a seamless move cannot occur. In addition, the new account must be in a *pending active* status in order to effectuate a seamless move.
* An EGS must be providing service on the customer's current account to be eligible for a seamless move. If the customer has chosen an EGS to serve the current account, but the EGS has not yet begun to provide service on that account, for whatever reason, the account will be ineligible for a seamless move.
* Customers must seamlessly move within the same rate class and same procurement class as their current account. Only PECO's Residential and Small Commercial Procurement Classes (Classes 1 and 2) will be eligible for a seamless move. These Procurement Class categories are consistent with the structure of PECO's Standard Offer program. This comports with the recommendation of the EDEWG Stakeholder Subgroup and the request of the EGSs.
* Billing options on the customer's new account will also remain the same as the current account in a seamless move.
* At this time, only electric service is involved with seamless moves.

Further, PECO has revised its eligibility requirements to remove the requirement that a customer’s account must be in “good standing.” PECO notes that they were initially concerned that a customer with a delinquent balance might terminate service in one location and then use a seamless move or instant connect for a different account at the same or different location or under a different name to avoid the delinquency. However, PECO now agrees that there are processes in place to deal with these possibilities that do not involve supplier choice through seamless moves or instant connects.

PECO elaborates further on the process that they propose to perform seamless moves:

* PECO will inform the customer that the current EGS will seamlessly move to the new account.
* PECO will send new move transactions in batches to each EGS at the end of the day in which they were generated. In the move transaction, the EGS will receive information similar to what is currently provided in a change-request transaction, including customer name, service address and rate class. PECO will provide the EGS with: (i) the current account number; (ii) the new account number; and (iii) the service start date. In addition, the move transaction gives the EGS non-discretionary notice of the obligation to provide service on the new account.
* Once the move transaction has been sent to the EGS, the EGS will begin to serve the new account seamlessly as of the service start date.

PECO further notes, however, instances in which the seamless move could be terminated or voided after the move transaction is complete, resulting in PECO sending a drop notification to the EGS. These instances include where the customer:

* Voids or terminates the new account prior to the service start date;
* Requests to change the service start date on the new account to a date occurring in the past;
* Requests same-day connect service on the new account, after having previously chosen a service start at some future date; or
* Enrolls with a different EGS on the current account before the connection at the new account occurs.

**Instant Connects**

PECO notes that currently, they can accept an EGS enrollment only on *active* accounts. PECO accepts and incorporates into its proposed plan the recommendation of EDEWG to permit enrollments on *pending active* accounts. With this system change, customers will be able to select an EGS at the time they establish an account, even if that account will become active at a future date (a *pending active* account). PECO’s planned instant connect procedure provides:

* When a customer contacts PECO to request a new connection, PECO will provide the new account number to the customer.
* At that time, PECO will also provide the customer with information about EGS enrollment options.
* If the customer has already chosen an EGS, the customer will be directed to contact the EGS and provide the EGS with the customer's new account number.
* If the customer would like to choose an EGS, but has not yet done so, the PECO Customer Service Representative ("CSR") will provide the customer with information about PECO's Standard Offer Program (if still available) or direct the customer to the PaPowerSwitch website.
* Once the EGS has the requisite customer information, the EGS will submit an enrollment transaction to PECO, and the customer will be enrolled with the EGS under current practices. The critical difference is that the customer is able to effectuate that enrollment on a pending active account, so that EGS service becomes active when the account becomes active, thereby avoiding default service.
* PECO requires that the request must be received three-business days in advance in order to effectuate an instant connect. The three-business day notice is necessary to coordinate with PJM Interconnection, LLC. If the enrollment request is not received three-business days in advance of the connect date, the enrollment will follow the usual supplier switching rules.

**Cost and Cost Recovery**

PECO currently estimates the total cost to be approximately $5.0 million, based

on PECO's filed plan. PECO has included recovery for the costs of implementing seamless moves and instant connects in its currently pending base rate case.[[8]](#footnote-8)

**Timeline**

PECO states that it is fully committed to implementing seamless moves and instant connects by July 1, 2016. PECO commits to keeping the Commission fully apprised of its progress. If any issues arise that might affect PECO’s ability to comply with the target date for implementation, PECO will notify the Commission, describe the problems encountered, and lay out its plans to resolve those problems in a timely manner.

**COMMENTS**

No parties filed comments in response to PECO’s amended plan.

**RESOLUTION**

Upon review of PECO’s amended plan, we remain convinced that seamless moves and instant connects are important enhancements to the competitive electric market landscape. 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. A customer should not have to obtain new supplier service simply because they moved locations within an EDC’s service territory. It is reasonable for customers to expect that their supplier choice and contract be simply “ported” to their new location. Likewise, customers should be able to start new service with a supplier without first receiving default service from the utility. The current system inappropriately elevates default service to a favored, primary service role. Instant connects will remove an unnecessary step and provide a market enhancement.

We find the elements of PECO’s amended plan for implementing seamless moves and instant connects reasonable and in conformity with the October 1, 2015 Tentative Order. PECO has removed the eligibility requirement that a customer’s account be “in good standing” and has included a 3-business-day limit on concurrent service or gaps in service for seamless moves.

With these safeguards, PECO’s eligibility requirements should be sufficient to prevent customers from materially changing their contracts with EGSs simply by moving to a new location. We reiterate that these safeguards include limiting seamless moves to residential and small business accounts; requiring that the rate class remains unchanged; that the customer maintains the same supplier billing rate, billing option and tax exemption percentage; and that any gaps or overlap of service will be limited to 3 days. We are convinced that these robust safeguards should prevent a customer from significantly changing the characteristics of their service with an EGS as a result of a move to a new location.

In addition to the above safeguards, after a seamless move occurs, a supplier may still submit a drop if the supplier does not wish to serve the customer at a new location. We emphasize that an EGS that processes a customer drop in a seamless move environment must be doing so per the terms and conditions of their existing agreement with the customer. Ideally, this should be addressed under the *cancellation* provisions of the disclosure or contract the EGS has with the customer. Existing supply agreements should not be adversely impacted by implementation of seamless moves with all of the foregoing protections in place.

We also note that seamless moves will not be available until the second half of 2016. This should provide EGSs with time to consider these matters when entering into new contracts with new customers. To the extent that an EGS desires to expressly recognize the possibility of seamless moves in future contracts, an EGS may freely do so. In addition, EGSs may pursue modification of existing contracts, with customer agreement.

In its amended plan, PECO accepted an implementation date of July 1, 2016. That date is consistent with this Commission’s prior statement on the issue and is approved.

As for cost recovery, we note that PECO, as stated in its amended plan, has already included these costs in their March 2015 rate filing, currently pending before the Commission.[[9]](#footnote-9) Accordingly, approval of this plan for seamless moves and instant connects does not constitute a determination that the associated costs or expenses are reasonable or prudent for the purposes of cost recovery. These issues will be addressed by the Commission as part of the rate filing.

# CONCLUSION

 Through this Final Order, the Commission approves PECO’s amended plan filed on October 8, 2015 for implementing seamless moves and instant connects in its service territory by July 1, 2016.

**THEREFORE,**

 **IT IS ORDERED:**

1. That PECO Energy Company’s amended plan filed with the Commission on October 8, 2015 to implement seamless moves and instant connects in its service territory by July 1, 2016 is approved by this Order.

 2. That PECO Energy Company shall file with the Commission for its review and approval revised tariff supplements consistent with the terms of this Order at least 30 days prior to the availability of seamless move and instant connect functions within 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-2014-2401085.

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 - <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: October 22, 2015

ORDER ENTERED: October 22, 2015

1. *Investigation of Pennsylvania’s Retail Electricity Market* Order, Docket No. I-2011-2237952 (Order entered April 29, 2011). [↑](#footnote-ref-1)
2. *Investigation of Pennsylvania’s Retail Electricity Market: End State of Default Service* Final Order, Docket No. I-2011-2237952 (Order entered Feb. 15, 2013). [↑](#footnote-ref-2)
3. *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 *(*Order Entered April 3, 2014). [↑](#footnote-ref-3)
4. Secretarial Letter re: *EDC plan filings for Seamless Moves and Instant Connects*. Docket No. M-2014-2401127 (August 13, 2014). [↑](#footnote-ref-4)
5. Secretarial Letter re: *EDC plan filings for Seamless Moves and Instant Connects*. Docket No. M-2014-2401127 (March 20, 2015). [↑](#footnote-ref-5)
6. *Tentative Order PECO Energy Company’s Plan for Seamless Moves and Instant Connects. Docket No. M-2014-2401085. (Order Entered October 1, 2015).* [↑](#footnote-ref-6)
7. *See PECO Energy Company’s Amended Plan for Accomplishing Seamless Moves and Instant Connects. Docket No. M-2014-2401085 (Filed October 8, 2015).* [↑](#footnote-ref-7)
8. *Pennsylvania Public Utility Commission v. PECO Energy Company — Electric Division,* Docket No. R-2015­2468981 (filed March 27, 2015). [↑](#footnote-ref-8)
9. *Pennsylvania Public Utility Commission v. PECO Energy Company — Electric Division,* Docket No. R-2015­2468981 (filed March 27, 2015). [↑](#footnote-ref-9)