

**PENNSYLVANIA PUBLIC UTILITY COMMISSION
HARRISBURG, PENNSYLVANIA 17120**

**Pennsylvania Public Utility
Commission**

v.

PPL Electric Utilities Corporation

Public Meeting held April 25, 2024

3038060-OSA

Docket No. M-2023-3038060

**JOINT MOTION OF CHAIRMAN STEPHEN M. DeFRANK &
COMMISSIONER KATHRYN L. ZERFUSS**

Before the Commission for consideration and disposition is the proposed Joint Petition for Approval of Settlement (Settlement, Settlement Agreement, or Petition) filed November 21, 2023, by the Commission's Bureau of Investigation and Enforcement (I&E) and PPL Electric Utilities Corporation (PPL or the Company) (collectively, the Parties) with respect to an informal investigation conducted by I&E. By Order entered January 18, 2024, we provided interested parties with the opportunity to file comments on the Settlement. In addition to the 166 *pro se* comments from members of the public and PPL customers, we also have before us for disposition the comments of the Office of Consumer Advocate (OCA) and the Coalition for Affordable Utility Services and Energy Efficiency in Pennsylvania (CAUSE-PA), each filed on February 28, 2024. Reply Comments were also filed by I&E and PPL on March 19, 2024.

The Petition states that had the matter been fully litigated, I&E would have proffered evidence and legal argument to demonstrate that PPL committed violations of the Code and the Commission's Regulations related to customer billing stemming from the failure of PPL's Meter Data Management Software (MDMS) to transfer customer meter data to other software platforms, including PPL's Customer Service System (CSS). Specifically, the alleged violations relate to the following issues: (1) No Bills; (2) Estimated Billing; (3) Billing Group 12; and (4) Customer Service – Abandoned Calls.

The Petition includes a summary of events that led to this proceeding. We highlight the following:

- 48,168 PPL accounts did not receive bills during one or more of their billing periods from December 2022 through April 2023.
- As of May 5, 2023, 223 accounts had yet to receive their first bill since first being impacted by the MDMS failure over five (5) months earlier in December 2022.
- From December 2022 through April 2023, 91,676 unique accounts received no bills.
- PPL issued estimated bills to 794,816 unique accounts from December 20, 2022 to January 9, 2023.
- PPL issued a total of 860,493 estimated bills from December 20, 2022 through May 5, 2023.
 - PPL indicated that many of these bills were unusually high or low, or contained missing or incomplete supplier charges.
- PPL analyzed 387,895 bills that were estimated in January 2023. The analysis concluded that 67.31% of the bills had an estimate differing from the customers' actual usage of 10% or greater. Of that 67.31%, 34.36% were shown to have an estimate that varied from actual usage by more than 25% of usage, while 47,904 customer bills were based on an estimate differing from actual usage by more than 50% of usage.

- 82,784 customer bills did not include any supplier charges or included, at most, only partial supplier charges resulting in severely inaccurate bills.
- There was an issue with Billing Group 12 which caused 3,805 customers to be sent incorrect bills.
- In January 2023, PPL received 217,539 calls, 89,315 (or 41% of total calls received) of which were abandoned.

Pages 11-15 of the Settlement Agreement set forth the Full Settlement Terms and Conditions. The essential terms of the Petition are set forth in Paragraph Nos. 38 – 41 of the Petition. We will incorporate those terms into this motion by reference, and highlight some of the key items below.

- Pay a civil penalty of \$1 million.
- Acknowledgement of PPL’s actions taken in response to the billing issues. These include, but are not limited, to the following:
 - Provided periodic updates to the OCA, the Office of Small Business Advocate, the Pennsylvania Utility Law Project, and the Commission’s Bureau of Consumer Service.
 - Conducted outreach to the customers impacted by the billing issues.
 - Instituted or is in the process of developing a series of practices and protocols to help prevent and insulate the technical issues with the MDMS-CSS data transfer that caused these issues.
 - Did not terminate electric service for any customers for nonpayment from January 2023 through June 2023.
 - Voluntarily waived all late payment fees for January and February 2023.
 - Is owed but will not seek to collect approximately \$1.7 million from customers who received estimated bills and were underbilled due to the application of the incorrect rates.
 - Refunded, through a one-time line-item credit, approximately \$1 million to customers who received estimated bills and were overbilled due to the application of the incorrect rates.
 - Incurred significant costs when responding to the billing issues to help mitigate customers’ impacts, totaling approximately \$16.2 million, and agrees not to recover any of these costs from Pennsylvania ratepayers.

Upon review of the Settlement and the comments provided thereto, we find it prudent to revise the terms. We find such revisions are necessary to sufficiently address the harm to the public and to provide impacted customers with adequate remedies, consistent with the comments filed by the OCA and CAUSE-PA. We also believe such revisions will improve and add to the public benefits in the Settlement to better resolve the severity of the consequences of the billing problems that led to this investigation and provide greater assistance to the affected public.

First, we note that PPL, in its Reply Comments, agreed to address a number of the concerns raised by the commentators, including the OCA. In line with those Reply Comments, we propose modification of the Settlement to include the following additional terms:

- Within sixty (60) days of the issuance of an order approving the modified settlement, PPL will provide a detailed timeline for implementation and requirements for items listed in the

Settlement at Paragraph 38(b)(6) and file quarterly reports at this docket, with a copy served on the statutory advocates and the Public Utility Law Project, on its progress.

- PPL will revise its estimation formula based upon information provided in the Settlement.
- PPL will commit to being open and transparent with the Commission, including the Bureau of Audits, regarding implementation of fixes to address billing issues.
- PPL will provide a root cause analysis report to the Commission, with a copy served on the statutory advocates and the Public Utility Law Project, within one hundred and twenty (120) days of the issuance of the Commission's order that will address the following:
 - The billing issues to determine how customer balances and terminations were impacted, whether customers incurred late fees, and whether the refunds and foregone bills sufficiently addressed customers who should have been credited,
 - Whether the Company's six-month termination moratorium was sufficient time to help all customers that were put in a difficult economic situation or faced termination of service due to PPL's actions, and
 - The impact the Company's six-month termination moratorium had on customer eligibility for LIHEAP crisis grants.
- If PPL finds through its root cause analysis that any of its customers were not properly issued a refund or provided with other necessary relief due to the termination moratorium, PPL should issue those customers a refund in the correct amount and/or provide other relief, as appropriate due to the termination moratorium. The relief PPL has provided or will provide to these customers should be identified in the root cause analysis report.
- PPL will not recover the costs of the billing system malfunction from any ratepayers.
- PPL will share its methodology in calculating the \$1 million in refunds and provide details on how refunds were distributed.

Second, we agree with the OCA's and CAUSE-PA's recommendation in their Comments that given that financial impacts may still be affecting customers, particularly PPL's more vulnerable customers, it would be reasonable to direct funds to the Company's Hardship Fund. We believe that directing PPL to donate \$1 million to its Hardship Fund, in lieu of the agreed upon civil penalty, will help PPL customers with income at or below 250 percent of the Federal Poverty Level to pay their electric bills, keep their electric service on, and receive referrals to other assistance programs. Given these benefits to PPL's low-income customers, including those who were impacted by the Company's billing issues, we propose that the language in paragraph 38(a) of the Settlement be deleted in its entirety and replaced with the term below.

"In lieu of a civil penalty, PPL will make a \$1 million donation to its Hardship Fund, Operation Help, to resolve all of I&E's alleged violations of the Public Utility Code and the Commission's regulations. Said donation, in lieu of a civil penalty, shall be made within thirty (30) days of the date of the Commission's Final Order approving this Settlement Agreement. The donation shall not be passed through as an additional charge to PPL's customers in Pennsylvania."

Further, paragraph 40 of the Settlement should be deleted in its entirety and replaced with the following term below.

“In consideration of the Company’s donation of \$1 million to its Hardship Fund, I&E agrees to forgo the filing of any formal complaint that relates to the Company’s conduct as described in the Settlement Agreement. Nothing contained in this Settlement shall adversely affect the Commission’s authority to receive and resolve any informal or formal complaints filed by any affected parties with respect to the Company’s conduct as described in the Settlement Agreement.”

THEREFORE, WE MOVE THAT:

1. The Joint Petition for Settlement is tentatively approved, as modified by this Motion.
2. The Bureau of Investigation and Enforcement and PPL Electric Utilities Corporation, as parties to the modified Settlement, may elect to withdraw from the modified Settlement within twenty (20) business days after the entry date of an Opinion and Order modifying the Settlement.
3. Should the Bureau of Investigation and Enforcement or PPL Electric Utilities Corporation, as parties to the modified Settlement, elect to withdraw from the modified Settlement pursuant to moving paragraph two, above, the Joint Petition for Settlement shall be void and returned to the Bureau of Investigation and Enforcement.
4. Should the Bureau of Investigation and Enforcement and PPL Electric Utilities Corporation, as parties to the modified Settlement, not elect to withdraw from the modified Settlement pursuant to moving paragraph two, above, the Joint Petition for Settlement, as modified, shall be approved.
5. The Office of Special Assistants prepare an Opinion and Order consistent with this Motion.

April 25, 2024
Date



Stephen M. DeFrank
Chairman



Kathryn L. Zerfuss
Commissioner