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April 3, 2014

***VIA ELECTRONIC FILING***

Rosemary Chiavetta, Secretary  
Pennsylvania Public Utility Commission  
Commonwealth Keystone Building  
400 North Street, 2nd Floor North  
P.O. Box 3265  
Harrisburg, PA 17105-3265

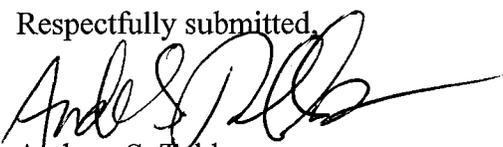
**Re: Review of Rules, Policies and Consumer Education Measures Regarding Variable  
Rate Retail Electric Products  
Docket No. M-2014-2406134**

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Dear Secretary Chiavetta:

Attached please find the Comments of PPL Electric Utilities Corporation in the above-referenced proceeding.

Respectfully submitted,

  
Andrew S. Tubbs

AST/skr  
Enclosure

cc: Daniel J. Mumford (*via email*)  
H. Kirk House (*via email*)

**BEFORE THE  
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

Review of Rules, Practices and Consumer :  
Education Measures Regarding Variable :           Docket No. M-2014-2406134  
Rate Retail Electric Products :

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**Comments of  
PPL Electric Utilities Corporation**

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**I.     Introduction**

By Order entered on March 4, 2014<sup>1</sup>, the Pennsylvania Public Utility Commission (“PUC” or the “Commission”) opened a proceeding to examine the rules, policies and consumer education materials relating to variable-priced retail electric products, and requested comments from interested stakeholders on a number of topics. Further, the Commission directed that its Office of Competitive Market Oversight provide recommendations to the Commission based upon the comments received in response to its *Variable Rate Order*.

PPL Electric Utilities Corporation (“PPL Electric” or the “Company”) is a “public utility” and an “EDC” as those terms are defined under the Public Utility Code, 66 Pa. C.S. §§ 102 and 2803, and is subject to the regulatory jurisdiction of the Commission. PPL Electric furnishes electric distribution, transmission, and default service to approximately 1.4 million customers throughout its certificated service territory, which includes all or portions of twenty-nine counties and encompasses approximately 10,000 square miles in eastern and central Pennsylvania. As part of those duties, PPL Electric maintains customer accounts, and

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<sup>1</sup> *Review of Rules, Policies and Consumer Education Measures Regarding Variable Rate Retail Electric Products*, Docket No. M-2014-2406134 (March 4, 2014)(“*Variable Rate Order*”).

administers billing and energy settlement systems that perform the “switching” functions that are, in part, the subject of this proceeding.

PPL Electric has been and continues to be a leading proponent of retail electric competition in Pennsylvania. The Company supports the Commission’s efforts to create a robust competitive retail market in Pennsylvania. PPL Electric recognizes that, during the extremely cold weather earlier this year, some shopping customers were adversely impacted by the significant price increases permitted by variable-priced contracts. The Company commends the Commission for opening this proceeding to directly address issues raised by variable-priced contracts and their impact on customers. However, as PPL Electric does not offer variable prices to its residential default service customers, the Company will defer responding to a number of the specific issues identified in the *Variable Rate Order* to those electric generation suppliers (“EGSs”) that offer such products to retail electric consumers.

To facilitate review by the Commission and other interested stakeholders, PPL Electric provides responses to several of the specific questions posed by the Commission in its *Variable Rate Order*.

## **II. Responses to Specific Questions**

### **For variable-priced contracts without explicit formulaic pricing parameters**

#### **1. Should EGSs be required to provide advance notice of price changes to customers?**

PPL Electric supports customers being provided advance notice of price changes by EGSs. Advance notices will provide customers with the opportunity to assess the expected price change, evaluate current competitive retail electric market price offerings, and make an informed and timely decision relative to their retail electric service. Therefore, PPL Electric supports the development of notice requirements for EGSs to provide their customers, prior to implementing

contract price changes. PPL Electric believes that EGSs should be required to provide advance notices to retail electric customers being served under either a variable- or fixed-rate contract. These advance notices should clearly identify the expected price change, the effective date of the price change, and the potential impact of the price change on the customer's monthly electric bill.

In addition to requiring advance notice of EGS price changes, it is important that the information being provided to retail customers by an EGS be easy to understand. Therefore, PPL Electric supports the Commission's efforts to review its existing disclosure statement requirements for residential and small business customers.<sup>2</sup> PPL Electric's believes that it is imperative that customers be made fully aware of the risks and opportunities associated with all competitive offerings, particularly variable-priced contracts.

The Commission's ongoing efforts to ensure that a strong consumer education outreach program exists review, coupled with its efforts to update its existing disclosure statement requirements, will serve to not only sustain, but to improve Pennsylvania's successful retail electric choice market.

For Daily Recorded and Automatic Meter Reading Capable Electric Utilities

- 1. Under current plans, when will mid-cycle EGS switches be implemented?**
- 2. How much can these be accelerated, and at what additional costs?**

As detailed in PPL Electric's March 25, 2014 comments<sup>3</sup>, the Company suggests the Commission consider implementing regulations that would significantly improve consumer

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<sup>2</sup> *Rulemaking to Amend the Provisions of 52 Pa. Code, Section 54.5 Regulations Regarding Disclosure Statement for Residential and Small Business Customers and to Add Section 54.10 Regulations Regarding the Provision of Notices of Contract Renewal or Changes in Terms*, Docket No. L-2014-2409385 (Secretarial Letter issued March 19, 2014).

<sup>3</sup> *Proposed Rulemaking: Standards For Changing a Customer's Electricity Generation Supplier*, Docket No. L-2014-2409383 (March 18, 2014).

protections regarding variable-priced contracts and delay implementation of the proposed changes to its switching regulations. Such an approach would permit EDCs to perform a more in-depth analysis of the many issues involved in implementing a switch between a customer's regularly scheduled meter read dates ("mid-cycle switch").

As addressed in the Company's March 25<sup>th</sup> comments, PPL Electric's currently deployed smart meters will support an accelerated switch time. However, the Company's billing system currently will not. Specifically, the Company's billing system is not currently able to perform flexible off-cycle billing switches. Although, PPL Electric has indicated that it can make the changes necessary to support an accelerated switch window and off-cycle switches, the Company will need to complete a thorough analysis of the requirements necessary to implement these changes.

Despite the existing limitations posed by the Company's billing system, PPL Electric has proposed to undertake interim steps in the short term to accelerate customer switching on the Company's system. Specifically, PPL Electric has proposed to: (a) shorten the Company's current 11-calendar day switch window to a 3-business day switch window; and (b) implement a mid-cycle switch. These interim proposals were detailed in the Company's March 25<sup>th</sup> comments. However, to assist the Commission's review of the issues raised in this proceeding, a brief summary of the Company's proposals are provided below

**(a) Implement a 3-business Day Switch Window**

Currently, a switch on PPL Electric's system takes between 11 and 40 calendar days. To achieve an 11-calendar day switch, the customer's change from his or her current EGS (default service or EGS) to another supply option, must be initiated 11 calendar days prior to the customer's next regularly scheduled meter read date. However, if the switch is initiated less than

11 calendar days before the next regularly scheduled meter read date, the customer's switch will not occur until the customer's meter read date the following month.

As an interim measure, PPL Electric has proposed to reduce the minimum 11-calendar day switch window to 3-business days. This proposal will require that PPL Electric make modifications to its billing system and will take six to eight weeks to complete. However, it will provide customers with more opportunities to initiate switches on PPL Electric's system. Following implementation of the necessary changes to the Company's billing system, an EGS or default service provider will be able to initiate a switch up until 3-business days prior to customer's next regularly scheduled meter read date. This proposed enhancement will broaden the window of time in which customers will have to initiate switches, and will minimize the number of customers that will need to wait until their next regularly scheduled meter read date in order to switch.

**(b) Implement Mid-Cycle Switches**

The Company also proposed to provide customers with the ability to make one mid-cycle switch between the customer's regularly scheduled meter read dates. As noted above, PPL Electric's billing system, absent significant upgrades, is currently unable to support multiple off-cycle customer switches. However, the Company's system is able to support one switch in addition to the customer's scheduled meter read date. This switch would be an "inflexible" switch in the middle of the customer's monthly billing cycle. PPL Electric proposes to implement this modification over a period of 9-12 months. This modification to PPL Electric's billing system will require a significant amount of computer programming and system changes and, for that reason, the Company has determined that the modification cannot be accelerated.

PPL Electric estimates that it will cost approximately \$1.5 million to implement both the 3-business day switch window and a mid-cycle switch. Although these proposals will not enable customers to make multiple switches within a billing cycle, the enhancements will provide greater opportunities for customers to switch, and in certain instances will result in substantially accelerated switching.

### **III. Conclusion**

PPL Electric appreciates the opportunity to comment on the issues identified by the Commission relative to variable-priced electricity offers. As stated above, the Company supports the Commission's efforts to provide advance notice to customers of expected price changes impacting those customers on or being moved onto a variable-priced contract. Further, the Company is committed to implementing, in a period of six to eight weeks, a shortening of the current 11-calendar day switching window to 3-business days and, in a period of 9-12 months, a one-time mid-cycle switch in addition to the customer's scheduled meter read date.

In addition, the Company intends to perform an in-depth analysis of options for a more flexible billing system that would better position the Company in the future.

Respectfully submitted,



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Date: April 3, 2014

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