

CHARGE Conference Call

February 18, 2010 – 9:30 a.m.

Call-in number: 1-866-618-6746 and Access Code: 6060145

Recap of Discussion

1. Budget Billing

- Group generally discussed status of budget billing for generation charges and availability of waivers, noting that one waiver petition has been filed and that the longer-term issues have been referred to the Retail Markets Working Group and EDEWG
- Question was raised about whether upon customer enrollment an EDC can notify the EGS that the customer is on budget billing; it was noted that there is no electronic transaction or field for providing that information and that a customer needs to contact the EGS for budget billing
- PPL explained that a number of customers who are already shopping and receiving budget billing have applied for On-Track assistance; since On-Track is based on ability to pay, customers cannot be on budget billing; PPL will be contacting the affected customers and EGS to notify them
- Dominion noted that it has received a number of calls from customers about budget billing and it appears that Dominion's calculations are different (higher) than PPL's in some instances

2. Price/Quotes/Offers from EGSs to Large Commercial and Industrial Customers

- Group discussed whether there is a need for large commercial and industrial price quotes/offers from EGSs to contain specific components
 - 54.1 requires that information be provided to customers in an understandable format that enables them to compare prices and services on a uniform basis
- IECPA noted that as long as offers comply with 54.1 and indicate what components are included in them, there is no need to further standardize offers

3. Confirmation Letters

- Discussion continued about standardizing the EDC 10-day confirmation letter to make clear that it is intended to avoid an unauthorized switch and not to provide customer with a penalty-free right to rescind or cancel their EGS contract
- The preferred language discussed on the call is: **"Your contract with A/S name may have conditions that apply if you cancel your enrollment. If you have questions about your enrollment or terms of service with A/S name, please contact them at phone number 1."**

- Hopefully we can finalize this issue on the next call
- As to removing PPL's reference on website to rescission during the confirmation period, PPL indicated that it should be done within days

4. EGS Marketing Activities

- PUC staff continues to receive complaints from consumers about the direct marketing tactics of some EGSs
- OCMO noted that Commission has expressed an interest in developing best practices for EGSs to follow when engaging in direct marketing, such as uniforms, photo IDs, criminal background checks, etc.; input from EGSs about their practices and other states' models are welcome
- Two proposals have been shared with CHARGE: 1) the NY standards, and 2) a proposal developed by OCA/Dominion/AARP; a third proposal provided by WGES is attached to this recap
- OCMO explained that staff will review these and other documents and draft a straw proposal that will be circulated to the group for discussion, perhaps at an in-person meeting; will give target date for circulation by the 3/4 conference call
- Group expressed support for consumer protections; some concerns were raised about too many restrictions; it was suggested that effort should be made to assure consistency between our rules and an existing laws/requirements
- Group discussed applicability and scope, such as 1) limited to residential and small business customers?, 2) all marketing vs. door-to-door and telemarketing, and 3) electric and natural gas?
 - These issues will be further discussed on the 3/4 call but staff believes that they should be limited to residential and small business customers, address all types of direct marketing and should focus on electric industry now, with the idea that we will approach natural gas industry once we have a work product
 - PA Office of Attorney General has issued an opinion indicating that EGSs are covered by the telemarketing law; copy of opinion is attached; OCMO strongly encourages EGSs to review it and review telemarketing operations to ensure compliance

5. 90 Days in Arrears

- Issue was raised about customers who are 90 days in arrears being blocked from switching to an EGS
 - This practice was implemented when EDCs in consolidated billing scenario had to pay EGSs in full irrespective of whether customer paid
 - Practice is no longer necessary under Purchase of Receivables Program

- PPL has now eliminated this block
- Discussion centered on how to handle the enrollments that were previously rejected especially for customers who may have since chosen a different EGS and also about concerns the delay in switching the customers
 - It is estimated that 20,000 customers were incorrectly rejected via a generic rejection code, but it is unknown how many of them may have chosen a different EGS since then
 - If EGSs correctly use the contract date field, this should not be an issue, and if a customer is inappropriately enrolled, they will have the opportunity to call PPL during the 10-day confirmation period
 - As to issues between the EGS and PPL as a result of the delays, the supplier tariff has language addressing it
 - PPL offered to receive Excel spreadsheets from EGSs of customers who they are re-enrolling and work with EGSs when customers are close to the 16-day window so they can be switched by the next meter read date
- CHARGE will refer the longer-term issue to the RMWG of ensuring that PECO, First Energy and Allegheny correct this practice before rate caps expire at the end of 2010

6. Handling of Negative 810s under PPL's POR Program

- Concern has been raised about the handling of negative 810s on a case-by-case-basis because it is resource intensive since many customers might cancel budget billing with a credit or due to a negative cancel/rebill
- PPL indicated that it cannot handle negative 810s except on a case by case basis; PPL will hold a follow up meeting on this issue

7. Borderline Customers

- PPL noted that about 200 customers have service addresses in its service territory but are connected to a customer of another utility; no automated meter reading is available so PPL reads them only twice per year, estimates the bills and settles with the bordering utility through PJM for energy not in the zone; 55 of these customers have signed up with EGSs
- PPL asked whether EGSs are okay with estimated meter reads and willing to settle with the bordering utility for generation in the same way they do; no concerns were raised but a follow-up meeting will be held with affected EGSs

8. Default Service Bid Information

- Brief discussion held about development of a consistent process for releasing default service bid information
- Will be further discussed on the 3/4 conference call and additional details are included below:

Currently, some EDCs release their aggregate default service bid results, and projected retail prices, while others do not. Those that do release the info, do so in differing ways. This information is essential to allow suppliers to effectively plan for 2011 market entry. This information also helps keep customers informed about their future energy costs. Below is some additional background info and recommendations:

- Currently, PECO, PPL and Allegheny Power release their bid results in some manner
- Duquesne, MetEd, Penelec, Penn Power, UGI, Citizens and Wellsboro do not.
- PECO and Allegheny provide only aggregate results that combine the results for their Small and Medium commercial groups. However, the actual applicable rates in 2011 will be based on class-specific bid results.

Recommendations:

- Each EDC should be required to publicly post aggregate results by customer class for their default service procurement process.
- Each EDC should be required to publicly post projected retail prices by customer class (this would include necessary additions for transmission costs and other components that are added to the Price to Compare)
- The results should be posted shortly after completion of the default service solicitation.
- The posted information should clearly specify how the following cost components are treated and reflected in the bid results and retail prices: GRT, line losses, NITS, AEPS costs, and any other costs that will make up the price to compare

Telesales & Door-to-Door Marketing: Best Practices for Electric Generation Suppliers (EGS)

EGS Telesales Operations

- EGS must be registered with the Pennsylvania Attorney General’s Office as a Telemarketer
- EGS should perform comprehensive due diligence on all telemarketing vendors employed to work on behalf of the EGS.
- All EGS vendors are required to maintain Telemarketer registration with the Attorney General’s Office.
- All telesales agents are trained on approved EGS scripts.
- Sales calls are monitored by EGS marketing managers and vendor managers.
- All verifications are recorded, verified for compliance and attached as a wav. file to each customer’s record in EGS’ database.
- Telesales vendors are only compensated for accurate and complete verification records (i.e., a “catch all” incentive for doing the “right thing” otherwise, the vendor doesn’t get paid).
- EGS quality control processes at the EGS Customer Call Center include listening to, and validating, the customer wav. file recording for accuracy and completeness.
- EGS mails a confirmation letter to each enrolled customer with complete terms and conditions within 3 business days.

EGS Door-to-Door Sales Operations

- Follow requirements prescribed in the Pennsylvania Door-to-Door Act and the Office of Consumer Advocate Consumer Handbook.
- EGS should perform comprehensive due diligence on all door-to-door vendors employed to work on behalf of the EGS.
- EGS vendor partners are required to obtain all solicitation licenses in localities where licensing is mandated.
- Mandatory training includes:
 - Classroom and field training methods
 - Extensive discussion and review of each segment of sales process
 - Emphasizing strict adherence to scripts
 - Instruction on proper completion of contract documents
 - Training manual for future reference
 - Learning EGS and Vendor procedures and policies
 - Learning utility and PSC rules
 - Reviewing utility bills and collection of bill policy

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- Learning EGS terms and conditions
- Reviewing marketing materials
- Passing a written test
- Signing a certification document

- Background checks - EGS Vendor partners completes a nationwide background check on each individual under consideration for hire as a sales agent. EGS Manager in turn reviews and makes final hiring decision on any prospective agent whose background check fails the standard review or one that has any incidents reported.

- Professional agent appearance
 - All EGS vendor field agents wear: EGS hat, shirt, jacket, button, badge w/EGS logo, includes phone number for EGS Customer Care so that customer can call and confirm agent credentials at the doorstep.

- Regular Follow-Up Meetings and Refresher Training
 - Vendor manager and agent side-by-side sales calls
 - Pricing sheets provide updated pricing
 - Conduct regular meetings to review issues
 - Market conditions
 - Utility and EGS updates
 - Customer feedback
 - Learn new products and price structures
 - Ongoing Retraining

- EGS utilizes Third Party Verification for all residential Door-to-Door Sales

Therefore, Door-to-Door solicitations are similar to EGS telesales operations:

- All verifications are recorded via telephone at the customer's door and then verified for compliance and attached as wav. file to each customer's record in EGS' database
- Door-to-door vendor agents are only compensated for accurate and complete verification records (i.e., a "catch all" incentive for doing the right thing, otherwise, the vendor doesn't get paid).
- EGS Quality Control processes at its Customer Call Center include listening to and validating the customer .wav file records for accuracy and completeness.

- Terms and Conditions are left with customer along with answers to Frequently Asked Questions and phone number for EGS Customer Care.

- Welcome letters are sent to all new customers to: confirm enrollment was successful, restate price and terms of offer, provide instructions for automatic debit and budget billing options, and provide phone number for EGS customer care.

- If EGS detects a problem with an enrollment, the customer is contacted by phone or by letter explaining the issue and offering help with resolution.

Telesales & Door-to-Door Marketing: Best Practices for Electric Generation Suppliers (EGS)

EGS Zero Tolerance Policy

Violation:

- Forgery
- Fraud
- Prohibited representations or Claims:
 - Agent performing a “survey”
 - Customer eligible for a “refund”
 - EGS and Utility are the same company
 - EGS is in partnership with Utility
 - Signing up with EGS is a “reward” for being a loyal customer
 - Any other statement or claim that is false, misleading or intended to deceive a customer.
- Inappropriate actions or behavior

Disciplinary Action:

- EGS will alert the sales agent to any documented complaint registered against him within 24–48 hours time period.
- Upon receipt of a Zero Tolerance complaint, the vendor sales agent is required to respond in writing based on their memory of the sales transaction in question.
- Monthly, EGS and Vendor Managers will review all complaints registered for the previous month.
- The results of complaint review can range from agent re-training, field manager ride along, agent suspension or termination.
- Vendor management staff is also held accountable for agent violations which could result in manager suspension or termination.

Complaint Resolution Process

- Complaint entered into EGS database
- Investigation by EGS Management
- Response/resolution provided to customer via phone and/or letter
- Follow-up with utility, PSC or others as necessary