

**BEFORE  
THE PUBLIC UTILITIES COMMISSION OF OHIO**

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In the Matter of the Commission's	)	
Investigation of Ohio's Retail Electric	)	Case No. 12-3151-EL-COI
Service Market.	)	
In the Matter of the Market Development	)	
Working Group.	)	Case No. 14-2074-EL-EDI

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**INITIAL COMMENTS  
OF  
THE RETAIL ENERGY SUPPLY ASSOCIATION**

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**I. Introduction**

The Retail Energy Supply Association (“RESA”) files these initial comments in accordance with the schedule established by the Attorney Examiner by Entry issued on December 9, 2015. RESA appreciates the opportunity to submit comments in response to the Staff Report filed with the Public Utilities Commission of Ohio (“Commission”) on July 16, 2015. In the Report, the Staff described discussions that occurred during meetings by the Market Development Working Group (“MDWG”) between mid-2014 and early 2015. Those discussions were a result of a directive by the Commission to Staff to facilitate discussions within the MDWG to develop “an operational plan for the purpose of implementing either a statewide seamless move, contract portability, instant connect, or warm transfer process”.<sup>1</sup> Although the discussions covered other topics such as instant connect and seamless moves, Staff is only recommending that the Commission adopt an operational plan for a statewide Warm Transfer Process.

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<sup>1</sup> *In the Matter of the Commission's Investigation of Ohio's Retail Electric Service Market*, Case No. 12-3151-EL-COI, Finding and Order at 25 (March 26, 2014).

Staff's recommendation in the Report is flawed. First, it ignores a number of important facts that should be considered. For example, Pennsylvania is in the process of implementing an instant connect and seamless moves programs similar to what RESA has advocated through the MDWG. Second, and importantly, the Report does not take into consideration the importance of improving the customer experience with shopping in Ohio. The option recommended by Staff, the Warm Transfer Process, is the least customer friendly process and will put the greatest burden on customers to maintain their current competitive retail electric ("CRES") provider. The Commission should reject the Staff's proposal and instead adopt Instant Connect and Seamless Moves so that numerous Ohioans can initiate service with CRES providers in a timely fashion and can, when desired, retain that CRES selection with the least amount of effort and difficulty.

**II. The Staff's recommendation is not based on enhancing the consumer experience.**

It is important to emphasize that the Commission's directive to discuss seamless moves, contract portability, instant connect, and warm transfer arose from the Commission's decision to investigate the health, strength, and vitality of Ohio's CRES market. The Commission specifically intended for the investigation to result in Commission actions that would in turn enhance the health, strength and vitality of the market. Moreover, the Commission specifically set forth a preference for Ohio's shopping customers to maintain their status as shopping customers even when involved in a change in location.

The Staff's recommendation in its report fails to achieve that objective. The Staff looked at each of the options, and recommended warm transfer because it allegedly will require the least amount of work and investment from the stakeholders for customers to initiate enrollment with a CRES provider. Warm transfer, however, is not a process that will enhance the market for the participants; rather, it is suboptimal for two reasons. First, warm transfer requires substantial efforts on the part of the customers – multiple conversations, additional time, and additional

effort under circumstances where the customer is already shopping. Warm transfer is not a customer-friendly process. The Staff ignores the impact that the Staff proposal would have on the very people that are intended to be the proposal's beneficiaries. This lack of consideration for the customers is evident from the Staff's statement in the Report that it was "not opposed to discussion regarding a cold transfer process."<sup>2</sup> (Moreover, that process was not one of the processes identified by the Commission in its directive to the Staff and MDWG.)<sup>3</sup>

The Staff's proposal also fails to identify and take into consideration concerns and objections raised by the utilities about warm transfers. The warm transfer process will tie up or occupy the utility's phone lines while a call remains with the EDU representative, the education process takes place, and the three-way call takes place with the customer, EDU's representative and the CRES provider's representative. The EDUs also identified the fact that these extended calls will impact their call handling and statistics. The EDUs made it clear that they do not want their service representatives to be occupied in that manner. At least one of these utilities (Ohio Power Company) stated a strong preference to have the calls transferred to third parties who would be able to handle the discussion with the moving customer about maintaining their CRES provider.<sup>4</sup> Multiple EDUs have contracts and systems in place now with third parties and can simply utilize them.

It is also notable that the Staff-identified benefits of a warm transfer process (which were given great weight) are nearly the same as benefits that would be available under a seamless move process (discussed below):

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<sup>2</sup> Staff Report at 9.

<sup>3</sup> *In the Matter of the Commission's Investigation of Ohio's Retail Electric Market*, Case No. 12-3151-EL-COI, Finding and Order at 25 (March 26, 2014).

<sup>4</sup> Ohio Power Company still prefers to have the customer calls transferred to third parties as evidenced by the terms of its recently proposed stipulation in *In the Matter of the Application Seeking Approval of Ohio Power Company's Proposal to Enter into an Affiliate Power Purchase Agreement for Inclusion in the Power Purchase Agreement Rider*, Case Nos. 14-1693-EL-RDR, et al., which was filed on December 14, 2015.

- The CRES enrollment initiates simultaneously with the EDU enrollment;<sup>5</sup>
- All Choice customers can take advantage of the warm transfer process;
- Warm transfers encourage customer shopping as well as customer education;
- Customers can enroll with the EDU and with the current CRES provider for service at the new service location with one phone call; and
- The EDUs are performing transfers currently to third parties and thus have experience with the process.

Also telling as to what Staff overlooked in the Report are the actual customer situations that the MDWG was trying to address. Staff, in the Report generally stated the positions/opinions expressed during the MDWG meetings and described the seamless moves/contract portability/instant connect/warm transfer concepts that were discussed and debated. However, Staff did not make clear in the Report that the purpose of the MDWG discussions was to enhance the shopping experience for customers under two situations:

- (1) A customer selecting a CRES provider at the same time as initiating electric service with the EDU.
- (2) A customer who wants to keep its selected CRES provider when circumstances require a change in the EDU account number with the customer, which primarily occurs when the customer moves within the EDU service territory.<sup>6</sup>

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<sup>5</sup> RESA understands this “benefit” to mean that the in-territory moving customer may have a new enrollment with the EDU, and can effectuate a new enrollment with the CRES provider after the necessary period on the EDU’s standard service offer.

<sup>6</sup> Other circumstances may be when (1) a commercial/industrial customer’s name changes, a new EDU account number is established or (2) .

The Report is silent on the fact that under these two situations today, customers are forced by virtue of the current Commission rules, and the subsequent utility procedures, to receive the standard service offer from the EDU despite the customer's desires. In reviewing the Report, it is clear that the Staff focused almost exclusively on mechanics and hurdles, and then accepted those hurdles as a reason why it could not further enhance the consumer experience for customers. Staff, though, could have and should have made a recommendation that will enhance the health, strength and vitality of the market and improve the customer experience with shopping in Ohio. The Commission should approve the program that is the most optimal for customers, not the program that is least burdensome for stakeholders.

**III. Instant connect is feasible in Ohio and will enhance the health, strength and vitality of the market and improve the customer experience with shopping in Ohio.**

- A. Instant connect can be used when a new customer to the EDU selects a CRES provider.

Currently, in Ohio, new customers cannot enroll with a CRES provider at the time they establish an electric service account with the EDU.<sup>7</sup> Rather, the customer must make all of the decisions and be an established customer with the EDU and then wait an additional period of time before any enrollment with a CRES provider can be submitted and processed. Instant connect was recommended within the MDWG as a means for allowing new customers to make all of their decisions regarding electric service at one time – the logical time for customers to consider the various options associated with establishing electric service. The Staff did not recommend adopting instant connect in its Report.

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<sup>7</sup> The EDU choice programs require as a prerequisite that the customer already have an established electric service account (and account number) with the EDU. See, e.g., Duke Energy Ohio, Inc.'s Tariff, P.U.C.O. No. 20, Sheet 36.7; Ohio Edison Company's Tariff P.U.C.O No. S-2, Sheet 1, Page 16; The Cleveland Electric Illuminating Company's Tariff P.U.C.O No. S-2, Sheet 1, Page 16; The Toledo Edison Company's Tariff P.U.C.O No. S-2, Sheet 1, Page 16; The Dayton Power and Light Company's Tariff, P.U.C.O No. 17, Sheet G8, Page 13.

In deciding to not make that recommendation, the Staff focused on a hurdle rather than the benefits of what instant connect can offer consumers. Staff, at page 3 of its Report, noted that it believes that it takes 12 days currently to complete a residential enrollment for new service with a CRES provider. Instead of addressing and solving that hurdle (which included the current OAC-required residential 7-day rescission period) to enhance the residential customer experience, Staff only considered instant connect for mercantile customers.<sup>8</sup> Then, despite acknowledging that the 12-day concern did not apply for most mercantile customers because those customers work with specific representatives of the EDU to initiate service and have longer “installation windows,” the Staff stated that the implementation cost and few customers who could benefit convinced the Staff to not recommend instant connect for new service. Staff’s failure to consider how to solve the hurdles and then to limit its consideration of instant connect to only mercantile customers resulted in a cost/benefit analysis that was skewed to result in a recommendation by Staff to not move forward with instant connect.

Moreover, the Staff did not even recognize in its Report that in the state next door – Pennsylvania – FirstEnergy<sup>9</sup> was involved in a regulatory proceeding that will result in instant connect being implemented in that state.<sup>10</sup> The Pennsylvania Public Utility Commission has required FirstEnergy to implement instant connect by September 2016.<sup>11</sup> This fact is very important, as it shows that at least one state has recognized the benefits of instant connect. Plus, all of the technological, management, customer service, etc. work being done in Pennsylvania to implement instant connect is transferrable to Ohio. Staff could have considered and

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<sup>8</sup> Staff Report at 3.

<sup>9</sup> The FirstEnergy EDUs are Ohio Edison Company, The Cleveland Electric Illuminating Company and The Toledo Edison Company.

<sup>10</sup> *In the Matter of the Investigation of Pennsylvania’s Retail Electricity Market*, Docket No. I-2011-2237952, Order (February 15, 2013).

<sup>11</sup> *In the Matter of the Joint Plan of Metropolitan Edison Company, Pennsylvania Electric Company, Pennsylvania Power Company, West Penn Power Company for Seamless Moves and Instant Connects*, Docket Nos. M-2014-2401130 et al., Final Order (October 1, 2015).

recommended an instant connect program relying on the Pennsylvania program to work through any hurdles to implementation. And with the likelihood of the FirstEnergy personnel involved in implementing instant connect in Pennsylvania being located in Ohio, Staff would have a good resource for working through the details of an instant connect program. Instead, Staff focused on the hurdles rather than the solutions when dismissing the instant connect process in the Staff's Report.

B. Instant connect can be used when a shopping business customer has to receive a new EDU account number.

Instant connect was also discussed in the MDWG as a means to allow a mercantile customer to retain its CRES provider when the EDU changes the EDU account number. A change in the EDU account number can occur, for example, when a customer changes its business name. That name change triggers a new customer on the rolls of the EDU and in turn triggers a new customer account number. When that occurs today, the customer must return to the standard service offer. Applying an instant connect process in this situation would allow those customers to continue service without being transferred back to the standard service offer.

Rather than address this problem, Staff focused on its skewed cost versus benefit analysis to decide that only a few customers would benefit from instant connect. But as noted above, Pennsylvania will soon be implementing an instant connect process which could benefit that program's implementation in Ohio. And while the Staff Report recognizes that the EDUs and CRES providers work with business and mercantile customers extensively and on a daily basis to meet their electricity needs, those customers cannot keep their current CRES contract (and any savings versus standard service offer pricing) under both the current regulatory framework and Staff's proposed Warm Transfer Process. The Staff's recommendation in the Report falls short of overcoming market barriers under the claim that the costs outweigh the benefits.

**IV. A seamless move program is feasible in Ohio and will enhance the health, strength and vitality of the market and improve the customer experience with shopping in Ohio.**

Seamless moves is a process whereby a current shopping residential customer who moves within the EDU's service territory is permitted to retain their current CRES supplier. Currently, when a shopping customer moves within the EDU service territory, a new customer account number is assigned. The new account number triggers a drop in CRES enrollment, a reversion to the standard service offer for a period of time, a brand new enrollment process/request. When the residential customer and CRES provider desire to continue their contractual relationship at the new address, the EDU and CRES provider would work together to process the change without the customer being forced onto the standard service offer.

Staff recognized in its Report that many residential customers move each year, and even estimated that annually nearly 100,000 of those customers would be eligible under the seamless moves process.<sup>12</sup> Despite the obvious fact that numerous shopping customers would benefit from having the option of a seamless move, the Staff concluded that the costs and stakeholder resistance to the process outweigh implementation of seamless moves. Again, Staff focused on barriers and obstacles, rather than how to develop a program that will enhance the consumer experience for customers. The end result is that customers who move will have to endure multiple conversations with multiple service representatives, spend additional time, and make additional effort to retain a CRES provider that they already have a contract with – all in addition to the other burdens of moving and establishing a new residence.

Importantly, as it failed to do with instant connect, Staff did not acknowledge that FirstEnergy is already implementing seamless moves in Pennsylvania (along with the instant connect process discussed earlier). And like instant connect, all of the technological,

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<sup>12</sup> Staff Report at 7.

management, customer service, etc. work being done in Pennsylvania to implement seamless moves is transferrable to Ohio. None of these factors were discussed in the Report and apparently Staff did not consider them when deciding to not recommend a seamless moves program – a program that indisputably will enhance the consumer experience for customers.

**V. Staff’s Recommendation for a Warm Transfer Process does not correspond with the Commission’s directives.**

The Staff’s operational plan for warm transfer amounts to little more than what can already occur today. In other words, EDU representatives can talk to customers and can transfer their calls now. The Staff’s operational plan for warm transfer is not an action that will “enhance the health, strength, and vitality of the market,” which is what the Commission’s investigation was intended to accomplish. Additionally, the Staff’s operational plan for warm transfer will not improve “the process of retaining shopping customers,” which is the Commission’s directive to its Staff. Instant connect and seamless move programs will improve the process of retaining shopping customers and will enhance the health, strength and vitality of the market. The Commission can take this opportunity to implement instant connect and seamless moves for the benefit of customers, and should do so rather than Staff’s recommended warm transfer process.

**VI. Conclusion**

The Staff lost sight of the Commission’s purpose, overlooked important facts, did not take into consideration certain positions advocated during the meetings, and ignored the importance of making the processes associated with shopping a customer friendly experience. Staff’s recommendation for warm transfer process should be rejected. Instead, the Commission

should require that instant connect and seamless moves be implemented in Ohio – an action that will benefit customers.

Respectfully submitted,



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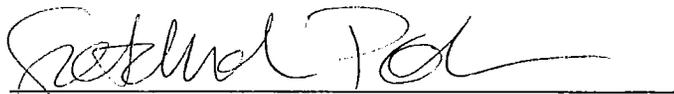
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