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December 30, 2013

VIA HAND DELIVERY

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

**Re: Investigation of Pennsylvania's Retail Electricity Market:
End State of Default Service
Docket No. I-2011-2237952**

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PA PUBLIC UTILITY
SECRETARY'S BUREAU

Dear Secretary Chiavetta:

Enclosed for filing, please find an original and one (1) copy of Pike County Light and Power Company's comments regarding the recommended directives for EDC's to implement plans for seamless moves and instant connects in their service territories.

Should you have any questions concerning this filing please contact me at your convenience. Copies of this filing have been served on the parties listed in the attached Certificate of Service.

Sincerely,



John J. Gallagher

Enclosure

BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION

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SECRETARY'S OFFICE

Investigation of Pennsylvania's : Docket No. I-2011-2237952
Retail Electricity Market: :
End State of Default Service :

**PIKE COUNTY LIGHT & POWER COMPANY'S
PLAN TO IMPLEMENT
SEAMLESS MOVES AND INSTANT CONNECTS**

Introduction

Pursuant to the Pennsylvania Public Utility Commission's ("Commission") Final Order dated February 14, 2013 ("Order") in *Investigation of Pennsylvania's Retail Electricity Market: End State of Default Service*, Docket No. I-2011-2237952, Pennsylvania electric distribution companies ("EDCs") are required to develop and submit plans to the Commission to implement seamless moves and instant connects in their service territories. A "seamless move" is defined as the ability of an electric generation supplier ("EGS") to move with a customer to a new address without interruption. An "instant connect" is defined as the ability of a customer to commence service with an EGS on "day one" of new utility service, without first becoming a default service customer. Order, p. 70. Pike County

Light and Power Company (“PCL&P” or the “Company”) submits this Plan to Implement Seamless Moves and Instant Connects (“Plan”) in its service territory.

Overview of PCL&P’s Service Territory and Customer Base

PCL&P serves approximately 4,700 electric delivery customers in a service territory of approximately 43 square miles. The Company’s customer population has actively participated in retail choice since 2006. In February 2007, 87% of customers received supply service from an EGS. Currently, 57% of PCL&P’s electric delivery customers purchase their electric supply from an EGS. PCL&P believes this change is a result of shopping, not of inexperience or lack of knowledge regarding shopping. From January 1, 2013 through November 15, 2013, only **27 customers** in the entire service territory closed and opened an account on the same day and **624 customers** initiated service, for a total of 651 customers. This customer pattern provides a context for considering the potential customer benefits of the Company making the system improvements necessary to implement seamless move and instant connect processes.

PCL&P is unique among Pennsylvania EDCs in that it operates, along with its corporate parent, Orange and Rockland Utilities, Inc. (“O&R”) in New York and its sister company, Rockland Electric Company (“RECO”) in New Jersey, a fully integrated electric system serving parts of Pennsylvania, New York and New

Jersey¹. Unlike every other EDC operating in the Commonwealth, PCL&P, by virtue of being a part of the System, operates in the New York Control Area that is administered by the New York Independent System Operator (“NYISO”). In contrast, the other Pennsylvania EDCs are members of the PJM Interconnection, LLC (“PJM”). As members of the System, PCL&P’s, O&R’s and RECO’s computer information systems, which include their billing system (“CIMS”), Electronic Data Interchange (“EDI”) and Retail Access Information System (“RAIS”), are also integrated. Due to its unique standing among the Pennsylvania EDCs, PCL&P has received waivers to utilize New York EDI protocols as well as certain New York switching rules that control the timing of a customer’s switch.²

Instant Connect

Currently, when a customer calls PCL&P’s customer service department to initiate electric service in PCL&P’s service territory, the Customer Service Representative (“CSR”) establishes the customer’s account as a “Pending Active” account and an account number is assigned. After the customer’s first bill is processed, an EGS can send an enrollment request which will be processed and become effective on the next meter read date, as long as PCL&P receives the

¹ The fully integrated electric system operated by PCL&P, O&R and RECO is referred to as the “System”.

² The Commission granted waivers to PCL&P from Pennsylvania Regulation Sections 57.173 and 57.174 relating to switching rules in *Petition of Pike County Light & Power Company for Approval of Its Default Service Implementation Plan*, Docket No. P-2011-2252042 (Opinion and Order entered May 24, 2012).

enrollment request at least 15 days prior to the next meter read date. If an EGS sends an enrollment request to PCL&P less than 15 days prior to the next meter read date, the enrollment will become effective on the second meter read date after PCL&P receives the enrollment request. Therefore, under PCL&P's current procedures, a customer must always take default service from PCL&P for at least the first bill period, and may take default service for the second bill period depending upon the timing of the enrollment request.

In order to comply with the Order, PCL&P proposes to implement the following procedural modifications. Specifically, when a customer calls PCL&P's customer service department to initiate electric service, the CSR will establish the customer's account as a "Pending Active" account and an account number will be assigned. If the customer is either new to the PCL&P service territory or is adding a new service (*e.g.*, the customer moved from one residence to another within PCL&P's service territory and was a default service customer at the prior residence), the CSR will ask whether the customer would like to enroll with an EGS. If the customer responds affirmatively, the CSR will provide the customer with a newly-created account number. The CSR will transfer the customer to the EGS chosen by the customer or if a specific EGS is not chosen, to an EGS assigned on a rotating basis. If the customer signs an agreement with the EGS, the

EGS will follow its normal enrollment process and transmit an EDI enrollment request to PCL&P.

Upon receipt of the EGS enrollment request, PCL&P will undertake the following Day One process. Day One refers to the first business day outside of the 8 Day EDI acceptance window (the “8 Day Window”), *i.e.*, the four business days prior to the meter read date, the day of the meter read, and the three business days following the meter read date. During the four business days prior to the meter read date, data utilized to read the meter and prepare the bill is downloaded into the system; therefore, no changes can be made to a customer’s account during this period. Similarly, during the meter read date and the three business days after, no changes can be made to a customer’s account because the system is generating the bill. Consistent with this approach, if the EDI enrollment request is received at least four business days prior to the customer’s next meter read date, the enrollment with the EGS will be effective on the date that service is initiated. If the EDI enrollment request is received by PCL&P during the 8 Day Window, the customer will take default service from PCL&P for a first billing period up to the end of the 8 Day Window (a maximum of eight business days). The customer then will take supply service from the EGS beginning on the second bill period. Neither the EGS nor the customer will be required to take any additional action to make the enrollment effective.

PCL&P will accept all enrollments from an EGS and will code the “Pending Active” account as enrolled with the EGS. Both the change in the number of days and an acceptance while an account is “Pending Active” constitute changes to PCL&P’s current enrollment processes and therefore will require modifications to the Company’s CIMS, EDI and RAIS systems. As noted above, PCL&P currently participates in an integrated computer information system with O&R and RECO. These enrollment modifications must be implemented only for Pennsylvania customer enrollments since they do not affect New York and New Jersey enrollments.

PCL&P will follow its normal procedures and mail an enrollment letter to the customer. The customer will have the standard three days to rescind the contract.

Seamless Moves

Subject to the conditions discussed below, PCL&P can make a seamless move transaction available to all PCL&P electric customers in all rate classes. In order to qualify as a seamless move, the transaction must meet certain criteria. If on the same telephone call a customer requests that PCL&P disconnect service at one premise and initiate service at a different premise within PCL&P’s service territory, PCL&P will treat this as a seamless move if:

- The customer is enrolled with an EGS at the existing premise;
- The name on both accounts is identical;
- The rate class on both accounts is identical; and
- The start date for service at the new premise is after the disconnect date at the existing premise.

If these criteria are met, the CSR will ask whether the customer wishes to remain with his or her current EGS at the new premise. If the customer responds affirmatively, the CSR will initiate the Seamless Move transaction in PCL&P's CIMS billing system. If the customer wishes to take supply service from a different EGS, the CSR will transfer the customer to that EGS and the transaction will be treated as an Instant Connect. If the customer wishes to return to default service, the CSR will set up the account as such.

If a customer chooses to remain with his or her existing EGS, thereby creating a Seamless Move transaction, PCL&P will send an EDI transaction (*i.e.*, 814Change) to the EGS notifying it of the customer's change in address and new account number. (It should be noted that PCL&P utilizes New York EDI protocols and therefore will need to notify New York Public Service Commission ("NYPSC") prior to implementation of any EDI changes.) The EGS will send an acknowledgement upon receipt of the 814Change. If the customer requests a start

date that is at least four business days prior to the next meter read date, the customer will begin service at the new premise with the EGS. If, however, the start date is less than four business days prior to the next meter read date, the customer will become a default service customer for the first bill cycle and will take service from the EGS beginning on the second bill period.

The EGS must accept all qualifying customers in a Seamless Move transaction; however, the EGS subsequently can drop the customer via the existing EDI drop transaction protocols. There is no rescission period provided during a seamless move since the rescission period existed at the time the customer entered into the contract with the EGS. In addition, PCL&P will not mail an enrollment letter to the customer since there is no change in supplier.

Even if a transaction meets the above criteria, some additional limitations will be placed on the type of transaction that qualifies as a seamless move. For a seamless move to occur, the customer must final the first account before initiating the second. The customer cannot maintain two active accounts to qualify as a seamless move transaction. Furthermore, the backdating of service connections will not qualify as a seamless move transaction. The change can only be made prospectively.

If a customer calls to final service at his or her current location and initiate service at a new location within the PCL&P service territory and there is a pending active enrollment with a second EGS on the customer's current account, the customer is not eligible for a seamless move. In addition, if a customer calls for a seamless move and after the new account is created but before the current account is finalized and a second EGS sends in an enrollment transaction via EDI, the transaction will follow the normal rules. The normal rule provides that the second enrollment will not become effective because the current account is in the process of closing.

Cost Estimates

As noted above, the Company's CIMS, EDI and RAIS systems must be modified to allow for both instant connect and seamless move transactions. New processes must be implemented to accomplish these transactions, including significant programming and testing that the Company anticipates will require a twelve month period. Also, to the extent that new EDI segments are required, the Company must notify the NYPSC. The Company estimates that the total cost to implement both the instant connect and seamless move transactions will be between \$950,000 and \$1.2 million. Assuming a Commission decision in the spring of 2014, implementation will be completed by June 1, 2015.

Meeting with EGSs

PCL&P consulted via conference call with the three EGSs that currently are active in its service territory regarding PCL&P's plans for implementation of both instant connect and seamless move transactions. All three EGSs expressed interest in such transactions and agreed with the proposed general design of PCL&P's programs. However, all three EGSs expressed concern that the costs to implement these transactions in PCL&P's service territory may outweigh any benefits to be derived by the customers likely to be participating in instant connect and/or seamless move transactions.

Conclusion

PCL&P strongly supports competition in the supplier market and effectively provides for customer shopping as evidenced by the high percentage of PCL&P's electric delivery customers, currently 57%, who are enrolled for commodity service with an EGS. However, PCL&P is concerned about whether the implementation of seamless moves and instant connects is in the best interests of its customers.

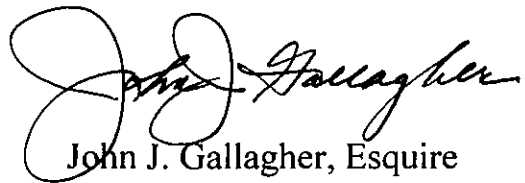
The costs associated with implementing both the instant connect and seamless move transactions are significant as would be the associated bill impacts on the Company's 4,700 electric delivery customers. The estimated bill impact is

\$289 to \$365 per year, per customer for five years to recover the expected costs of \$950,000 to \$1.2 million required for implementation. The benefit for any customer whose service with an EGS begins one month earlier than currently provided is equal only to the difference between that EGS's rate and the default service rate for kilowatt hours used for that month. An analysis of EGS rates paid by PCL&P customers compared to PCL&P's default service rates since July 2009 reveals that the largest customer cost incurred while waiting one month to switch to an EGS was \$12.07 based on 700 kWh per month. Given the size of PCL&P's customer base, if the \$12.07 benefit were captured by all customers, the total benefit would be approximately \$57,000. Indeed, the cost of implementing seamless moves and instant connects may negatively impact customers' views of shopping among EGSs.

PCL&P's experience to date is that its customers already are well aware of their ability to shop for an EGS. In fact, at 57%, the percentage of PCL&P customers who are currently shopping is the highest among all EDCs. The Company's customer population has actively participated in retail choice since 2006. In February 2007, 87% of customers received supply service from an EGS. PCL&P believes this change is a result of shopping, not of inexperience or lack of knowledge regarding shopping.

Accordingly, the Company requests that the Commission exempt PCL&P from implementing both instant connect and seamless move transactions. The Company believes that such an exemption is in the best interests of its customers. However, if the Commission does not grant this request, the Company will implement the plans discussed above and seek to recover the costs of system changes by adding them to the revenue requirement provided in the electric rate filing that will be submitted in January 2014.

Respectfully submitted,



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& Power Company

Dated: December 30, 2013

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