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March 2, 2015

VIA ELECTRONIC FILING

Rosemary Chiavetta, Secretary
Pennsylvania Public Utility Commission
Commonwealth Keystone Building
400 North Street, 2nd Floor
Harrisburg, PA 17120

Re: Chapter 14 Implementation; Docket No. M-2014-2448824

Dear Secretary Chiavetta:

Pursuant to the Commission's Order entered January 15, 2015 in the above-captioned proceeding, enclosed herewith for filing are the Comments of Metropolitan Edison Company, Pennsylvania Electric Company, Pennsylvania Power Company and West Penn Power Company.

Please contact me if you have any questions regarding this matter.

Very truly yours,



Tori L. Giesler

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Enclosures

c: As Per Certificate of Service

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

Chapter 14 Implementation : **Docket No. M-2014-2448824**
:

**COMMENTS OF METROPOLITAN EDISON COMPANY,
PENNSYLVANIA ELECTRIC COMPANY, PENNSYLVANIA POWER
COMPANY AND WEST PENN POWER COMPANY**

I. INTRODUCTION

On January 15, 2015, the Pennsylvania Public Utility Commission (“Commission”) entered a Tentative Order (“Tentative Order”) at the above-captioned docket requesting that interested parties submit written comments in response to several proposals to address immediate issues raised by the amendment of Chapter 14 of the Public Utility Code (“Code”)¹ in October 2014² which cannot otherwise wait for a formal rulemaking proceeding to amend Chapter 56 of the Commission’s regulations (“Chapter 56”).³ The Tentative Order called for comments to be submitted no later than thirty days from its publication in the Pennsylvania Bulletin, which occurred on January 31, 2015.

Metropolitan Edison Company (“Met-Ed”), Pennsylvania Electric Company (“Penelec”), Pennsylvania Power Company (“Penn Power”) and West Penn Power Company (“West Penn”) (collectively “the Companies”) respectively submit the following comments in response to the Tentative Order.

¹ 66 Pa.C.S. §§ 1401-1419.

² Act 155 of 2014.

³ 52 Pa. Code Chapter 56.

II. COMMENTS

The Tentative Order specifically identifies three items needing attention in the immediate term: 1) the establishment of an approved “form” of medical certificate as required under Section 1403 of the Code; 2) guidance with respect to the annual reporting requirement imposed on utilities related to residential accounts that have accumulated \$10,000 or more in arrearages under Section 1410.1(3) of the Code; and 3) guidance with respect to the annual reporting requirement imposed on utilities related to the submission of medical certificates under Section 1410.1(4) of the Code. In addition, the Commission seeks input with respect to whether there are any additional impacts of Act 155 of 2014 that are appropriately addressed in the short-term that cannot otherwise wait to be addressed when a revision of Chapter 56 is undertaken.

A. Form of Medical Certificates

In its revision to Chapter 14 of the Code, the General Assembly specified that the Commission must adopt the form of medical certificate to be submitted by certain qualified customers in order to prevent termination efforts due to serious medical conditions. The Tentative Order seeks comments with respect to a) what form of certificate is appropriate for submission in such circumstances; b) what information a medical certificate should contain; and c) the adequacy of the information requirements contained within the current Commission regulation on this point, 52 Pa. Code § 56.113.

Today, each utility provides a company-specific form to customers and medical professionals for submission as a medical certificate. Those forms contain all elements required by Section 56.113, and may contain other individualized fields. In the Companies’ case, the standard form includes additional fields for the account number that the certificate is to be associated with, as well as the mailing or fax date. These fields have been critical to the Companies

in successfully verifying and applying the certificates to the associated accounts in a timely manner by reducing the amount of follow up communications that have been required. In the Companies' experience, the addition of the medical professional's license number as a required field would be a beneficial addition by helping to significantly reduce the level of required follow up for verification of the authenticity of the certificates. Therefore, to the extent that the Commission adopts a uniform document, these fields should be included as necessary elements. Alternatively, each Company should be permitted to continue the use of their existing forms with the option to additionally require these elements.

B. Annual Arrearage Reports

Under Section 1410.1(3) of the Code as revised, utilities must begin reporting, on an annual basis, each residential account that has accrued an arrearage of \$10,000 or higher, as well as demonstrate those efforts that have been taken by the utility to collect those arrearages. In an effort to develop guidance as to the form and substance of these reports, the Tentative Order specifically is seeking comments from affected utilities initially with respect to whether Section 14101(3) should be interpreted to require the reporting of individual accounts or, in the alternative, the number or average of the accounts that must be reported. If the interpretation is as to individual accounts, further comments are sought with respect to: a) what information concerning the accounts is necessary and appropriate for inclusion in the report; b) ways to ensure customer's privacy while providing the required information; c) whether an annual snapshot date should be designated, and what the timing of the reporting requirement should be, including timing of the initial report; and d) whether additional guidance is required with respect to the enforcement mechanisms available to the Commission for purposes of Section 1410.1(3) The Tentative Order goes on to outline proposed reporting guidelines as a starting basis for discussion.

The Companies generally agree with the interpretation that the new reporting obligation is intended on an individualized account basis. It is also the Companies' belief that this reporting requirement serves not only to enable the Commission to ensure that utilities are mitigating the impact of uncollectible accounts to their other ratepayers, but also to enable the Commission to identify roadblocks to a utility's ability to collect on such accounts. Identification of these challenges are important to allowing the Commission and the utility community to work together to better understand and address these challenges. The individual proposals and various specific recommendations of the Companies are addressed in further detail in the subsections below.

Contents of Report

The proposal outlined in the Tentative Order would require that all arrearage reports be submitted on an individual account basis and include the account balance at a designated "snapshot" in time, the time period over which that arrearage accrued, the average monthly bill amount during that period, the number of Commission informal or formal complaints involving that account, and the number of company-offered payment arrangements.

A snapshot approach, as discussed further in these comments, would be most representative of the current state of residential account arrearage with the least administrative burden. Furthermore, many of those fields proposed in the Tentative Order would be valuable in providing a view of each of the accounts reported. That said, there are two which would be difficult, if not impossible in some instances, to produce the necessary data for: the time period over which the arrearage accrued and the average monthly bill amount during the total accrual period. This is because, while utilities do have detailed records extending years into the past, tracking a large balance through history to identify its inception date may prove unwieldy due to the fact that it may have originated on or have contributing amounts from one or several different accounts than

the one active today. It is not uncommon for a customer with a significant arrearage to have balances from previous service locations that went unpaid and which were later lawfully transferred to the active account for collection. Likewise, there are many instances in which amounts will be discharged and an account final billed due to the initiation of a bankruptcy proceeding, only to have that proceeding dismissed, at which point the undischarged balance once again becomes collectible and is transferred to a new active account. For these reasons, not only would it be extremely difficult to identify the exact start date of the balance as it stands today, but it would be even more challenging to identify what the average bill has been over the course of time this arrearage accrued. Therefore, these two data points should not be required due to the time-consuming and burdensome manual process they would require.

There are, however, many other activities that can impact a customer's account and the utility's ability to pursue recovery of amounts past due on that account that would not be reflected in a report with only the level of detail proposed. This activity includes account information such as:

- the move-in date;
- the most current reported income level as outlined by Section 1405(b) of the Code;
- whether the customer has been enrolled in or been dismissed from a customer assistance program;
- the date and amount of the last payment was made;
- the number and total value of customer payments posted;
- the number and total value of agency payments posted;
- the number of returned or cancelled payments;
- the number of ten-day termination notices issued and terminations effectuated;

- the number of utility and Commission payment arrangements afforded;
- the number of medical certificates accepted on the arrearage;
- the number of times dispute rights were offered⁴;
- whether balance transfers from previous accounts contributed to the arrearage;
- whether a PFA has been recorded as relating to the particular account; and
- an indicator as to those accounts that are coded as a landlord/tenant property.⁵

Each of these data points reflect account activity that helps explain what efforts the utility has taken to both assist the customer in addressing the arrearage and, in appropriate cases, collect on the arrearage – an explanation which is required by the statute itself. They also identify special challenges that are presented in many instances that are outside the control of the utility and which can explain the growth of an arrearage over time. For these reasons, the Companies suggest that the Commission include these data points on any form spreadsheet that is issued for future reporting purposes. In the alternative, the Companies suggest that utilities be permitted to supplement the basic data points proposed by the Tentative Order with those (such as the ones listed here) which will assist in painting a clear picture of that account’s activity.

Finally, one point that the Commission’s Tentative Order did not address is the definition of accounts to be included for reporting purposes. The Companies’ interpretation of the reporting requirement is that only those accounts that are considered active (i.e., not final billed) as of the date of the “snapshot” are to be included in the report. Additionally, it would not seem appropriate to report on accounts that are currently enrolled in the utility’s customer assistance program, given

⁴ The offering of dispute rights automatically leads to a temporary lock on collection activity on an active account.

⁵ Where the quantity and value of a particular data point is offered, it is suggested that a 24-month history be provided. This will provide a clear picture of recent activity on the account while not making the reporting obligation too burdensome for the utility.

that arrearages associated with those accounts are placed in a protected status, preventing the utility from pursuing collection.

Customer Privacy

In order to ensure customer privacy is maintained through the reporting process despite the fact that the report would be on an individual account basis, the Tentative Order proposes that the reports do not include customer names, addresses, account numbers, or any other identifying details. Instead, utilities would assign a unique identifier that only the utility would be able to match to a particular customer account.

Customer privacy is a paramount priority for any utility. The development of unique identifiers for purposes of this report appears to be the most appropriate and effective means to ensure customer privacy, while still enabling utilities to identify those accounts for further fact development should the need arise. The Companies have used this method in other instances, such as when providing discovery in litigated proceedings, with great success and minimal administrative burden. In addition, the means through which the reports are to be provided, as well as the breadth of access given to those reports, presents a further opportunity to strengthen the privacy granted to the accounts listed on the reports. While the Commission has suggested the use of the above-captioned docket for public report filings, a more secure approach to providing this information would be through the use of a non-public, secure web portal such as the one used by utilities today for reporting those items required by Section 56.231. Such alignment would enable the BCS to include this information in its annual customer service report on a more generic basis than if the utilities were individually reporting each account's details, further securing the privacy of any customer whose account would be included in the arrearage reports.

Form and Timing of Report

The Tentative Order proposes that the annual reports be produced on a “snapshot” basis – that is, utilities are to examine all residential accounts as of the conclusion of the calendar year, and report those accounts that have an arrearage of \$10,000 or more at that specific point in time. It is further proposed that the annual reports be due each March 1, reporting on the previous calendar year, with the first report to be due on March 1, 2016 looking at the snapshot as of year-end 2015. Under the proposal, reports would be filed at the docket number assigned to the Tentative Order, with a copy to be provided to the Commission’s Bureau of Consumer Services. The report would be provided in spreadsheet format, with the required template to be provided by the Commission no later than the end of 2015.

Reporting on a snapshot basis as proposed makes the most sense, as any other approach could lead to unnecessary confusion and inconsistency in data. A snapshot date of December 1 of each year makes more sense, however, than the year-end view proposed by the Tentative Order. Many utilities are restrained in their collection efforts during the December 1-March 31 period of each year. Reports containing data as of December 1 would provide the most accurate picture of where accounts stand at the conclusion of the utilities’ strongest collection periods, without any artificial inflation due to the restrictions which make collection challenging during this winter moratorium period.

As discussed above with respect to customer privacy, submission of the reports through a secure portal would more effectively ensure the protection of sensitive customer information over the filing of a public report at an open docket, which would be available for public scrutiny. This approach would also provide benefits in offering consistency in reporting content and processes. Because the BCS already offers such a portal, aligning both the submission process and annual

due date with the submission of reports under 52 Pa. Code § 56.231 would provide the most administrative efficiency, not only for the utility community but also the Commission's bureaus. In addition, this approach will still provide a path for Commission review of collection performance through the annual customer service report, where a more generic public report could be provided without the risk of compromise to individual account identification.

Regardless of the structure, form and content of the reports, timing of the Commission's final guidance in conjunction with the first report to be provided is something that must be carefully considered. Assuming the Commission's acceptance of the Companies' suggested alignment with Section 56.231 reporting, the first arrearage report would be due by April 1, 2016. In order for the Companies to properly develop and implement the necessary system programming and data collection measures in order to capture a snapshot by December 1 or year end, final Commission guidance must be received no later than August 2015. Without certainty as to the data that will be required, the Companies can only speculate at this point as to what they may need to be prepared to produce. Regardless of whether this data is collected manually or as part of an automated process, there will be a significant volume of man hours that must be dedicated to laying the groundwork for the anticipated reports once those data points are determined.

C. Medical Certificate Reports

The final topic upon which comment is sought is the new reporting requirement under Section 1410.1(4), which requires that utilities submit an annual report on the number of medical certificates and renewals submitted and accepted by the utility for the period reported. As discussed earlier in these comments with respect to reports to be submitted under Section 1410.1(3), the Companies recommend that in the interests of administrative efficiency, that it is most appropriate to include this report as part of the existing reporting process in place under the

Commissions' regulations at Section 56.231. Providing the report at this time aligns due dates, submission protocols, and allows the Commission's BCS to include these data points as a discussion point in its annual customer service report.

From a content perspective, the Companies have interpreted the revisions to Chapter 14 to require that this report include one figure – the total number of medical certificates which are submitted by a customer as either an initial or renewal certificate and subsequently accepted by the utility. In the Companies' experience, very few certificates are denied. Therefore, building a mechanism to track these figures as suggested by the Companies would present a more valuable data set than would presenting the small number of certificates which have been rejected over the course of the previous year. Furthermore, the Companies at this time do not have a means by which to track the submission of an initial versus renewal certificate separately, and therefore any separate reporting would require either a time consuming manual process or technical programming for which a required timeline has not yet been identified.

III. CONCLUSION

Metropolitan Edison Company, Pennsylvania Electric Company, Pennsylvania Power Company and West Penn Power Company appreciate the opportunity to provide comments regarding the aforementioned proposals stemming from the recent revisions to Chapter 14 and look forward to working further with the Commission and interested parties on this matter. The Companies reiterate the need for and respectfully request that final guidance be provided to the

utility community with regard to these new reporting obligations no later than August 2015, so that they may implement all necessary programming and protocols to successfully issue reports by April 1, 2016 as proposed by these comments.

Respectfully submitted,

Dated: March 2, 2015



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PENNSYLVANIA PUBLIC UTILITY COMMISSION**

Chapter 14 Implementation : **Docket No. M-2010-2448824**
:

CERTIFICATE OF SERVICE

I hereby certify that I have this day served a true and correct copy of the foregoing document upon the individuals listed below, in accordance with the requirements of 52 Pa. Code § 1.54 (relating to service by a participant).

Service by first class mail, as follows:

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Office of Small Business Advocate
Suite 1102, Commerce Building
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Dated: March 2, 2015



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