

W. Craig Williams
Assistant General Counsel
2301 Market Street / S23-1
Philadelphia, PA 19103

Direct Dial: 215-841-5974

June 20, 2016

VIA eFILING

Rosemary Chiavetta, Secretary
Pennsylvania Public Utility Commission
Commonwealth Keystone Building
400 North Street
P.O. Box 3265
Harrisburg, PA 17105-3265

Re: Investigation of Pennsylvania's Retail Electric Market
Docket No. I-2011-2237952

Dear Secretary Chiavetta:

Enclosed please find **PECO Energy Company's Comments on Proposed Temporary Waiver of Chapter 57 Requirement for Instant Connects** in the above-captioned matter.

If you have any questions regarding this filing, please do not hesitate to contact me at 215-841-5974.

Very truly yours,



W. Craig Williams

Enclosures

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

INVESTIGATION OF	:	DOCKET NO. I-2011-2237952
PENNSYLVANIA’S RETAIL	:	
ELECTRIC MARKET	:	

**PECO ENERGY COMPANY’S
COMMENTS ON PROPOSED TEMPORARY WAIVER OF
CHAPTER 57 REQUIREMENT FOR INSTANT CONNECTS**

PECO Energy Company (“PECO” or the “Company”) hereby submits its comments (“Comments”) on the Tentative Order issued by the Pennsylvania Public Utility Commission (“Commission” or “PUC”), which proposes a three-year waiver of the Commission’s regulations at 52 Pa.Code § 57.173(2) in situations where a customer is requesting an instant connect.¹ PECO submits these Comments in the context of PECO’s Amended Plan for Accomplishing Seamless Moves and Instant Connects, the Commission’s approval thereof and the Errata Notice by Secretarial Letter.² In its Amended Plan, PECO committed to implementation of Seamless Moves and Instant Connects by July 1, 2016, which the Commission specifically approved.³ Consistent with that implementation commitment, PECO deployed its seamless moves and instant connects solution on June 10, 2016, by way of a scheduled Information Technology

¹ *Tentative Order: Investigation of Pennsylvania’s Retail Electric Market*, Docket Nos. I-2011-2237952 and L-2014-2409383 (entered May 19, 2016) (“Tentative Order”).

² *PECO Energy Company’s Amended Plan for Accomplishing Seamless Move and Instant Connects*, Docket No. M-2014-2401085 (filed October 8, 2015) (“Amended Plan”); *Final Order: PECO Energy Company’s Plan for Seamless Moves and Instant Connects*, Docket No. M-2014-2401085 (entered October 22, 2015) (“Final Order”); *Errata Notice re: PECO Energy Company’s Plan for Seamless Moves and Instant Connects*, Docket No. M-2014-2401085 (Secretarial Letter dated November 13, 2015) (correcting implementation date to July 1, 2016) (“Errata Notice”).

³ See Errata Notice.

("IT") code push. That IT push could not be stopped or modified without missing the implementation deadline.

I. BACKGROUND

The Commission initiated an investigation into Pennsylvania's retail electricity market in an Order entered April 29, 2011.⁴ The goal of that investigation was to solicit recommendations for improving the Commonwealth's retail electricity market. In its RMI Final Order of February 15, 2013, the Commission ordered electric distribution companies ("EDCs") to submit plans for implementing seamless moves and instant connects by June 1, 2015.⁵ Pursuant to the RMI Final Order, PECO filed its plan to implement seamless moves and instant connects by the June 1, 2015 deadline.⁶

However, in light of the work being done by EDCs to accomplish accelerated switching during that time, the Commission permitted the EDCs to delay the development of seamless moves and instant connects if an EDC determined that developing these processes might delay or hinder the implementation of accelerated 3-day switching.⁷ In a Secretarial Letter of March 20, 2015, the Commission reiterated its commitment to implementing seamless moves and instant connects for customers with competitive suppliers and directed EDCs to file their revised plans to implement seamless moves and instant connects by a new deadline: July 1, 2016. PECO filed

⁴ See *Investigation of Pennsylvania's Retail Electricity Market*, Docket No. I-2011-2237952 (April 29, 2011).

⁵ *Investigation of Pennsylvania's Retail Electricity Market: End State of Default Service*, Docket No. I-2011-2237952 (Final Order entered February 15, 2013) ("RMI Final Order"). A seamless move is the ability of a customer's choice of supplier to move with the customer to a new address without interruption. An instant connect is the ability of the supply service to start on "day one" of new utility service – without the customer first having to go on default service.

⁶ *PECO Energy Company's Plan for Accomplishing Seamless Moves and Instant Connects*, Docket No. M-2014-2401085 (filed December 18, 2013).

⁷ *Secretarial Letter, EDC Plan Filings for Seamless Moves and Instant Connects*, Docket No. M-2014-2401085 (August 13, 2014).

its Revised Plan to meet the July 1, 2016 implementation deadline, which was approved by the Commission.⁸

II. PECO'S IMPLEMENTED INSTANT CONNECT SOLUTION

PECO notes that the Tentative Order is more than a proposed waiver of 52 Pa. Code § 57.173; it imposes a changed implementation requirement. Pursuant to PECO's approved Amended Plan, PECO deployed its solution for seamless moves and instant connects by way of an IT software push on June 10, 2016 to meet its July 1, 2016 implementation commitment. Because IT deployments are scheduled and populated months in advance, PECO was not able to halt or delay that software push to make redesign changes and still meet the implementation deadline.

The proposed change to section 57.173 will require PECO to undertake another period of IT redesign and implementation. Before the rollout of seamless moves and instant connects, PECO customers could only enroll with an EGS on *active* accounts. If a customer intended to start service on a new account in the future, they would have to wait until that account became *active* before notifying their chosen EGS and effecting the supplier switch.

With respect to instant connects, PECO's design permits customer enrollment with an EGS on *pending active* accounts, or accounts that would become active at a future date. With this system change, customers who are starting new service are able to select an EGS at the time they establish a new account with PECO, even if that account will become active at a future date (hence a *pending active* account).

⁸ PECO Energy Company's Revised Plan for Accomplishing Seamless Moves and Instant Connects, Docket No. M-2014-2401085 (filed April 20, 2015) ("Revised Plan"). See also Tentative Order: PECO Energy Company's Plan for Seamless Moves and Instant Connects, Docket No. M-2014-2401085 (entered October 1, 2015) (requiring PECO to address certain limited issues in its Revised Plan) ("Revised Plan Tentative Order"); Amended Plan (to address certain issues raised in the Revised Plan Tentative Order), Final Order and Errata Notice, *supra* at note 2.

When a customer contacts PECO to request new service, PECO provides the customer the new *pending active* account number and also provides the customer with information about EGS enrollment options. If the customer has already chosen an EGS, the customer is directed to contact the EGS and provide the customer's new account number to the EGS. If the customer would like to choose an EGS, but has not yet done so, the PECO Customer Service Representative ("CSR") gives the customer information about PECO's Smart Energy Choice Program⁹ or directs the customer to the Pennsylvania Power Switch website, where the customer may find supplier choices for themselves.

Once the EGS has the needed information provided directly by the customer – including account number – the EGS submits an enrollment transaction to PECO, and the customer will be enrolled with the EGS as with current practices. The critical difference is that the customer is able to effect that enrollment on a *pending active* account, so that EGS service becomes *active* when the account becomes *active*, thereby avoiding default service. And it is important to note that the EGS enrollment transaction submitted to PECO comes only after direct outreach by the customer to both PECO and the EGS.

PECO sends the confirmation letter required by 52 Pa. Code § 57.173 the next business day after receiving the enrollment transaction from the EGS, even on *pending active* accounts, as required by the regulation as written.

⁹ This program is also referred to as the Standard Offer Program.

III. COMMENTS ON CHAPTER 57 WAIVER

As the EDCs move toward implementation of seamless moves and instant connects in 2016, a potential issue was raised with OCMO with the confirmation letters required by 52 Pa. Code § 57.173, as that requirement relates to instant connects.¹⁰ Section 57.173 provides the following:

When a customer contacts an EGS to request a change from the current EGS or default service provider to a new selected EGS, the following actions shall be taken by the selected EGS and the customer's EDC:

(1) The selected EGS shall notify the EDC of the customer's EGS selection at the end of the 3-day business rescission period under § 54.5(d) (relating to disclosure statement for residential and small business customers) or a future date specified by the customer. The selected EGS may notify the EDC by the end of the next business day following the customer contact upon customer consent.

(2) Upon receipt of this notification, or notification that the customer has authorized a switch to default service, the EDC shall send the customer a confirmation letter noting the proposed change of EGS or change to default service. The notice must include the date service with the new selected EGS or default service provider will begin. 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 or default service provider.

52 Pa. Code § 57.173 (emphasis added).

An instant connect is the initiation of supply service on the first day of new utility or EGS service, without the customer first having to go onto default service before beginning with the service provider of the customer's choice. Customers may notify their EGS in advance of moving to ensure they are receiving EGS service as soon as possible at the new location.¹¹

Under the requirements of section 57.173, the EDC would be required to mail a confirmation letter to the customer by the end of the next business day following notification of the customer's

¹⁰ Tentative Order, at 4.

¹¹ Tentative Order, at 5.

selection of an EGS or default service at the new location.¹² As framed by OCMO for instant connects, the mailing address could likely be the new service address, at which the customer may not reside for some time, and therefore, the confirmation letter will either be received by someone other than the customer or returned as undeliverable. As outlined in the Tentative Order, such mail issues would defeat the purpose of the confirmation letter.¹³

To remedy the mailing issue, the Commission proposes a three-year waiver of the requirement for a confirmation letter – specific to instant connects – to “provide adequate time to observe the implementation of both instant connects and seamless moves to determine if the notification process proposed in this waiver is adequate and appropriate.”¹⁴ During the three-year waiver, the notification requirement would change: the confirmation letter shall be mailed by the end of the next business day after the start of service at the new account location.¹⁵ After the three-year period of observation, the Commission anticipates modifying Chapter 57 to reflect the new seamless moves and instant connects environment.¹⁶

PECO first notes that, moving forward, there may be limited efficacy to the confirmation letter in the limited context of instant connects. The purpose of the confirmation letter is to provide the customer notice that their supplier service is about to change to an EGS. Currently, an EGS might access a customer’s account number via several paths (e.g., Eligible Customer List, Account Number Look Up or a previous customer-supplier relationship) to send a new-customer enrollment to the EDC. In those instances, a notice or confirmation letter to the customer is a prudent way to ensure the customer initiated the change. However, in the instant

¹² 52 Pa. Code § 57.173 (2). PECO notes that the Tentative Order indicates that the letter must be sent “to the mailing address on the new account.” Tentative Order, at 5. That requirement does not appear in the text of the regulation.

¹³ Tentative Order, at 5.

¹⁴ *Id.* at 6.

¹⁵ *Id.* at 5.

¹⁶ *Id.* at 6.

connect environment, the only way a new account is established and later becomes active is by affirmative customer contact with the EDC. In turn, the EGS would obtain the account number only by direct contact, initiated by the customer, to establish service with the EGS. Given that the proposed waiver of section 57.173 requires a confirmation letter after service is established, it calls to question what purpose the letter then serves.

As discussed above, on June 10, 2016, PECO deployed its seamless moves and instant connects solution to meet the Commission's implementation deadline of July 1, 2016. In that deployed program, PECO sends the confirmation letter to instant connect customers the next business day following the customer interaction with PECO, in compliance with section 57.173 as currently written. Because the customer is mailed the letter the day after their transaction with PECO, the vast majority of customers are on immediate notice of either a change of supplier or a move off of default service. By sending the letter immediately after that service request, customers have at least some opportunity to reverse a mistaken service-connection arrangement. Conversely, if the letter is sent after service is connected, there is no such opportunity to reverse an erroneous connection before it occurs – which again speaks to the efficacy of a confirmation letter sent after the service is already established via an instant connect.

Further, PECO's experience with service connections is that about 77% of customers call three days or less before their desired connect date. That means that a confirmation letter sent to the new-service address will be received by a large majority of customers at their new address. And when PECO asks for a billing address, about 60% of customers establishing service at a new location will use that new address; the remaining 40% provide a different mailing address. The risk of a PECO customer not receiving the confirmation letter is minimal. Conversely, if the confirmation letter is sent after the instant connect is made, about 77% of the connecting

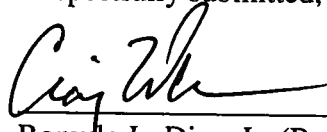
customers will receive a delayed confirmation of the connecting transaction with PECO. This suggests that the mailing issue might be speculative at this point, and perhaps a period of observation and data collection may be useful before implementing the section 57.173 waiver and change.

Finally, as discussed above, PECO deployed its seamless moves and instant connects solution on Jun 10, 2016, to meet the Commission's July 1 implementation deadline. PECO's deployed implementation of instant connects includes a confirmation letter sent the next business day after the supplier-service request is received by PECO, as required by section 57.173. When the supplier sends the EDI enrollment transaction and it is accepted by the billing system, the confirmation letter is processed and sent the next business day under PECO's implemented instant connect solution. If PECO is required to implement the proposed change to section 57.173 (sending a confirmation letter the day after service is connected), then PECO will need about six months from Commission order to accomplish that added requirement to PECO's implemented instant connect solution. PECO suggests, in the alternative, that the waiver and rule change be at the discretion of the EDC, to the extent practicable.

IV. CONCLUSION

PECO suggests that there be a period of observation and data collection about the prevalence of mail issues with instant connect notification before proceeding with the temporary rule change as proposed. Additionally, if PECO is to implement a changed notification process, PECO requests sufficient time to redesign and revise its approved and already deployed seamless moves and instant connects solution.

Respectfully submitted,



Romulo L. Diaz, Jr. (Pa. No. 88795)

W. Craig Williams (Pa. No. 306405)

PECO Energy Company

2301 Market Street

P.O. Box 8699

Philadelphia, PA 19101-8699

Phone: 215.841.5974

Fax: 215.568.3389

E-mail: Craig.Williams@exeloncorp.com

Date: June 20, 2016

Counsel for PECO Energy Company