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March 25, 2014

**VIA ELECTRONIC FILING**

Rosemary Chiavetta, Secretary  
Pennsylvania Public Utility Commission  
Commonwealth Keystone Building  
400 North Street, 2nd Floor  
Harrisburg, PA 17120

**Re: Proposed Rulemaking: Standards for Changing a Customer's Electricity  
Generation Supplier  
Docket No. L-2014-2409383**

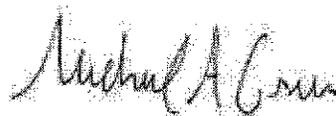
Dear Secretary Chiavetta:

Enclosed for filing are the Comments of Washington Gas Energy Services, Inc. in the above-captioned matter.

If you have any questions, please do not hesitate to contact me. Thank you.

Best Regards,

STEVENS & LEE



Michael A. Gruin

Encl.

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A PROFESSIONAL CORPORATION

**BEFORE THE  
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

**Proposed Rulemaking: Standards for** )  
**Changing a Customer's Electricity** ) **Docket No. L-2014-2409383**  
**Generation Supplier** )

**Comments of the**  
**Washington Gas Energy Services, Inc**

Washington Gas Energy Services, Inc. (WGES) hereby submits comments pursuant to the March 18, 2014 Secretarial Letter issued in the above-referenced proceeding regarding the Commission's proposal to modify existing regulations relating to customer switching.

While WGES understands the sense of urgency surrounding recent pricing conditions in wholesale electricity markets associated with the extreme winter weather, WGES urges the Commission to conduct a careful and diligent review of the proposed regulatory changes to assure that all implications are properly analyzed and understood. The Commission by its Order entered on March 4, 2014 "Review of Rules, Policies, and Consumer Education Measures Regarding Variable Rate Retail Electric Products" has a parallel proceeding underway that includes switching protocols among its designated issues. WGES sees that proceeding as the appropriate place and the appropriate process to consider the regulatory changes proposed in this Secretarial Letter. WGES will submit comments in that proceeding that provide a more comprehensive treatment of its views on switching rule changes in the broader context of other rule changes.

With respect to the particular changes proposed for § 57.171 to § 57.179, WGES offers the following comments and observations:

§ 57.171 – The new proposed regulation would add definitions for "Default Service Provider", "Current EGS Product" and "Selected EGS Product". The proposed new definitions in this section are not clear in their intent. In its Secretarial Letter the Commission indicates that the

purpose of the proposed regulation changes is to support accelerated switching time frames for customers switching from one EGS to another or to or from default service. In that regard the meaning of “products” is not clear. If customers desire to switch between product offerings or pricing plans offered by their current EGS, those are matters not affected by the switching rules in this section of the regulations. If the introduction of the term “products” is meant to augment the clarity of the rules with respect to switching suppliers, that clarification is not effective. The use of the term “products” confuses many sections of the proposed regulations wherever it appears, but for brevity, WGES will not restate this concern in the section-by-section comments below.

§ 57.172 (1) – Currently, § 57.172 (1) reads as follows:

“When a customer or a person authorized to act on the customer’s behalf orally contacts the EDC to request a change of EGS, the EDC shall notify the customer that the selected EGS shall be contacted directly to initiate the change.”

The new proposed regulation would add additional language regarding customers who contact an EDC to request a switch from a current EGS product to a new or different EGS product. The proposed changes to the first sentence in this section are not clear in their intent. Current regulations require an EDC to direct the customer to call an EGS to affect a change of EGS. Perhaps the additional language in the first sentence is meant to clarify that when a customer wishes to change from default service to an EGS they must contact the EGS, but that seems understood without the need for codification.

The final sentence may be a useful addition to document the operation of special Commission-approved programs (e.g. the current special referral programs). WGES is not sure whether this is already clear in other Commission orders related to those programs. If so, it’s introduction into the Code should be part of a broader, formal rulemaking.

§ 57.172 (2) – The Commission proposes to add a new Subsection 2 to § 57.172 of the regulations, regarding customer requests to return to default service. The proposed new ability of an EDC to initiate drops of EGS service is not advisable, and should be the subject of substantial and deliberate review. The warning to a customer by the EDC representative that there may be costs to the customer of terminating their EGS contract is not an adequate explanation of this issue for the customer. The amount of any such penalty, the relationship of the penalty to time remaining on the customer's EGS contract, and other related issues cannot be known or properly articulated by EDC staff.

Also note that placing the EDC in the position to take customer orders to switch from EGS service to default service creates the opportunity for EDCs to sell that service or to give the appearance of selling that service. Both are inconsistent with the development of the competitive market in Pennsylvania.

§ 57.173 (1) and (2) – The Commission proposes to add substantial new language to §57.173 (1) and (2), with the intent of eliminating the EDC's current 10-day suspension period for effectuating a customer's request to change suppliers. The new language eliminates the 10-day waiting period (which has previously been reduced to 5-days based on Commission orders) on the part of the EDC, but extends the time from for the EGS to notify the EDC of a customer's EGS selection to 3-days, the required rescission period. WGES generally supports shorter switching windows, but notes the following: 1) the current 5-day waiting period was implemented at the conclusion of a lengthy and deliberate process to amend switching rules and was to some extent the only process change to be made, and 2) EGS enrollment processes that comply with regulations are deeply embedded in software and other processes. In those regards, WGES submits that the Commission should be deliberate in reviewing and making changes to the switching time frames, and

if it decides to move forward, at least 90 days should be given to make these changes as was given to the less complex change from 10 to 5 days.

§ 57.174 (1) and (2) – The new language in subsection (1) of § 57.174 also has the intent of eliminating the EDC's current 10-day suspension period for effectuating a customer's request to change suppliers, and replacing it with a 3-day switching time frame. WGES urges the Commission to undertake a very deliberate process to consider the proposed changes to these rules. WGES is not at all convinced subject to much more detailed review that a 3-day switching time frame is advisable or possible. Such a change brings into question internal utility protocols, PJM protocols, EDI data exchange time frames, and most importantly the utility billing infrastructure that supports consolidated billing and POR.

The Commission proposes to add a new subsection (2) to § 57.174 to require EDCs to obtain actual meter reads to effectuate customer switching within 3 calendar days of the receipt by the EDC of the electronic enrollment transaction. In instances where the EDC does not have advanced or automated metering capability, the new regulation would require the EDC to obtain an actual meter read, use an estimated meter read or use a customer-provided meter read. In instances where estimates are used, the estimated meter read shall be updated when an actual meter read is obtained to reflect the customer's actual usage through the customer's normal meter read cycle. In general WGES supports the potential use of advanced metering infrastructure to support quicker customer switching through the use of off-cycle meter reads, and the Commission has previously indicated that it intends to explore this issue in depth. But the precise time frames needed and, again, the implications for a billing system currently based on a single EGS per standard billing cycle need to be very carefully considered.

WGES is not supportive of customer reported meter readings or utility estimates as the basis for rapid customer switches. In fact, if actual utility meter readings would be used to "update" that

information, it is not even clear what the purpose of those interim estimates would be. Again, that would tie back to billing protocols that need to be considered.

§ 57.175 – The Commission proposes to eliminate the entirety of § 57.175, which states that “A customer may identify persons authorized to make changes to the customer’s account. To accomplish this, the customer shall provide the EDC with a signed document identifying by name those persons who have the authority to initiate a change of the customer’s EGS.” The reason for deleting this section is not clear. Other sections in the proposed regulations retain references to persons authorized to act on a customer’s behalf. It does not seem consistent to eliminate the section that covers the EDCs process for establishing the authority of such a person.

§ 57.17[8]7 (2) – The Commission proposes to add a new subsection which states that “This subchapter does apply when the customer elects to receive service from the default service provider.” The reason for the inclusion of this new clause is not clear. In fact, other sections referenced in these proposed regulations specifically relate to customers switching from EGS service to default service. This new proposed subsection seems incompatible with those other sections regarding switches to default service.

§ 57.17[9]8 (2) – The Commission proposes to add a new subsection which would require the default service provider to retain all records relating to contacts from customers to EDCs regarding request to switch EGSs or requests to return to default supply. The new regulation would require the default supplier to maintain records of such contacts for 3 years from the date of the customer contact with the default service provider. These records shall be made available to the Commission or its staff upon request. Though, as noted above, WGES does not support a role for EDCs in switching customers, if the Commission were to approve such a role, WGES would agree that EDCs should maintain appropriate records. In fact, WGES sees it as inevitable that the involvement of utility staff

would require the Commission staff to resolve complaints and disputes as to what information was discussed and what representations were made in those customer contacts.

With respect to the broader issues of the practicality of implementing these changes within six months, and with respect to the cost of implementing these changes, both for EDCs and EGSs, absent more detailed discussions about the implications for customer billing, EDI and other protocols, WGES cannot offer useful guidance or comments. WGES would like to urge, however, that the rapid adoption of regulations with uncertain, and potentially very high, EDC compliance costs should not be undertaken if it is presumed that such costs would ultimately be recovered from EGSs through additional charges.

In conclusion, WGES again urges the Commission to consider changes to these regulations only as part of its broader and much more deliberate review in the proceeding captioned "Review of Rules, Policies, and Consumer Education Measures Regarding Variable Rate Retail Electric Products".

Respectfully Submitted,

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