**PENNSYLVANIA**

**PUBLIC UTILITY COMMISSION**

**Harrisburg, PA 17105-3265**

 Public Meeting held September 3, 2015

Commissioners Present:

Gladys M. Brown, Chairman

John F. Coleman, Jr., Vice Chairman

James H. Cawley

Pamela A. Witmer

 Robert F. Powelson

Duquesne Light Company Plan for M-2014-2401127

Seamless Moves and Instant Connects

**FINAL ORDER**

Before the Pennsylvania Public Utility Commission (Commission) is a recommendation from the Commission’s Office of Competitive Market Oversight (OCMO) approving Duquesne Light Company’s (Duquesne) plan 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,* Duquesne submitted a compliance filing on December 31, 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. As such, by means of an August 13, 2014 Secretarial Letter,[[4]](#footnote-4) we permitted the EDCs to delay the development of instant connects and seamless moves if an EDC determined that developing these processes could hinder or delay the development of three-business day supplier switching. In response, Duquesne, 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 Duquesne, 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, Duquesne filed, at this docket, a revised plan to implement seamless moves and instant connects by July 1, 2016.

**DUQUESNE’S PLAN**

Duquesne’s plan includes a work plan and timeline that sets forth key project milestones and includes an estimated timeframe for completing each milestone – while noting that timelines might have to be revised if there is any delay in the Commission approving their plan or if it is approved with significant modifications. Duquesne notes that it has a number of regulatory initiatives that it is implementing over the next two years that could also impact implementation timeframes. Duquesne also included, in a confidential section, estimated costs for implementing and maintaining seamless moves and instant connects capability.

**Seamless Moves**

For seamless moves, Duquesne proposes to allow eligible shopping customers to retain their current electric generation supplier (EGS) when moving within Duquesne’s service territory. The customer will not be switched to default service when moving to a new location provided that the rules and conditions set forth below are met:

- Seamless moves will be available to all residential customers as well as commercial and industrial customers that use less than 300 kW of demand as defined in the Tariff.

- The customer's new location must be in the same rate class (*i.e.,* Residential Service (RS), Residential Service Heating (RH) or Residential Service Add-on Heat Pump (RA)) as the prior location, and the customer must maintain the same supplier billing rate, billing option and tax exemption percentage.

- The EGS must submit a drop request via electronic data interchange (EDI) if it does not wish to continue service to the customer at the new service location. However, the EGS will still have to maintain supply service to this customer until a three-business day switch can occur at the new address.

- Large commercial and industrial customers will not be included for seamless moves based on the potential problems that may arise due to PJM Interconnection, LLC (PJM) scheduling.

- Customers will be required to provide at least one business day notice to Duquesne prior to effectuating the seamless move. Duquesne cannot honor a request to start service on the same day as the request, nor will it allow customers to back-date service.

- A seamless move will not be allowed for any overlapping service or gaps in service lasting more than three days.

- The customer will be required to request to start the new service and end the old service in the same contact with Duquesne.

- There must be an active meter at the new location when the customer contacts Duquesne to complete the seamless move.

- An EGS must currently be providing service on the customer's account to be eligible for a seamless move, and any termination of EGS service prior to the customer's move will preclude a seamless move by Duquesne.

- A new EDI transaction must be created to facilitate the seamless move process. The new EDI transaction is to be reviewed and approved by the Electronic Data Exchange Working Group (EDEWG) consistent with its current procedures. This EDI transaction will include all the pertinent customer information that an EGS needs, such as customer contact information; new address; name; rate class and load profile; bill option; rate code; tax exemption percentage; billing and meter read cycles; and meter information.

- An EDI transaction will also be sent for other reasons related to the seamless move process. Customers requesting to change the start date of their new service would require an EDI 814 Change request to be sent to the existing EGS detailing the new start date, and an EDI 814 Drop request would be sent if the customer decided to cancel the new move.

- If the seamless move criteria have been met, Duquesne will advise the
customer that their EGS supply service will seamlessly move to their new location, and Duquesne will send a new move transaction to the EGS. In the move transaction, Duquesne will send the EGS information that is similar to what is currently provided in a reinstate-request transaction, including the customer name, service address and rate class. Duquesne will also provide the EGS with: (i) the current supply agreement identification number; (ii) the new supply agreement identification number; and (iii) the service start date. Once the move transaction has been sent to the EGS, the EGS will serve the new account as of the service start date.

- The seamless move may be terminated or voided after the move transaction is complete under certain circumstances, including where the customer: (i) voids or terminates the new account prior to the service start date; (ii) requests to change the service start date on the new account to a date occurring in the past; or (iii) enrolls with a new EGS on the current account before the connection to the new account occurs. In these instances, Duquesne will send a drop notification to the EGS.

**Instant Connects**

Under Duquesne’s proposed instant connect process, new customers will be able to shop with an EGS without being enrolled in default service, provided that customers meet the rules that are set forth below:

- Eligibility requirements for an instant connect are the same as for seamless moves. Instant connects will be available to all residential customers as well as commercial and industrial customers that use less than 300 kW of demand as defined in the Tariff.

- Customers must provide a notice of an instant connect at least three business days prior to the instant connect date to qualify for the instant connect process.

- Customers will not be permitted to back-date service.

- In order to accommodate instant connections, Duquesne will change its system so that it can accept inbound enrollment requests on accounts that are not yet active. The customer will still be responsible for contacting Duquesne and satisfying all requirements to start service at the new location, and then contacting the supplier to initiate supply service. The supplier will still be responsible for submitting the enrollment request. The final component of this transaction will be to establish an estimated start date. All of this information will be communicated via the enrollment response sent back to the EGS from Duquesne.

- The EGS must submit a drop request via EDI if it does not wish to supply service to the customer. However, the supplier must maintain supply service to this customer until a three-business day switch can occur under Duquesne’s switching rules.

- No new EDI transactions will need to be created in order to implement instant connects.

Duquesne’s plan to meet the July 1, 2016 deadline is outlined in the following table:

|  |  |  |
| --- | --- | --- |
| WORK PLAN PHASES | 2015 | 2016 |
|  | Q1 | Q2 | Q3 | Q4 | Q1 | Q2 |
| ANALYSIS PHASE |  | XXX |  |  |  |  |
| DESIGN PHASE |  |  | XXX |  |  |  |
| DEVELOPMENT/BUILD PHASE |  |  |  | XXX | XXX |  |
| TEST PHASE |  |  |  |  | XXX | XXX |
| DEPLOY — No later than July 1, 2016 |  |  |  |  |  | XXX |

Duquesne notes that these timeframes may have to be revised if there is a delay in obtaining Commission approval of its plan or if the Commission orders significant modifications to its plan.

**COMMENTS**

Three parties, FirstEnergy Solutions (FES), the Office of Consumer Advocate (OCA) and Citizen Power (Citizen Power) filed comments in response to Duquesne’s April 20, 2015 plan filing.

FES insists that the EDC's plan should recognize an EGS's right to reject a seamless move request. FES notes that contract portability implicates the legal terms and conditions of an EGS's contract with its customer, as well as business and logistical issues. Accordingly, the EDC plans should recognize that both the customer and EGS must agree to a seamless move. FES recommends that if an EGS does not respond to an EDI request within three days, the seamless move is to be deemed rejected and the EGS's service will not follow the customer. FES at 3.

FES states that EGSs should not be required to serve a customer for any period of time at a new premise. To require otherwise might require the EGS to deal with complications like gaps or overlaps in EGS service caused by a customer move where service is not smoothly transferred from one location to another. FES at 3-4. FES further notes that changes in a customer's load profile at the new location may make an EGS contract uneconomic. FES at 5. Accordingly, FES believes that only an EGS contract that provides for portability should be eligible for seamless moves and further, that each EDC plan should apply only to EGS contracts that become effective on or after the EDC's plan implementation date. FES at 4.

Citizen Power generally agrees that the proposed rules and procedures are a reasonable approach to implementing seamless moves with a couple of minor changes to improve seamless moves from a consumer perspective. Citizen Power recommends that Duquesne should give the EGSs an option to set as their default that they will not service their existing customers at new locations. Citizen Power believes that this would allow Duquesne to inform the consumer, at the time of the seamless move request, that their existing EGS will not provide service at the new location. Citizen Power at 1-2. Further, Citizen Power thinks that the three-day maximum gap in service allowed for a seamless move in Duquesne’s plan should be expanded to seven days because real estate transactions have unexpected complications, resulting in minor changes of closing dates. Additionally, while Citizen Power agrees with the proposal that customers must request the start of new service and the end of old service in the same contact, it is concerned that consumers may not be aware of this requirement. Therefore, Citizen Power recommends that Duquesne should be required to inform customers of this requirement. Finally, Citizen Power asks that Duquesne identify, with more detail, what specific initiatives Duquesne is referencing that may impact the implementation schedule. Citizen Power at 2-3.

The OCA is in general agreement with the Commission's proposals related to instant connects and seamless moves and that, while it finds these processes to be reasonable, it asserts that certain issues should be addressed. OCA at 2-3. The OCA submits that every EGS customer who contacts the EDC to arrange a move should be informed of the seamless move process so that the customer is aware that they will retain the EGS at their new location unless the EGS determines that it will not continue to provide service at the new location. The OCA further submits that EGSs should be required to send a confirmation letter to a customer informing the customer that the EGS will or will not continue service at the new location. The OCA acknowledges that this may increase costs for EGSs but believes that customers should be aware of how their service will be provided as their circumstances change. OCA at 3-4.

Regarding EDC cost recovery, the OCA believes costs should be borne by the EGSs because these two processes will provide significant benefits to EGSs by providing a low-cost method for them to obtain and retain customers. However, if ratepayers are asked to pay any portion of these costs, the OCA asks that the costs be included in base rates. The OCA believes that the Commission should not allow recovery of any ratepayer share of these costs (if any) through ratepayer surcharges, consistent with its recent decisions on the costs associated with accelerated switching and Citizens' and Wellsboro's EDI systems. OCA at 4.

**RESOLUTION**

Upon review of Duquesne’s plan and the comments, 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 going onto default service. The current system inappropriately elevates default service to a favored, primary service role. Instant connects will help end this undesirable practice.

We find Duquesne’s plans for implementing seamless moves and instant connects reasonable and in conformity with our expectations. We reject FES’s position that an EGS should have the right and opportunity to reject a seamless move which meets the requirements set forth in Duquesne’s Plan. We also reject Citizen Power’s position that EGSs should have the ability to set as a “default” the rejection of seamless moves. Once seamless moves become available – they should be used to the benefit of consumers.

We find that Duquesne’s express eligibility requirements, including maintaining the existing rate class for seamless moves and restriction to residential and low-demand business customers (less than 300kW), are responsive to concerns about the potential impact on EGSs. These safeguards are 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 accounts that use less than 300 kW of demand; requiring that the rate class remains unchanged; and that the customer maintains the same supplier billing rate, billing option and tax exemption percentage. We are convinced that these robust safeguards will 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, Duquesne’s stated approach – that a supplier is always able to submit a drop if they do not wish to serve the customer at a new location – is also responsive to concerns regarding the impact on EGSs. We emphasize that any EGS which processes a customer drop in a seamless move environment should 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 July 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, they are free to do so. In addition, EGSs may pursue modification of existing contracts, with customer agreement. Regardless of the foregoing, it is the desire of the customer to retain the current supply terms and conditions that should control, subject to the EGS’s ability to drop that customer as provided in Duquesne’s proposed Plan and consistent with the terms of the existing contract as mutually agreed to by both parties.

We also disagree with FES’s position which suggests a process that enables or requires an EGS to take an action to concur or reject a seamless move in advance. This suggestion will render the move *not* seamless – counter to express intent of this initiative. For the same reason, we also decline the OCA’s request to require EGSs to send a confirmation letter to the customer stating that it will/will not continue to serve the customer at the new address. EGSs are of course free to send such a notice to their customers, but requiring such a notice is unnecessary. Duquesne explains that it will advise the customer that his or her EGS supply service will seamlessly move to their new location and we think this notice should suffice. However, if an EGS is going to subsequently drop the customer per the cancellation provisions of the contract (as discussed above), then notice of this drop to the customer is, of course, required.

While we understand Citizen Power’s position that the three-day maximum gap in service should be expanded to seven days because of possible complications in the real estate transactions process, we question whether the occurrence of these types of situations is common enough to require Duquesne to alter their plan. We approve Duquesne’s plan and the three-day window, keeping in mind that this can be revisited in the future if experience demonstrates this to be a problem.

As for cost recovery, we disagree with the OCA’s primary position that costs should be borne by the EGSs. While EGSs will obtain some benefit from these processes, customers will also benefit. The seamless move and instant connect functionality will not only benefit current shopping customers, it will be available for all eligible customers. These enhancements are permanent improvements that, to a large extent, are simply correcting an unacceptable status quo due to existing limitations in utility customer information systems. For these reasons, we agree with the OCA’s secondary position that these costs should be included in base rates. The scrutiny of a base rate proceeding is the appropriate mechanism to ensure that utilities will recover all prudent and reasonably-incurred costs. As the OCA points out, this is consistent with recent Commission decisions on the costs associated with accelerated switching.

# CONCLUSION

 The Commission approves Duquesne Light Company’s plan, filed on April 20, 2015, for implementing seamless moves and instant connects in its service territory by July 1, 2016.

**THEREFORE,**

 **IT IS ORDERED:**

 1. That Duquesne Light Company shall implement seamless moves and instant connects in its service territory by July 1, 2016, as described in their April 20, 2015 filing at this docket.

 2. That Duquesne Light 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-2014-2401127.

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: September 3, 2015

ORDER ENTERED: September 3, 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)