



100 Pine Street • PO Box 1166 • Harrisburg, PA 17108-1166
Tel: 717.232.8000 • Fax: 717.237.5300

Elizabeth P. Trinkle
Direct Dial: 717.237.5378
Direct Fax: 717.260.1759
etrinkle@mwn.com

April 3, 2014

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

VIA ELECTRONIC FILING

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

Dear Secretary Chiavetta:

Enclosed please find the Comments of the Citizens' Electric Company of Lewisburg, PA and Wellsboro Electric Company regarding the above-referenced proceeding.

Very truly yours,

McNEES WALLACE & NURICK LLC

By

A handwritten signature in black ink, appearing to be 'Elizabeth P. Trinkle', written over a horizontal line.

Elizabeth P. Trinkle

Counsel to Citizens' Electric Company of
Lewisburg, PA and Wellsboro Electric Company

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Enclosure

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**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

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

**COMMENTS OF
CITIZENS' ELECTRIC COMPANY OF LEWISBURG, PA, AND
WELLSBORO ELECTRIC COMPANY**

I. INTRODUCTION

On March 4, 2014, the Pennsylvania Public Utility Commission ("PUC" or "Commission") issued an Order opening a proceeding to examine the Commission's rules, policies and consumer education measures relating to variable priced retail electric products. The Order also seeks stakeholder comments on a number of related issues, including the timeframe and costs associated with Electric Distribution Companies' ("EDCs") current plans to implement mid-cycle Electric Generation Supplier ("EGS") switches.¹

Citizens' Electric Company of Lewisburg, PA ("Citizens"), and Wellsboro Electric Company ("Wellsboro") (collectively, "Companies") submit these Comments in response to the Order. As small jurisdictional EDCs, any adopted requirements for implementation of mid-cycle switching will have a significant impact on Citizens' and Wellsboro.

¹ *Review of Rules, Policies and Consumer Education Measures Regarding Variable Rate Retail Electric Products*, Docket No. M-2014-2406134, Order at 7 (entered Mar. 4, 2014).

II. COMMENTS

In addition to soliciting stakeholder feedback regarding the parameters for variable-priced contracts, the Order requests comments on issues associated with EGS variable-priced products. Specifically, the Order requests comment from "daily recorded and automatic meter reading capable" EDCs regarding (1) when mid-cycle EGS switching will be implemented under current plans; and (2) the extent to which these plans can be accelerated, and at what additional cost.²

Citizens' and Wellsboro recently provided Comments in response to the Commission's "final-omitted" rulemaking detailing the challenges the Companies currently face in implementing mid-cycle switching.³ As a result of these challenges, Citizens' and Wellsboro suggested for the Commission to provide smaller EDCs with a temporary waiver of any mid-cycle switching requirement, which could be revisited based on a further report that the Companies will submit to the Commission by June 1, 2015. The same challenges to mid-cycle switching identified in the Proposed Rulemaking Comments are highly relevant to this proceeding; as such, Citizens' and Wellsboro reiterate those recommendations and the request for temporary waiver.

The Companies submit that they are unable to implement mid-cycle switching at this time, and the costs to implement mid-cycle switching at a later date remain uncertain. The Companies also request that the Commission carefully evaluate the PJM Interconnection L.L.C. ("PJM") coordination process that will be needed to accommodate mid-cycle switching, and urge the Commission to limit customers to one mid-cycle switch per month following implementation.

² See *id.* Citizens' has fully deployed smart meters in its territory. Wellsboro has partially deployed smart meters, and will complete that process over the next three to five years.

³ See *Proposed Rulemaking: Standards for Changing a Customer's Electric Generation Supplier*, Docket No. L-2014-2409383, Comments of Citizens' Electric Company of Lewisburg, PA, and Wellsboro Electric Company (Mar. 25, 2014) ("Proposed Rulemaking Comments").

A. The Companies Are Unable to Implement Mid-Cycle Switching At This Time and The Costs For Future Implementation Remain Uncertain

In light of substantial ongoing operational hurdles and coordination considerations, the Companies are not prepared to implement mid-cycle switching at this time. Nor are the Companies prepared to provide an estimate of the cost or time-frame associated with mid-cycle switching implementation. As discussed in detail in their Proposed Rulemaking Comments, Citizens' and Wellsboro currently are working with their billing and information services vendor to implement Electronic Data Interchange ("EDI"), which will greatly enhance the ability of EGSs to enter the Companies' service territories.⁴ Citizens' and Wellsboro anticipate that their EDI systems will be fully functional during the 2nd Quarter of 2015. The present operational plans include mid-cycle switches in the EDI functionality, and the Companies have been informed by their vendor that mid-cycle switches can be accommodated once the EDI transaction procedures are finalized. However, mid-cycle switching was not included in the scope of the Companies' EDI contract, and the Companies' vendor has indicated that it will not be able to provide an accurate assessment of the associated programming costs without a clear understanding of the extent of the PUC's compliance requirements. Accordingly, the Companies cannot provide an accurate timeframe for implementation of mid-cycle switching or the associated costs at this time.

Importantly, the Pennsylvania Electric Data Exchange Working Group ("EDEWG") must develop and adopt the necessary EDI protocols to facilitate mid-cycle switching prior to implementation by EDCs. As noted in EDEWG's recent Comments, the Commission's October 24, 2012 Order directed the Office of Competitive Market Oversight ("OCMO") to provide

⁴ *See id.* at 2-3. Citizens' and Wellsboro's Proposed Rulemaking Comments focused on the Companies' technical capability to implement mid-cycle switching rather than the cost of implementation.

guidelines regarding accelerated switching to EDEWG no later than October 1, 2013.⁵ To date, EDEWG has not received any guidance from OCMO on this issue. Accordingly, mid-cycle switching support has not been substantively addressed by EDEWG and is not included as a component of the 2014 business plan.⁶ Given the potentially significant effect of mid-cycle switching on EDI transactions, Citizens' and Wellsboro respectfully request that the Commission refrain from requiring EDCs to implement mid-cycle switching until EDEWG has established the requisite EDI standards and protocols.

B. The Commission Should Give Adequate Consideration to the PJM Coordination Process Necessary to Accommodate Mid-Cycle Switching

As discussed in their Proposed Rulemaking Comments, the Companies urge the Commission to carefully consider the PJM coordination process necessary for EDCs (and particularly Citizens' and Wellsboro) to accommodate mid-cycle switching.⁷ Even with EDI and smart meters, mid-cycle switching would require the Companies to develop procedures for and shoulder the administrative burden of monitoring each account's status as an EGS or default service account. Mid-cycle switching will also burden the Companies with formulating a daily update process to communicate changes to PJM for capacity and transmission obligation assignment, as well as forecasting, scheduling and reconciliation. With customer shopping non-existent, but on the near horizon, the Companies have started the process to confirm their coordinating obligations for these activities based on the assumption that changes will occur up to four times per month (*i.e.*, on the meter read dates that correspond with the bill cycles in each territory). The potential implementation of changes on every day of the month if customers can freely change mid-cycle adds a layer of complexity that the Companies have not fully assessed at

⁵ See *Proposed Rulemaking: Standards for Changing a Customer's Electric Generation Supplier*, Docket No. L-2014-2409383, Comments of the Electronic Data Exchange Working Group (Mar. 4, 2014).

⁶ See *id.*

⁷ Proposed Rulemaking Comments at 4.

this time. Citizens' and Wellsboro therefore request that the Commission carefully evaluate whether the benefits of mid-cycle switching outweigh the administrative burdens required to accommodate the PJM coordination process.

C. Each Customer Should Be Allowed Only One Mid-Cycle Switch Per Month

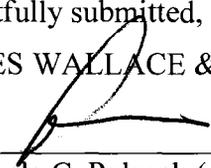
If the Commission determines to require EDCs to implement mid-cycle switching, Citizens' and Wellsboro request that the Commission limit the customer to one mid-cycle switch per billing cycle. Permitting customers and EGSs to engage in multiple mid-cycle switching will create complications for EDCs' billing systems and will result in confusion on the ultimate customer bill. Additionally, as discussed above, the Companies' costs associated with accommodating mid-cycle switching are unknown at this time. Facilitating multiple mid-cycle switches may therefore result in significant unanticipated costs. Finally, the Companies note that if a second product for a billing cycle is not supported by the Companies' consolidated billing system, then the customer will need to obtain an EGS bill for that product. For example, an EGS bill will be required if the customer is switching from a fixed price product (which can be billed through rate ready consolidated billing) to an hourly or block/index product. For all of these reasons, Citizens' and Wellsboro request that the Commission limit customers to one mid-cycle switch per month.

III. CONCLUSION

WHEREFORE, Citizens' Electric Company of Lewisburg, PA, and Wellsboro Electric Company respectfully request that the Pennsylvania Public Utility Commission consider and adopt, as appropriate, the foregoing Comments.

Respectfully submitted,

McNEES WALLACE & NURICK LLC

By 

Pamela C. Polacek (Attorney I.D. #78276)
Elizabeth P. Trinkle (Attorney I.D. # 313763)
McNees Wallace & Nurick LLC
100 Pine Street
Harrisburg, PA 17108-1166
Phone: 717.232.8000
Fax: 717.237.5300
ppolacek@mwn.com
etrinkle@mwn.com

Counsel to Citizens' Electric Company of
Lewisburg, PA, and Wellsboro Electric Company

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