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INDEPENDENT REGULATORY
REVIEW COMMISSION

The Honorable John F. Mizner, Chairman
Independent Regulatory Review Commission
333 Market Street, 14th Floor
Harrisburg, PA 17101

Re: ***Amending Regulations Regarding Standards for Changing a Customer's Electricity Generation Supplier,*** **PUC Docket No. L-2014-2409383, IRRC No. 3054, Regulation 57-306**

Dear Chairman Mizner:

Metropolitan Edison Company ("Met-Ed"), Pennsylvania Electric Company ("Penelec"), Pennsylvania Power Company ("Penn Power") and West Penn Power Company ("West Penn") (collectively "the Companies") respectively submit this letter to provide input related to the above-referenced rulemaking proceeding ("Rulemaking") initiated by the Pennsylvania Public Utility Commission ("PaPUC") pending review of the Independent Regulatory Review Commission ("IRRC"). As proposed, the Rulemaking directs EDCs to accelerate switching timeframes through the use of off-cycle meter reads in a manner that will permit Pennsylvania retail customers to switch suppliers within three business days or less, with implementation to be required within six months of final publication in the Pennsylvania Bulletin.

The Companies support the spirit and intent of the Rulemaking, though the Companies are compelled to notify IRRC that they have identified a likelihood that full compliance with the proposed regulations may be unachievable within the timeframe provided. Furthermore, the Companies have concerns associated with the risk that full and current cost recovery will not be afforded. It is projected that the Companies will only be capable of implementing temporary modifications to allow the majority of customers to request one off-cycle read per billing cycle by the stated deadline. Without the guarantee of a waiver of the proposed regulations, the limits on the Companies' ability to implement the full extent of the regulations as proposed will put them in a position of noncompliance despite their best efforts to the contrary. Given these challenges, the Companies urge the PaPUC to view EDC requests for waivers and cost recovery associated with this Rulemaking in a favorable light.

When a switch takes place today, the minimum length of time required to process the switch is ten days prior to the scheduled meter read date.[1] Under the Rulemaking, EDCs are directed to effectuate a switch within three business days of receipt of the electronic enrollment transaction. Recognizing that not all EDCs are equipped with smart metering technologies that obviate the need for meter readers to go into the field to secure readings, the Rulemaking further permits EDCs to use actual, estimated, or customer-supplied reads in order to effectuate the switch, subject to true up during the customer's normal meter read cycle. The Companies appreciate the PaPUC's consideration of each EDC's own unique limitations at this transitional time. However, while the Companies are capable of implementing a temporary solution to meet the requirements of the Rulemaking in the short term, they require significantly more time for research, development and implementation of a more permanent solution than has been afforded by this process.

The Companies' ability to implement the Rulemaking within the timeframe provided will be limited to allowing customers to request a single off-cycle switch per billing period, a limit which is not contemplated by the Rulemaking as drafted. This single switch does not, however, limit the Company's ability to rectify confirmed instances of slamming, which switches are effectively "reversed" through a manual process where the Companies have confirmed that proof of customer authorization cannot be provided for the switch. Therefore, while customers would not enjoy unlimited switching opportunities during a billing cycle under this temporary solution, they would be afforded the benefit of one switch and retain their protection against slamming activity. Such functionality is a significant improvement over the functionality offered by EDCs today.

Additional limitations will occur where an account for which a switch is requested is pending activity. That is, in any instance where a customer has an open order on the account prior to the completion of a switch, or at the time a switch is requested, it is expected that the Companies will be unable to effectuate a switch until that pending activity concludes. "Pending activity" can include items such as future dated move-outs, accounts that are disconnected for nonpayment, accounts that have scheduled meter orders (including those that are within up to six days of their scheduled meter reading), to name a few. The Companies have also not had sufficient time to test functionality of this solution as it would impact accounts that are enrolled in budget billing, customer assistance programs, on installment plans, or any other special treatment that relates to receivables. It is possible that there will be instances apart from those detailed here that receive special treatment that conflicts with the temporary solution that has been identified. Therefore, while the Companies believe they will be able to effectuate a single switch per billing cycle for the majority of their customers, there will be instances in which this will be impossible until a permanent solution is identified and implemented.

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[1] Currently, the Companies' systems require this minimum period to accurately reflect the change in supplier on a customer's account. A waiting period is programmed into the Companies' SAP system to occur simultaneous with this ten day period, which allows for a five day waiting period before which the EDC can fully effectuate a switch consistent with the PaPUC's Final Order reducing the minimum customer waiting period. *See Interim Guidelines Regarding Standards for Changing a Customer's Electricity Generation Supplier*, Docket No. M-2011-2270442 (Final Order entered October 25, 2012).

Finally, it has been advised that EDCs have the opportunity to seek recovery for the cost of reconfiguring their billing and information management systems, retraining customer service representatives and making other operational changes through their next base rate proceedings. Despite the EDCs' best efforts to control costs, due to the magnitude of the types of changes required, both from a systems perspective as well as from a training and customer support standpoint, the price tag associated with the required changes is expected to be significant. While it has been made clear that EDCs are expected to request recovery of these costs in their next base rate proceedings, that course of recovery does not guarantee recovery on a full and current basis. Instead, EDCs should be permitted to recover all associated costs through an automatic reconcilable recovery mechanism such as a rider or surcharge under the provisions of 66 Pa.C.S. § 1307. Such a mechanism has been made available to EDCs to ensure cost recovery of all other costs associated with similar improvements to Pennsylvania's retail market structure, and no evidence has been offered to demonstrate why similar cost recovery assurances should not be made available to EDCs in this instance.

Concerns associated with the impact of recent electricity market price increases on certain segments of shopping customers are valid. However, the changes proposed by the Rulemaking present what the Companies believe to be insurmountable challenges to their full compliance with the PaPUC's regulations if passed and no waiver is guaranteed. The Companies remain dedicated to applying their best efforts to implement the Rulemaking as written. However, consideration of the Rulemaking would not be complete without awareness being raised with respect to the challenges and risks regarding EDCs' ability to realistically comply with the Rulemaking within the timeframe provided.

The Companies appreciate the opportunity to comment on this Rulemaking and support the PaPUC's goal of improving this process for customers.

Very truly yours,

Tori L. Giesler