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January 23, 2017

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

VIA ELECTRONIC FILING


**RE: Petition of NRG Energy, Inc. for Implementation of
Electric Generation Supplier Consolidated Billing
Docket No. P-2016-2579249**

Dear Secretary Chiavetta:

Enclosed for filing with the Pennsylvania Public Utility Commission are the Joint Comments of Citizens' Electric Company of Lewisburg, PA ("Citizens") and Wellsboro Electric Company ("Wellsboro") regarding the above-referenced proceeding. As evidenced by the Certificate of Service, copies have been served upon all parties of record. If you have any questions, please do not hesitate to contact the undersigned. Thank you.

Very truly yours,

McNEES WALLACE & NURICK LLC

By 
Matthew L. Garber

Counsel to Citizens' Electric Company of Lewisburg, PA and
Wellsboro Electric Company

Enclosure

c: Certificate of Service

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CERTIFICATE OF SERVICE

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

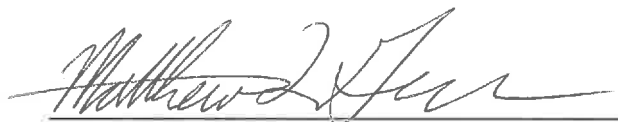
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Dated this 23rd day of January, 2017, at Harrisburg, Pennsylvania.

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

Petition of NRG Energy, Inc. for :
Implementation of Electric Generation : Docket No. P-2016-2579249
Supplier Consolidated Billing :

**JOINT COMMENTS
OF CITIZENS' ELECTRIC COMPANY OF LEWISBURG, PA AND
WELLSBORO ELECTRIC COMPANY**

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Dated: January 23, 2017

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I. INTRODUCTION

On December 8, 2016, NRG Energy, Inc. ("NRG") filed a *Petition of NRG Energy, Inc. for Implementation of Electric Generation Supplier Consolidated Billing* ("Petition") at the Pennsylvania Public Utility Commission ("PUC" or "Commission"). In the Petition, NRG asks the Commission to order the planning and implementation of Supplier Consolidated Billing ("SCB"). As envisioned by NRG, the Commission would require utilities to offer SCB as a third billing option to Pennsylvania's Electric Generation Suppliers ("EGSs"), alongside utility consolidated billing ("UCB") and dual billing.¹

Citizens' Electric Company of Lewisburg, PA ("Citizens") and Wellsboro Electric Company ("Wellsboro") (collectively, "Companies") are both regulated electric distribution companies ("EDCs") serving small communities in rural Pennsylvania. Citizens' and Wellsboro are members of the Energy Association of Pennsylvania ("EAPA") and fully support the EAPA's comments submitted at this docket. The Companies also have particular concerns regarding the costs and impact of implementing SCB, and provide the following comments.²

In the last five years, the Companies have made significant efforts to encourage competitive entry into their territories. First, the Companies jointly implemented Electronic Data Interchange ("EDI") software because of feedback received from marketers and brokers that the absence of EDI discouraged entry into the territories. As part of EDI installation, the Companies were able to incorporate many of the retail market enhancements that the Commission requested in the Retail Markets Investigation, including billing format changes, placement of EGS logos on

¹ With Utility Consolidated Billing, the Electric Distribution Company ("EDC") issues the bill and includes all generation charges on the bill. With dual billing, the EDC and the EGS each bill the customer for their own services.

² By Secretarial Letter, interested parties were given until January 23, 2017 to file Comments in response to the Petition.

bills, accelerated switching, seamless moves, and instant connects. The Companies accomplished this with no automatic cost recovery surcharge for their efforts.

Second, the Companies executed an overhaul of their procurement and pricing strategy, placing large customers on hourly default service. The Commission has long viewed hourly pricing as a method to encourage shopping by customers. From 1996 through June 1, 2016, Citizens' and Wellsboro each offered a single fixed price default service product for all customers in their respective territories under both "full requirements" load following products, and later the "portfolio" procurement approach. Their current default service plan recently changed back to a "full requirements" procurement approach in which customers over 400kW are offered only an hourly product. This change and the implementation of EDI dramatically increased the number of large accounts that purchase competitive supply. Citizens' currently has 101 accounts representing more than 30% of total system load shopping with alternative suppliers. Many of Wellsboro's larger customers also are buying competitive supply.

The Companies' concerns regarding the Petition do not originate from any desire to retain customers on default supply service. Rather, the Companies' perspective is formed by the following: (a) statutory changes would be required to mandate SCB because the Public Utility Code does not presently require or provide for SCB; (b) small utilities such as Citizens' and Wellsboro are unlikely to achieve cost savings from SCB; and (c) small utilities have a unique relationship with the local community.

As discussed herein, there are several reasons ratepayers within small utility territories would be disproportionately impacted by SCB. SCB is likely to result in higher stranded costs on a per customer basis in small utility territories because the costs of the Companies' current billing systems are collected from a smaller customer base. It should be noted that the Companies'

expenses related to billing systems will not be reduced because the Companies will still be required to maintain billing systems for default service customers as well as other non-SCB EGSs. In addition, because staff levels are lower than larger utilities and employees wear "multiple hats," there will be no reduction in expenses realized by cuts to customer service staff.

Most significantly, the Commonwealth's Public Utility Code does not grant the Commission the authority to require a public electric utility to offer SCB.

As a result, consistent with the Commission's Secretarial Letter, which provided stakeholders with the opportunity to submit Comments on proposed alternative ratemaking methodologies, Citizens' and Wellsboro hereby respectfully urge the Commission to reject NRG's Petition. If, however, the PUC or the General Assembly adopts SCB, the Companies ask for an exclusion for small utilities.

II. COMMENTS

A. Supplier Consolidated Billing Cannot Be Mandated Without Statutory Change.

Currently, the Pennsylvania Public Utility Code grants EDCs permission to bill for all electric charges. It does not give the Commission the authority to require implementation of SCB.

NRG relies on an unusual statutory construction to support its argument that the Commission has the authority to require implementation of SCB. In attempting to provide a legal basis for its Petition, NRG interprets Section 2807(c) of the Public Utility Code as giving the Commission the option to forbid an EDC from directly billing some of its customers.³ Curiously,

³ Section 2807(c) states, in part, "Subject to the right of an end-use customer to choose to receive separate bills from its electric generation supplier, the electric distribution company may be responsible for billing customers for all electric services, consistent with the regulations of the commission, regardless of the identity of the provider of those services."

NRG argues the phrase "the electric distribution company **may**" means that, in some cases, the electric distribution company actually "may not."

In common parlance and in legal drafting, the word "may" is generally a term granting permission.⁴ By its plain reading, Section 2807(c) grants permission to the EDC to bill customers for all electric services, even if those services are provided by another entity; in so doing, it must act "consistent with the regulations of the commission." There is one exception to this grant of permission to EDCs, and it is explicitly enumerated by the same paragraph. The EDC's right to bill for all electric services is revoked only to the extent that "end-use customers" exercise their right to receive "separate bills" from their EGS. In other words, the statute provides for dual billing as an option EDCs must give to their customers. It does not provide authority to require EDCs to implement SCB.⁵

B. SCB Will Not Reduce Overhead Expenses for Citizens' and Wellsboro.

A significant piece of NRG's Petition is its proposal that the EGS be the direct contact with all SCB customers. NRG suggests that doing so will reduce utilities' costs and thus ultimately save ratepayers.

If implemented, the Companies do not believe NRG's Petition would reduce their overhead expenses. As small entities employing less than 20 individuals each, there is unlikely to be enough time savings to result in the reduction of a staff customer service position. Additionally, SCB would not eliminate the need to pay for an after-hours call center. In contrast, it is uncertain that

⁴ NRG contrasts § 2807(c) with § 2205(c) of the Natural Gas Competition Act (66 Pa. C.S. § 2205(c)), which provides that a natural gas distribution company *shall* be responsible for billing each of its retail gas customers. This argument fails because "shall" indicates that the utility is required to do so; "may" indicates that the utility is permitted to do so. Neither changes the fact that there is no statutory authority to forbid an EDC from billing some of its own customers.

⁵ This is further illustrated by Subsection (c)(2) of 66 Pa. C.S. § 2807, which states: "If services are provided by an entity other than the electric distribution company, the entity that provides those services shall furnish to the electric distribution company billing data sufficient to enable the electric distribution company to bill customers." The entire premise of the statute is that EDCs will be billing customers.

NRG's proposal will significantly reduce time invested by the Companies in customer service at all. The Companies will still have to provide information to EGSs as customer service inquiries arrive – in fact, the lack of direct contact with the customer may require multiple "back-and-forths" at times, as the EGS will be acting as a "middleman" for issues related directly to electric distribution.

Beyond the ongoing costs, NRG has not adequately addressed the stranded costs that would result if its proposal was implemented, such as billing systems and other tools. Currently, the Companies recover their costs and a return on their billing/EDI system investments through distribution rates. If that recovery mechanism were changed or if SCB customers received a credit because their EGS had billing costs, then the Companies' investment in the billing and EDI systems may be stranded or partially unrecoverable. Citizens' and Wellsboro each have less than 7,000 customers from which to recover these costs. NRG has not provided a satisfactory explanation as to how these costs will be recovered and who will bear them.

As mentioned above, these issues have a disproportionate impact on small utilities. On a per customer basis, stranded costs have a significant impact on ratepayers of small utilities.

C. If SCB Is Implemented, It Must Exclude Small Utilities.

Small utilities like Citizens' and Wellsboro have a unique relationship with the communities they serve. This relationship is unique in both character and degree, impacting both the way customers interact with the Companies and the frequency with which they do so. In Lewisburg and Wellsboro, many customers still deliver their payments to the office in person. There are frequent and regular in-person interactions between the customers and the individuals who work for and operate the Companies.

For their part, the Companies are deeply interwoven into the communities within their service territories. For example, Mr. Eccher, the president of Wellsboro, is involved with the Tioga

County Economic Development Corporation. Mr. Winslow, president of Citizens' Electric, serves on numerous boards of directors of local community organizations. Citizens' is also the sponsor of a themed electricity exhibit at Lewisburg's Children's Museum, which Citizens' staff is directly involved in planning and creating. Both Companies perform important economic development and charitable functions in the community. They know, and are known by, their customers. The names of the Companies themselves indicate the degree of community involvement.

A premise that underlies NRG's proposal is the need to break the relationship between the customer and the EDC. It is not clear if electric customers will realize the extent to which their connection with their local EDC will be severed if they choose SCB, since NRG's proposal is not only a change of who sends bills, but a complete change in who handles direct customer service—including shutoff authorizations and general customer inquiries. In a small utility context, this has repercussions on how the EDC serves and interacts with its customers.

III. CONCLUSION

As described above, the theoretical benefits associated with SCB relate primarily to fostering a relationship between EGSs and their customers. However, no evidence has been presented that indicates this will increase shopping in the Commonwealth. As a practical matter, it creates an additional layer between the EDCs and their customers. It should be noted that if an EGS desires to build a relationship with its customers that would enhance its marketing position, it can do so with the dual billing option that is currently available under the regulations.

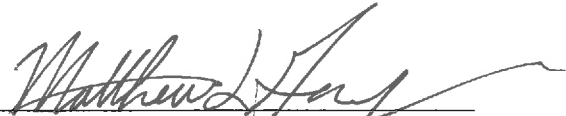
The Companies have pursued, and continue to pursue, steps to make competitive shopping attractive in their territories. As discussed more fully herein, the Commission may not require utilities to turn their billing over to EGSs under the Commonwealth's statutory framework. In addition, no evidence presented in NRG's Petition demonstrates that SCB would materially benefit

ratepayers. In fact, if anything, SCB could have the inverse effect, making it more difficult for customers to understand and navigate their electricity service. For these reasons, the Commission should not pursue SCB. If, however, the PUC or the Legislature chooses to move forward with NRG's Petition or a similar plan, it should exclude small utilities in order to appropriately address the unique needs of the communities they serve.

WHEREFORE, Citizens' Electric Company of Lewisburg, PA and Wellsboro Electric Company respectfully request that the Pennsylvania Public Utility Commission consider these comments in evaluating the Petition by NRG for Supplier Consolidated Billing.

Respectfully Submitted,

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