**PENNSYLVANIA**

**PUBLIC UTILITY COMMISSION**

**Harrisburg, PA 17105-3265**

Public Meeting held May 19, 2016

Commissioners Present:

Gladys M. Brown, Chairman

Andrew G. Place, Vice Chairman

John F. Coleman, Jr.

Robert F. Powelson

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| Investigation of Pennsylvania’s Retail Electric Market | I-2011-2237952  L-2014-2409383 |

**TENTATIVE ORDER**

Before the Pennsylvania Public Utility Commission (Commission) is a recommendation from the Commission’s Office of Competitive Market Oversight (OCMO) to provide electric distribution companies (EDCs) with 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*. An *instant connect* is the initiation of supply service on the first day of new utility service, without the customer first having to go on EDC-provided default service. Through this Tentative Order, we seek public comment regarding OCMO’s proposal.

# BACKGROUND

By order entered on April 29, 2011, 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.[[1]](#footnote-1) On February 15, 2013, the Commission entered its Electric RMI Final Order (*RMI Final Order*).[[2]](#footnote-2) In its *RMI Final Order,* this Commission instructed EDCs to submit, by the end of 2013, plans outlining the implementation of seamless moves[[3]](#footnote-3) and instant connects in their service territories by June 1, 2015.

Pursuant to the Commission’s *RMI Final Order,* Duquesne Light Company (Duquesne); Metropolitan Edison Company (Met-Ed), Pennsylvania Electric Company (Penelec), Pennsylvania Power Company (Penn Power) and West Penn Power (West Penn) (collectively, FirstEnergy); PECO Energy Company (PECO); Pike County Light and Power Company (PCL&P); PPL Electric Utilities Corporation (PPL); and UGI Utilities, Inc. – Electric Division (UGI) submitted compliance filings in December of 2013.[[4]](#footnote-4) Citizens’ Electric Company of Lewisburg, PA and Wellsboro Electric Company were provided with a temporary waiver of the seamless moves and instant connects directives.[[5]](#footnote-5)

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.[[6]](#footnote-6) 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, this Commission, via an August 13, 2014 Secretarial Letter, 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.[[7]](#footnote-7)

On March 20, 2015, the Commission issued a Secretarial Letter directing EDCs to file revised plans to implement, by June 1, 2016, seamless moves and instant connects.[[8]](#footnote-8) EDCs were directed to demonstrate in their plans how they will achieve seamless moves and instant connects and their timeframes for meeting 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. The EDCs submitted their revised plans on April 20, 2015.[[9]](#footnote-9)

**DISCUSSION**

In preparation for the implementation of the seamless move and instant connect functionalities in July and September of 2016, OCMO has engaged in routine, informal calls with the EDCs to obtain progress updates. Through these calls, OCMO became aware of a potential issue regarding the requirement that EDCs provide confirmation letters in instant connect situations. Specifically, the Commission’s regulations at 52 Pa. Code § 57.173(2) state the following:

§ 57.173. Customer contacts the EGS to request a change in electric supply service.

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).

As previously noted, instant connects are the initiation of supply service on the first day of new utility service, without the customer first having to go on EDC-provided default service. Frequently, customers notify their new utility in advance of moving into their new residence/business to ensure the availability of electric service when they move. Customers may also notify their selected EGS in advance of moving, to ensure they are receiving their competitive supply service as soon as possible at their new location. In such a scenario, as outlined in the regulations, an EDC would be required to mail, by the end of the next business day, a confirmation letter to the mailing address on the new account. 52 Pa. Code § 57.173(2). In an instant connect scenario, that mailing address will most likely be the new residence/business where the customer will be receiving service. In many instances, the customer will not yet reside or be operating at that new residence. Therefore, the letter would either be delivered to someone other than the customer of record or be returned to the utility.

This inability to provide the confirmation letter directly to the appropriate customer defeats the purpose of the letter. Therefore, we propose the provision outlined at 52 Pa. Code § 57.173(2) be temporarily waived in instant connect scenarios for a period of no longer than three years. During this three-year waiver period, the confirmation letter shall be mailed by the end of the next business day after the start of service at the new account location. In such cases, it is anticipated that the customer will be in residence or operating at the new location and able to receive the confirmation letter directly.

We propose a three-year waiver period in order 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. We anticipate modifying the regulations in Chapter 57 to reflect an environment that includes seamless moves and instant connects, but believe an appropriate amount of time must be afforded to implement and review these procedures before establishing a new binding norm.

# CONCLUSION

Through this Tentative Order, the Commission proposes a temporary waiver of its regulations at 52 Pa. Code § 57.173(2) regarding the EDC provision of confirmation letters in instances in which a customer requests an instant connect. We propose this waiver solely for instant connect scenarios. The waiver will be effective for a time period no more than three years in order to allow for the implementation and review of the instant connect and seamless move procedures before initiating any proposed rulemakings.

**THEREFORE,**

**IT IS ORDERED:**

1. That this Tentative Order be served on all jurisdictional Electric Distribution Companies, all licensed Electric Generation Suppliers, 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 Nos. I‑2011‑2237952 and L‑2014‑2409383.

2. That the Law Bureau shall submit this Tentative Order to the Legislative Reference Bureau for publication in the *Pennsylvania Bulletin*.

3. That interested parties shall have 30 days from the entry date of this Tentative Order to file written comments referencing Docket No. I‑2011‑2237952 with the Pennsylvania Public Utility Commission, Attention: Secretary, P.O. Box 3265, Harrisburg, PA 17105-3265. Comments may also be filed electronically through the Commission’s e-File System.

4. That a copy of this Order be posted on the Commission’s website at the Office of Competitive Market Oversight’s web page at <http://www.puc.pa.gov/utility_industry/electricity/electric_competitive_market_oversight.aspx>.

5. That the Office of Competitive Market Oversight shall electronically serve a copy of this Tentative Order on all persons on the contact list for the Committee Handling Activities for Retail Growth in Electricity.

6. That the contact person for technical issues related to this Tentative Order is Megan Good, 717-425-7583 or [megagood@pa.gov](mailto:megagood@pa.gov). The contact person for legal and process issues related to this Tentative Order is Jennedy Johnson, 717-265-8423 or [jennejohns@pa.gov](mailto:jennejohns@pa.gov).

**BY THE COMMISSION,**

**** Rosemary Chiavetta

Secretary

(SEAL)

ORDER ADOPTED: May 19, 2016

ORDER ENTERED: May 19, 2016

1. *See Investigation of Pennsylvania’s Retail Electricity Market*, Docket No. I-2011-2237952 (Order entered Apr. 29, 2011). [↑](#footnote-ref-1)
2. *See Investigation of Pennsylvania’s Retail Electricity Market: End State of Default Service*, Docket No. I-2011-2237952 (Final Order entered Feb. 15, 2013). [↑](#footnote-ref-2)
3. 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. [↑](#footnote-ref-3)
4. *See PECO Energy Company’s Plan for Accomplishing Seamless Moves and Instant Connects*, Docket No. M-2014-2401085 (Filed Dec. 18, 2013); *Summary Plan for the Implementation of Seamless Moves and Instant Connects – UGI Utilities, Inc. – Electric Division*, Docket No. M-2014-2401126 (Filed Dec. 20, 2013); *Pike County Light & Power Company’s Plan to Implement Seamless Moves and Instant Connects*, Docket No. M-2014-2401119 (Filed Dec. 30, 2013); *Seamless Moves/Instant Connects Implementation Plan for Metropolitan Edison Company, Pennsylvania Electric Company, Pennsylvania Power Company and West Penn Power Company*, Docket Nos. M-2014-2401130, M-2014-2401155, M-2014-2401151 and M-2014-2401148 (Filed Dec. 31, 2013); *Duquesne Light Company’s Compliance Filing Regarding Implementation of Seamless Moves and Instant Connects*, Docket No. M-2014-2401127 (Filed Dec. 31, 2013); *PPL Electric Utilities Corporation Compliance Filing Plan for Implementing Seamless Moves and Instant Connects*, Docket No. M-2014-2401103 (Filed Dec. 31, 2013). [↑](#footnote-ref-4)
5. *See Joint Petition of Citizens’ Electric Company of Lewisburg, PA and Wellsboro Electric Company for their Default Service Program for the Period June 1, 2015 through May 31, 2018*, Docket Nos. P-2014-2425024 and P-2014-2425245 (Opinion and Order entered Feb. 27, 2015). [↑](#footnote-ref-5)
6. *See 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(Final-Omitted Rulemaking Order entered Apr. 3, 2014). [↑](#footnote-ref-6)
7. *See* *EDC plan filings for Seamless Moves and Instant Connects*, Docket No. M-2014-2401127 (Secretarial Letter served Aug. 13, 2014). [↑](#footnote-ref-7)
8. *See* *EDC plan filings for Seamless Moves and Instant Connects*, Docket No. M-2014-2401127 (Secretarial Letter served Mar. 20, 2015). [↑](#footnote-ref-8)
9. *See Duquesne Light Company’s Revised Plan Regarding Implementation of Seamless Moves and Instant Connects*, Docket No. M-2014-2401127 (Filed Apr. 20, 2015); *Seamless Moves/Instant Connects Revised Implementation Plan for Metropolitan Edison Company, Pennsylvania Electric Company, Pennsylvania Power Company and West Penn Power Company*, Docket Nos. M-2014-2401130, M-2014-2401155, M-2014-2401151 and M-2014-2401148 (Filed Apr. 20, 2015); *PECO Energy Company’s Revised Plan for Accomplishing Seamless Moves and Instant Connects*, Docket No. M-2014-2401085 (Filed Apr. 20, 2015); *Pike County Light & Power Company’s Plan to Implement Seamless Moves and Instant Connects*, Docket No. M-2014-2401119 (Filed Apr. 20, 2015); *PPL Electric Utilities Corporation Compliance Filing Plan for Implementing Seamless Moves and Instant Connects for Metered Accounts*, Docket No. M-2014-2401103 (Filed Apr. 20, 2015); *UGI Utilities, Inc. – Electric Division Revised Plan for Implementing Seamless Moves and Instant Connects*, Docket No. M-2014-2401126 (Filed Apr. 20, 2015). [↑](#footnote-ref-9)