



Law Department

Consolidated Edison Company
of New York, Inc.
4 Irving Place
New York NY 10003-0987
www.conEd.com

John L. Carley
Assistant General Counsel
(212) 460-2097
FAX: (212) 677-5850
Email: carleyj@coned.com

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VIA EXPRESS MAIL

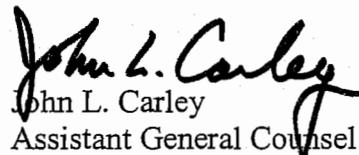
Honorable Jaclyn A. Brillling
Secretary
State of New York
Public Service Commission
Three Empire State Plaza
Albany, New York 12223-1350

Re: Case 98-M-0667 - In the Matter of Electronic Data Interchange
Case 98-M-1343 - In the Matter of Retail Access Business Rules

Dear Secretary Brillling:

I enclose an original and five copies of the Comments of Orange and Rockland Utilities, Inc. submitted in response to the petition filed by U.S. Energy Savings Corp. in the above-referenced proceedings. Please contact me if you have any questions regarding these comments.

Very truly yours,


John L. Carley
Assistant General Counsel

STATE OF NEW YORK
PUBLIC SERVICE COMMISSION

Case 98-M-0667 – In the Matter of Electronic Data Interchange

Case 98-M-1343 – In the Matter of Retail Access Business Rules

**COMMENTS OF ORANGE AND ROCKLAND UTILITIES, INC.
ON PETITION OF U.S. ENERGY SAVINGS CORP.**

On August 17, 2006, U.S. Energy Savings Corp. (“USESC”) filed a petition with the New York State Public Service Commission (“NYPSC” or “Commission”) requesting an order establishing a “Contest Period” to govern the process by which an energy services company (“ESCO”) attempts to enroll a customer already receiving service from another ESCO (“incumbent ESCO”). The “Contest Period” process would: (1) allow the enrolling ESCO (“pending ESCO”) to know that the customer is already enrolled with an incumbent ESCO; and (2) allow the incumbent ESCO, upon consent of the customer, to cancel a pending enrollment with the pending ESCO using an Electronic Data Interchange (“EDI”) transaction. For the reasons set forth herein, USESC’s proposed “Contest Period” is not necessary in Orange and Rockland Utilities, Inc.’s (“O&R” or “the Company”) service territory and the Company should not be required to implement the proposed “Contest Period” procedures.

USESC SEEKS TO HAVE THE COMMISSION IMPLEMENT A "SOLUTION" TO
REMEDY A NON-EXISTENT PROBLEM

USESC attempts to justify its requested relief on the grounds that disputes arise between pending ESCOs and incumbent ESCOs over customer enrollments. As a result, USESC argues, a procedure is necessary to resolve these disputes without Commission and/or utility involvement so that customers do not incur "interruptions in service." The plight that USESC portrays, i.e., interruptions in service, however, is simply illusory. So long as utilities continue to serve as the Provider of Last Resort, there will be no "interruptions in service" for customers participating in retail choice. Rather, worst case, these customers may revert to full service until the dispute is resolved.

In O&R's view, a utility should be free to adopt USESC's proposal to the extent that such utility concludes that, given its individual circumstances, the procedures outlined by USESC may prove beneficial to the utility, its customers, and participating ESCOs. From O&R's perspective, however, USESC's proposal is unnecessary, inadvisable, and fails of its initial premise, *i.e.*, that there are numerous disputes between pending ESCOs and incumbent ESCOs regarding customer enrollments.

First, O&R does not need to institute a process whereby pending ESCOs are informed that a customer is already enrolled with an incumbent ESCO. This information is already provided to pending ESCOs via the 814 EDI enrollment transaction, which has a rate code indicating whether the customer is already a retail choice customer. USESC argues that "[a]n ESCO informed of such a situation . . . may choose not to enroll the customer rather than bind the customer to another energy supply contract." This has not been O&R's experience. Despite the fact that O&R's ESCOs do know when they are

enrolling a customer that is already served by an incumbent ESCO, the Company's statistics indicate that so far this year (i.e., 2006), approximately 40% of all ESCO enrollments are customers switching from an incumbent ESCO to a new ESCO. This robust switch rate demonstrates that ESCOs participating in the O&R service territory are not deterred from carrying through with enrollments, even with the knowledge that they are signing up another ESCO's customer.

Second, O&R has a procedure for cancelling a pending enrollment when the customer chooses not to proceed with that enrollment. Consistent with the NYPSC's Uniform Business Practices, within one calendar day after accepting an enrollment request, O&R sends a verification letter to the customer. The letter provides that if the enrollment is unauthorized or the customer wants to cancel it, the customer should contact O&R immediately. When a customer contacts O&R's customer service department to cancel an enrollment, the Company does so without delay and retail access customers are reinstated with their incumbent ESCOs. So long as the cancellation request is received not less than three business days before the effective enrollment date, the customer's cancellation request is effectuated. If the customer asserts that the new enrollment was not authorized, the Company includes the transaction on its monthly slamming report to the NYPSC Staff.

Notwithstanding what may be occurring on other utilities' systems, the above-described cancellation procedure has worked efficiently for the Company throughout its experience with retail access. So far this year, less than 4% of pending enrollments with retail access customers have resulted in cancellations and, on a percentage basis, more new retail access customers cancel pending enrollments than customers that are already

on retail access. By working with the customer directly on enrollment cancellations, the Company is able to “cut to the chase” and speak with the only person capable of truly resolving an enrollment dispute, *i.e.*, the customer. Retail Choice is about customer choice – *not ESCO choice*. If the customer did not “choose” the new ESCO that submitted the pending enrollment, O&R needs to know this so that it can submit a slamming report. Alternatively, if the customer did choose the new ESCO but has now changed its mind, the communication from the customer that a cancellation is desired is essential.

Contrary to USESC’s assertions, O&R expects that the proposed Contest Period would increase, rather than decrease, disputes that require resolution by O&R. USESC’s Contest Period process inserts O&R inappropriately between two customer authorizations. Assuming the customer has not been slammed, the pending enrollment was authorized by the customer. Assuming the EDI cancellation submitted by the incumbent ESCO was proper, it too was authorized by the customer. Now O&R would have two customer-authorized transactions. Does the Company rely on the rule of “first in time” – similar to its acceptance of competing enrollments – to decide which to accept? If this is the case, the pending enrollment would always “win,” unless, of course, the incumbent’s initial contract with the customer provided that it could cancel any new enrollments submitted during the term of the agreement. If this is the case, how would O&R know if the customer had changed its mind regarding that initial authorization, which could have been made months, or even years, before the authorization for the pending enrollment?

Or, does the Contest Period provide that the “last in time” authorization should govern? If this is the case, what is to stop the pending ESCO from simply re-submitting its customer enrollment – either after the incumbent’s EDI transaction, if time allows, or during the next billing period. After all, unless the ESCO has heard from the customer or the utility (as a result of direct customer contact) that the enrollment was cancelled, how will the pending ESCO know the true intent of its new customer. Why should the pending ESCO take the word of a competing incumbent ESCO that the customer wants to breach its new contract and no longer enroll with the pending ESCO?

Moreover, USESC’s Contest Period proposal allows an incumbent ESCO to serve as the gatekeeper of the enrollment process. The incumbent ESCO, however, has an inherent financial incentive to forestall or prevent the migration of its customers to other ESCOs. The mere appearance of such an adverse financial incentive may be sufficient grounds to disqualify an incumbent ESCO from serving in this role.

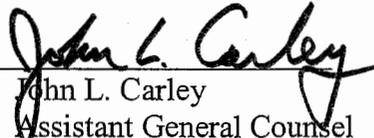
The current process utilized by O&R to cancel pending enrollments avoids these disputes. The Company’s enrollment cancellation procedures, adopted pursuant to the NYPSC UBPs, have been working efficiently for the Company and its customers and the Company sees no reason to alter them at this time. Consequently, O&R requests that the Commission allow, but not require, utilities to adopt USESC’s proposed Contest Period

to the extent utilities may find the proposed procedures to be beneficial in light of their individual circumstances.

Respectfully submitted,

ORANGE AND ROCKLAND
UTILITIES, INC.

By



John L. Carley
Assistant General Counsel
Consolidated Edison Company
Of New York, Inc.
Law Department, Room 1815-S
4 Irving Place
New York, NY 10003

Dated: November 9, 2006