**PENNSYLVANIA**

**PUBLIC UTILITY COMMISSION**

**Harrisburg, PA 17105-3265**

 Public Meeting held October 1, 2015

Commissioners Present:

Gladys M. Brown, Chairman

John F. Coleman, Jr., Vice Chairman

Pamela A. Witmer

 Robert F. Powelson

|  |  |
| --- | --- |
| PPL Electric Utilities Corporation Plan for Seamless Moves and Instant Connects | M-2014-2401103 |

**FINAL ORDER**

Before the Pennsylvania Public Utility Commission (Commission) is a recommendation from the Commission’s Office of Competitive Market Oversight (OCMO) approving, with modifications, the plan of PPL Electric Utilities Corporation (PPL) 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,* PPL 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, PPL, 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 PPL, 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, PPL filed, at the above noted docket, a revised plan to implement seamless moves and instant connects by July 1, 2016.

**PPL’S PLAN**

PPL’s plan includes eligibility requirements, procedures, timelines, cost estimates and cost recovery proposals.

**Seamless Moves**

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

* Customer is shopping with an EGS and moving within the PPL service territory, including Customer Assistance Program (CAP) customers.
* Customers that request, in the same telephone call, to disconnect at one premise and to connect at a different premises.
* Customers with a move date that has not already occurred.
* Landlord accounts are not eligible if they are not the party contracted with the EGS. When a shopping tenant moves from a premise, his or her EGS selection would not be assigned to the landlord.
* Customers establishing a new account/location must be the same rate class (Residential/Small C&I) as the previous account/location. Seamless moves will be offered only to metered Residential and Small C&I customers (less than 25 kW). The following chart lists eligible customer rate schedules:

|  |  |  |
| --- | --- | --- |
| **Customer Group** | **Rate Schedule** | **Description** |
| Residential | RS | RS — Residential Service |
| RTS | RTS(R) — Residential Service — Thermal Storage |
| Small C&I | GS-1 | GS-1 — Small General Service |
| GS-3\* | GS-3 — Large General Service — Customers with less than 100 kW peak demand |
| GH-2 | GH-2(R) — Separate Meter General Space Heating Service |
| \* Note that eligibility for the GS-3 rate schedule is limited to those customers below 25kW peak demand.  |

PPL elaborates further on the process they propose for seamless moves:

* PPL will not ask if the customer wants to keep his or her EGS; PPL will automatically process the seamless move transaction for shopping customers.
* PPL will transfer summary data or interval data indicator on a customer's old account to a new account.
* Account retains same bill option, which includes: (1) utility consolidated billing (bill ready or rate ready); or (2) dual bill, where the EDC and the EGS issue separate bills to the customer.
* Account retains same EGS rate code, which reflects the customer contractual pricing when the rate ready utility consolidated billing option is in use.
* Account retains same tax exemption percentage.
* No customer rescission is applicable to a move.
* Because the EGS for the new location is not changing, PPL will not send a notification letter for seamless move transactions.
* A new, utility-initiated EDI (Electronic Date Interchange) 814 Move transaction will be implemented in accordance with EDEWG approved 814 Move Implementation Guidelines. This will include an anticipated start date and new premise demographics, such as address, bill cycle, meter information, Peak Load Contribution (PLC) tags, etc.
* If an account does not become active at the new location due to obligations not being met, such as security deposits or proof of identification - PPL will void the new account and send an EDI 814 Drop transaction to the EGS.
* PPL will send an EDI 814 Change transaction with the updated start date if the anticipated connect date previously communicated on the EDI 814 Move transaction has changed.
* Once an EGS relationship is established with a pending active account, all

EDI 814 Change transactions that a EGS would typically receive for an active account will be sent by PPL.

PPL offers the following as EGS responsibilities:

* Contract portability is assumed. The business model requires that the contract remains with the customer despite the move.
* EGSs will draft new contract language for a move transaction that includes the contract portability clause.
* EGSs cannot reject a seamless move transaction.
* If an EGS does not want to maintain the contract with the moving customer, it will need to submit an 814 EDI Drop transaction. The effective/drop dates will be based on the existing switching/enrollment rules. All existing consumer

notification regulations are applicable.

**Instant Connects**

PPL notes that currently a new connect customer is automatically placed on default service until the customer would choose to shop with an EGS. Under their proposed instant connect process, customers will benefit from having to take no further action in selecting an EGS, and EGSs will benefit from having the customer enrolled on the earliest possible start date of a new connect. PPL’s planned eligibility criteria for instant connects include:

* New, non-shopping customers moving into PPL’s service territory, with a desire to shop on day one of service will be eligible for instant connect.
* The customer must have a valid account number to provide to his or her intended EGS in order for the EGS to send in an EDI 814 Enrollment transaction.
* No instant connect is available when the connect date has already occurred.
* Landlord accounts are not applicable. The tenant would be eligible to shop on day one.
* Instant connect will be offered only to metered Residential and Small C&I customers (less than 25 kW). The following chart lists eligible instant connect customer rate schedules:

|  |  |  |
| --- | --- | --- |
| **Customer Group** | **Rate Schedule** | **Description** |
| **Residential** | RS | RS — Residential Service |
| RTS | RTS(R) — Residential Service — Thermal Storage |
| **Small C&I** | GS-1 | GS-1 — Small General Service |
| GS-3\* | GS-3 — Large General Service — Customers with less than 100 kW peak demand |
| GH-2 | GH-2(R) — Separate Meter General Space Heating Service |
| \* Note that eligibility for the GS-3 rate schedule is limited to those customers below 25kW peak demand.  |

PPL elaborates further on the proposed process to perform instant connects:

* There will be a confirmation letter sent by PPL for the Instant Connect EDI 814 Enrollment transaction consistent with existing shopping procedures.
* PPL will send out an EDI 814 Enrollment response the next business day after the EDI 814 Enrollment transaction is received from the EGS.
* If the account is not active when the EDI 814 Enrollment transaction is processed, the transaction will not be rejected by PPL. Instead, PPL will send an EDI 814 Enrollment response transaction to the EGS with the anticipated connect date.
* If an account does not become active at the new location due to obligations not being met, such as security deposits or proof of identification, PPL will void the new account, and an EDI 814 Drop transaction will be sent to the EGS. PPL will send an EDI 814 Change transaction with the updated start date if the anticipated connect date previously communicated on the EDI 814 Enrollment response transaction has changed.
* Once an EGS relationship is established with a pending active account, all

EDI 814 Change transactions that an EGS would typically receive for an active account will be sent by PPL.

* PPL will begin scheduling for the load, based upon the anticipated connect date.

PPL offers the following as EGS responsibilities concerning instant connects:

* EGS must send an EDI 814 Enrollment transaction to PPL consistent with current enrollment practice.
* EGS must solicit the customer for demographic information for new customers moving into PPL’s service territory.
* EGS must send the customer a letter within three business days after receipt of the EDI 814 Enrollment response detailing the terms and conditions of its program. Additionally, the EGS is obligated to comply with all rules and regulations set forth in 52 Pa. Code Chapter 54.

**Cost and Cost Recovery**

PPL estimates the capital costs associated with implementing seamless moves and instant connects will be approximately $700,000, which includes modifications to PPL’s billing and EDI systems. PPL proposes to seek recovery of these costs in future base rate filings. Additionally, PPL estimates the ongoing expenses associated with the need for additional Customer Service Representative (CSR) time to administer the seamless moves and instant connect transactions will not exceed $10,000 annually. PPL also proposes to seek recovery of these costs in future base rate filings.

**Timeline**

To meet the July 1, 2016 timeline PPL must modify both its billing and EDI systems. Additionally, PPL must educate its employees, particularly its CSRs, on the details of both new programs. Accordingly, in order to have sufficient time to undertake these initiatives and meet the July 1, 2016 timeline, PPL requests Commission approval of their plan on an expedited basis.

**COMMENTS**

Two parties, FirstEnergy Solutions (FES) and the Office of Consumer Advocate (OCA) filed comments in response to PPL’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.

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, OCA submits that these costs should be recovered from the EGSs that benefit through maintaining the customer relationship and by establishing a contractual relationship at the time service is established. To the extent these costs are recovered from ratepayers, however, the OCA submits that the costs should be recovered in a base rate case and that the Commission must carefully review these costs in the base rate case to ensure that they are just and reasonable. OCA at 5-6.

**RESOLUTION**

Upon review of PPL’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 most of the elements of PPL’s plans for implementing seamless moves and instant connects reasonable and in conformity with our expectations.

We acknowledge that FES raises legitimate concerns about how a customer relocation can result in significant changes to the character of the service being used and thus possibly impacting existing contracts. However, we do not think the way to address this concern is to allow EGSs to unilaterally terminate contracts simply because a customer relocates. The preferable course is to instead do as we did in our previous order concerning seamless moves and instant connects in the Duquesne Light Company’s service territory[[6]](#footnote-6): carefully restrict the customer eligibility requirements for seamless moves. We find PPL’s proposed eligibility requirements in this regard appropriate. Seamless moves will be restricted to residential and small commercial/industrial customers that maintain the same rate class at the new service location. Further, as we approved in the Duquesne Light Order,[[7]](#footnote-7) we think limiting any gap or overlap in service to three days is appropriate – noting again that this timeframe can be revisited if experience proves it to be problematic. Accordingly, we direct PPL to include a three-day gap/overlap limit in their eligibility requirements.

With these safeguards, PPL’s eligibility requirements 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 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 three days. 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 to the above safeguards, a supplier is always able to submit a drop if they do not wish to serve the customer at a new location. 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 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, 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 consistent with the terms of the existing contract as mutually agreed to by both parties.

In response to customer notice issues raised by OCA, we will adopt the same measures as we did in the Duquesne Light Order and not 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. We prefer the approach adopted in the Duquesne Light Order[[8]](#footnote-8), where the EDC will inform the customer that their EGS supply service will seamlessly move to their new location (assuming eligibility requirements are met). The customer does not have to authorize or take any additional actions for this to happen. We direct PPL to include this in their plan.

There is, however, one aspect of PPL’s plan for instant connects that we think needs clarification. PPL notes that the customer must have a valid account number to provide to his or her intended EGS in order for the EGS to send in an EDI 814 Enrollment transaction. PPL, however, has not explained how or when the customer will obtain their new service location account number from PPL to facilitate this process. We advise PPL to clarify this in their procedures as they implement instant connects.

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, and PPL’s proposal, that these costs be included in base rates. The scrutiny of a base rate proceeding is the appropriate mechanism to ensure that utilities will recover only prudent and reasonably-incurred costs. As the OCA points out, this is consistent with recent Commission decisions on the costs associated with accelerated switching. It is also consistent with our decision in the Duquesne Light Company’s seamless move proceeding.[[9]](#footnote-9)

# CONCLUSION

 The Commission approves PPL’s plan filed on April 20, 2015, as modified by this Order, for implementing seamless moves and instant connects in its service territory by September 30, 2016.

**THEREFORE,**

 **IT IS ORDERED:**

 1. That PPL Electric Utilities Corporation’s plan filed with the Commission on April 20, 2015 to implement seamless moves and instant connects in its service territory by September 30, 2016 is approved as modified by this Order.

2. That PPL Electric Utilities Corporation shall file within 10 days a compliance plan with the Commission that incorporates the modifications directed by this Order and also any clarifications requested in this Order.

 3. That PPL Electric Utilities Corporation 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.

 4. 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-2014-2401103.

5. That the Secretary shall deposit a notice of this Final Order with the Legislative Reference Bureau for publication in the *Pennsylvania Bulletin*.

 6. 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>

7. 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 1, 2015

ORDER ENTERED: October 1, 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. *Final Order Duquesne Light Company Plan for Seamless Moves and Instant Connects. Docket No. M-2014-2401127 (Order Entered September 3, 2015).*  [↑](#footnote-ref-6)
7. *Id*. page 12. [↑](#footnote-ref-7)
8. *Ibid*. Page 5. [↑](#footnote-ref-8)
9. Ibid. Page 12.
 [↑](#footnote-ref-9)