

**BEFORE  
THE PUBLIC UTILITIES COMMISSION OF OHIO**

In the Matter of the Commission’s Investigation of     ) Case No. 12-3151-EL-COI  
Ohio’s Retail Electric Service Market.                     )

In the Matter of the Market Development Working     ) Case No. 14-2074-EL-EDI  
Group.   )

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**APPLICATION FOR REHEARING  
BY  
THE OFFICE OF THE OHIO CONSUMERS’ COUNSEL**

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Some Competitive Retail Electric Service providers (“Marketers”) might describe this case as being about how to retain customers when they move. But this case is really about customers. And is it beneficial to customers to allow Marketers to hold onto them (customers), when they move to a different location? The Office of the Ohio Consumers' Counsel (“OCC”), on behalf of 4.3 million residential electric customers in Ohio, respectfully submits that the February 7, 2018 Finding and Order (“Finding and Order”) of the Public Utilities Commission of Ohio’s (“PUCO”) was unreasonable and unlawful.

Specifically, the Finding & Order was unreasonable and unlawful in the following respects:

ASSIGNMENT OF ERROR NO. 1: The PUCO unreasonably adopted a “seamless move” methodology as the statewide standard for transferring competitive contracts between customer addresses without first having considered the costs, benefits, operational plans, preference of, and impact on consumers.

ASSIGNMENT OF ERROR NO. 2: The PUCO unreasonably failed to consider more cost-effective and appropriate methods for ensuring that shopping customers have access to information about their competitive supplier to arrange for the supply of electricity at their new address.

The reasons in support of this application for rehearing are set forth in the accompanying memorandum in support. The PUCO should grant rehearing and abrogate its Entry as requested by OCC.

Respectfully submitted,

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**MEMORANDUM IN SUPPORT**

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**I. INTRODUCTION**

The PUCO in its Finding and Order considered four different alternative methods in which contracts with Marketers could be transferred when customers move from one address to another in a utility’s service area.<sup>1</sup> Three of the four alternatives were correctly rejected by the PUCO for various reasons. Instant connect<sup>2</sup> was rejected because it was not cost-effective and the overall concept extended beyond moving Marketer service from one address to another. Contract portability<sup>3</sup> was rejected because of implementation difficulties, considerable costs, and its limitations on customer choice. Warm transfer<sup>4</sup> was rejected because of its substantial costs, impact on utility service standards, and the difficulty in using it.

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<sup>1</sup> Finding and Order at 2.

<sup>2</sup> Id. Instant connect is defined as allowing new customers to begin receiving generation service from a Marketer immediately upon starting new service Marketer.

<sup>3</sup> Id. Contract portability allows for the transfer of an existing Marketer contract to a new address, with neither the customer nor Marketer provider having the opportunity to reject the contract move.

<sup>4</sup> Id. Warm transfer allows a customer to transfer an existing Marketer contract to a new address, through a three-way conference call with the EDU and Marketer.

The PUCO ruled in favor of seamless moves as the statewide standard for supporting the transfer of Marketer contracts between customer addresses.<sup>5</sup> With mutual consent between the customer and Marketer, seamless move enables Marketer contracts to be transferred under the same terms and conditions between different addresses.<sup>6</sup> This avoids the need for customers to obtain their electric supply through the standard service offer (“SSO”) for the first month after the customer moves and a Marketer enrollment is being processed.

As discussed more fully below, the PUCO should revisit its choice of seamless move in favor of a process with more consumer protections. And it should consider less costly alternatives.

## **II. ASSIGNMENTS OF ERROR**

**ASSIGNMENT OF ERROR NO. 1: The PUCO unreasonably adopted a “seamless move” methodology as the statewide standard for transferring competitive contracts between customer addresses without first having considered the costs, benefits, operational plans, preference of, and impact on consumers.**

In adopting the seamless move, the PUCO failed to consider that the estimated and highly speculative \$3.5 million statewide costs that are required to implement the seamless capability is not cost-effective.<sup>7</sup> Generally, the cost estimates were not supported with any quantifiable data and were limited to major categories identified by Staff (e.g., computer changes, EDI functionality, training, and incremental labor).<sup>8</sup> But the cost estimates are high-level guesses and subject to much variation.

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<sup>5</sup> Id. at 13.

<sup>6</sup> Id.

<sup>7</sup> Case No. 14-2074-EL-EDI, July 16, 2015 Staff Report at 9.

<sup>8</sup> Id.

Because the operational requirements were not developed in the Market Development Working Group (“Working Group”), the Finding and Order provides six months for the Retail Energy Supply Association and each utility to file an operational plan containing the details for implementing seamless move.<sup>9</sup> The operational plans are needed to determine the costs for the specific computer upgrades that are necessary, the EDI software costs, additional training, and the impact that seamless move will have on existing utility costs. The operational plans will also directly influence evaluation of benefits that customers and Marketer suppliers will obtain from a seamless move.

Until and unless seamless move’s costs are quantified, the PUCO will not know what the actual costs are for implementing the seamless move. It will not know if the seamless move’s purported benefits support the costs. It is unreasonable for the PUCO to approve a seamless move capability without having first quantified the costs. And if the \$3.5 million estimated costs provided by the PUCO Staff are even remotely accurate, the PUCO should have found that seamless move is not cost-effective. A seamless move takes the longest time to implement and requires the most system changes of any of the alternatives considered by the Working Group.<sup>10</sup> Further, the number of customers who might be interested in the seamless move and were eligible to participate based on coinciding service start and end dates was very limited.<sup>11</sup> For most residential customers, the estimated \$10.00 cost per transferred customer<sup>12</sup> exceeds the value of any savings

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<sup>9</sup> Finding and Order at 13.

<sup>10</sup> Staff Report at 9.

<sup>11</sup> Id.

<sup>12</sup> Staff Report at Table: Summary of Proposals.

from not being served at the standard service offer rate for the initial month following their move.<sup>13</sup>

Recognizing that actual costs were not developed in the Working Group, the PUCO allowed in its Finding and Order for Working Group participants to provide additional comments regarding the cost allocation for implementing a seamless move.<sup>14</sup> But because the actual implementation costs remain unknown, the PUCO has placed the proverbial cart before the horse. It assumes that there *are* just and reasonable costs that should be allocated. While OCC will provide separate comments regarding how the costs for implementing seamless move should be allocated (all to Marketers), the broader issue is that the PUCO does not address if seamless move is cost-effective and beneficial for consumers in the first place. The PUCO cannot fully address this broader issue until and unless the implementation details contained in the operational plans for each utility are filed and considered in the next several months.

Appropriate methods to allocate costs will depend on how the seamless move is implemented and the details contained in the operational plans. The PUCO in its Finding and Order does not (but should) provide the opportunity for Working Group participants to comment on the cost-effectiveness of the operational plans when they are filed, to assess the impact that the operational plans will have on consumers, and to address fundamental fairness issues in how the costs will be allocated.<sup>15</sup>

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<sup>13</sup> Based on the Ohio Energy Choice website, there are no Marketer rates that are large enough, compared to the price to compare, where a \$10.00 savings can be realized in a month.

<sup>14</sup> Finding and Order at 14.

<sup>15</sup> The Finding and Order at page 13 orders RESA and each EDU to work together to file an operational plan for implementation of a seamless move mechanism for Staff review and approval.

The PUCO failed to consider that customers are unlikely to benefit from seamless move. The PUCO claims that seamless move reduces the burden on customers already shopping from having to shop for a Marketer at their new address.<sup>16</sup> But the burden on consumers that the PUCO is seeking to avoid is not supported by facts. Staff noted that based on consumer contacts with the PUCO call center, there does not appear to be a demand for transferring contracts to new addresses.<sup>17</sup> And no participant in the Working Group provided any verifiable information that consumers support transferring contracts between addresses. If there is any benefit to seamless moves, the benefit appears to be exclusively to the Marketers who are able to avoid enrolling customers again at their new address.

Rather than relying on seamless move to transfer contracts between addresses, the PUCO should have considered that customers can actually benefit from other competitive choices that may be available at the new address. Customers could likely save money as a result of reviewing available offers. For example, less costly government aggregation choices might be available at a new address. The energy usage profile for the new home may be drastically different from the old home. Lower-cost supplier options might be available that are more akin to the customer's current energy needs.

Further, the standard service offer could be the best and conservative competitive option for residential consumers. Based on a recent review of offers available to AEP Ohio customers on the PUCO Energy Choices Ohio website, approximately three-quarters of the current non-introductory competitive offers available on the website were

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<sup>16</sup> Id. at 13.

<sup>17</sup> Case No. 14-2074-EL-EDI (July 16, 2015) at 9.

rates that were higher than the current AEP Ohio price to compare.<sup>18</sup> Seamless moves could arrange contracts for consumers with rates that are higher than the competitive SSO or other available options to be transferred between addresses. Customers should be encouraged to monitor choices (including the SSO) on a regular basis to make sure that they are being served with the least-cost option for their electric supply needs.

**ASSIGNMENT OF ERROR NO. 2: The PUCO unreasonably failed to consider more cost-effective and appropriate methods for ensuring that shopping customers have access to information about their competitive supplier to arrange for the supply of electricity at their new address.**

The PUCO recognizes that other options exist beyond the four methods it addressed in the Finding and Order that can support transferring Marketer services from one address to another. Specifically, the Finding and Order references the Staff Report and the preference of OCC and utilities for a “Cold Transfer” capability.<sup>19</sup> Cold transfer as discussed in the Working Group involved an option where the electric utility would provide the shopping customer with the name and phone number of their Marketer when the customer contacts the utility to transfer service.<sup>20</sup> The customer could then contact the supplier directly to arrange for Marketer service at the new address, if that is the customer’s choice.

The PUCO Staff was not opposed to the cold transfer.<sup>21</sup> Staff interpreted the PUCO Order tasking the Working Group with evaluating transferring contracts as limited

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<sup>18</sup> Twenty-eight of the 106 offers that were listed on the Energy Choices website reflected rates that equaled or were lower than the AEP Ohio price to compare of \$0.0563/ kWh. Seventy-eight of the 106 offers were more expensive than the price to compare.

<sup>19</sup> Finding and Order at 8.

<sup>20</sup> Id.

<sup>21</sup> Staff Report at page 10.



to the four enumerated programs.<sup>22</sup> But the PUCO guidance for the development of the operational plan was not so restricted. In fact, the PUCO provided specific guidance to the Working Group that could support other, more cost-effective alternatives such as the cold-transfer methodology. The Order stated:<sup>23</sup>

The Commission notes that the operational plan should generally recognize the Commission’s preference for shopping customers to maintain their status as shopping customers, and if they must return to the SSO provider after a change in address, then for a short a period as possible.

The cold transfer has multiple benefits compared to the seamless transfer. It is more cost-effective, easy to implement, requires no utility or EDI system changes, and appropriately provides the customer with the time to consider, and the ultimate authority over whether, to contact their supplier to arrange for electric supply at their new home. Also, the additional time might be helpful for consumers to evaluate all competitive options based on their specific needs at the new address.<sup>24</sup> Cold transfer was recommended by several Working Group participants<sup>25</sup> as the preferred method for transferring Marketer contracts between addresses. Despite the cost-effectiveness, lack of complexity, ease in implementation, and being more customer friendly, the PUCO failed to consider the cold transfer methodology and ruled in favor of seamless moves. The PUCO should reconsider seamless move and require cold transfer for customer protection.

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<sup>22</sup> Finding and Order at 8.

<sup>23</sup> Case 12-3151-EL-COI, Finding and Order (March 26, 2017) at 25.

<sup>24</sup> Consistent with O.R.C. 4928.02(B), the policy of the state is to ensure “the availability of unbundled and comparable retail electric service that provides consumers with the supply, price, terms, conditions, and quality options they elect to meet their respective needs[.]”

<sup>25</sup> Staff Report at 10.

### III. CONCLUSION

In approving seamless move, the PUCO failed to consider many details impacting consumers. That raises the risk that consumers will not be adequately protected. Further, the PUCO should consider another option – cold transfer – that is less complex, easier to implement, and more customer friendly. The PUCO should reconsider seamless move and require cold transfer.

Respectfully submitted,

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## **CERTIFICATE OF SERVICE**

I hereby certify that a copy of the Application for Rehearing was served on the persons stated below via electronic transmission, this 9<sup>th</sup> day of March 2018.

/s/ William J. Michael

William J. Michael

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Summary: App for Rehearing Application for Rehearing by The Office of the Ohio Consumers' Counsel electronically filed by Ms. Jamie Williams on behalf of Michael, William Mr.