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January 23, 2017

VIA eFILING

Rosemary Chiavetta, Secretary
Pennsylvania Public Utility Commission
Commonwealth Keystone Building
400 North Street
Harrisburg, PA 17105-3265

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, on behalf of **Metropolitan Edison Company, Pennsylvania Electric Company, Pennsylvania Power Company and West Penn Power Company**, is their **Answer to the Petition of NRG Energy, Inc. for Implementation of Electric Generation Supplier Consolidated Billing** (the "Answer") in the above-captioned proceeding.

As evidenced by the attached Certificate of Service, copies of the Answer are being served upon all parties listed in the Certificate of Service that accompanied NRG Energy, Inc.'s Petition.

Very truly yours,

Anthony C. DeCusatis

ACD/tp
Enclosures

c: Per Certificate of Service (w/encls.)

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BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION

PETITION OF NRG ENERGY, INC. FOR IMPLEMENTATION OF ELECTRIC GENERATION SUPPLIER CONSOLIDATED BILLING	: : : :	**Docket No. P-2016-2579249**

CERTIFICATE OF SERVICE

I hereby certify and affirm that I have this day served copies of **Metropolitan Edison Company, Pennsylvania Electric Company, Pennsylvania Power Company and West Penn Power Company's Answer to Petition of NRG Energy, Inc. for Implementation of Electric Generation Supplier Consolidated Billing** on the following persons, in the manner specified below, in accordance with the requirements of 52 Pa. Code § 1.54:

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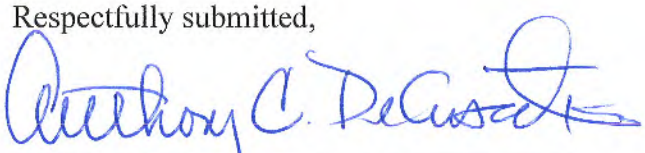

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Dated: January 23, 2017

BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION

PETITION OF NRG ENERGY, INC. FOR IMPLEMENTATION OF ELECTRIC GENERATION SUPPLIER CONSOLIDATED BILLING	: : : :	**Docket No. P-2016-2579249**

ANSWER OF METROPOLITAN EDISON COMPANY, PENNSYLVANIA ELECTRIC COMPANY, PENNSYLVANIA POWER COMPANY AND WEST PENN POWER COMPANY TO THE PETITION OF NRG ENERGY, INC.

Pursuant to 52 Pa. Code § 5.61 and the Notice published by the Pennsylvania Public Utility Commission ("Commission") in the *Pennsylvania Bulletin* on December 24, 2016, Metropolitan Edison Company ("Met-Ed"), Pennsylvania Electric Company ("Penelec"), Pennsylvania Power Company ("Penn Power") and West Penn Power Company ("West Penn") (each, a "Company" and collectively, the "Companies") hereby submit this Answer in opposition to the Petition for Implementation of Electric Generation Supplier Consolidated Billing ("Petition") filed by NRG Energy, Inc. ("NRG") in the above-captioned docket.[1]

I. INTRODUCTION

NRG concedes that it cannot compete effectively based on the price it offers for generation service.[2] However, rather than address the deficiencies in its own business model, NRG has chosen to disparage Pennsylvania's competitive retail generation market – contending that the market is to blame for NRG's poor performance because "price is the key driver" of

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1 The Companies are also filing Comments regarding NRG's Complaint in accordance with the Notice.

2 Petition, ¶ 46.

customers' "shopping decisions" and because "customers remain focused on price" as the "predominant factor" for their purchasing decisions.[3]

It should come as no surprise that customers shop for a fungible commodity principally on the basis of price,[4] particularly when the electric industry was restructured in Pennsylvania twenty years ago specifically to enable customers to have direct access to competitive generation suppliers in order to reduce their cost of electric service. In fact, the Declaration of Policy for electric restructuring clearly expresses the legislature's intent that *price* competition for *generation* service lay at the heart of what the Electricity Generation Customer Choice and Competition Act ("Competition Act")[5] was designed to achieve.[6]

NRG, by its own admission, is out of step with the purpose and intent of the Competition Act because it is unable – or unwilling – to compete on the basis of the price it offers for generation. Consequently, NRG seeks to create, by administrative fiat, a special marketing channel for its *non-generation* products and services in order to: (1) produce a margin on non-generation sales it cannot obtain from selling generation alone; and (2) distract residential and small commercial customers from the non-competitive prices of its generation products.[7] There is a host of reasons why NRG's proposals should be rejected out of hand. Chief among them is

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3 *Id.*

4 *See PUC Marks 20th Anniversary of Electric Competition in PA; New Survey Shows High Levels of Customer Awareness and Satisfaction with Electric Choice, Touts 14 Consecutive Months of Growth, Announces Upgrades to Electric Shopping Website PAPowerSwitch*, PUC Press Release (Dec. 8, 2016) (summarizing remarks of Chairman Brown, who pointed out that a recent Commission survey showed that "the largest motivating factor behind switching electric providers is to lower monthly electricity bills ...").

5 66 Pa.C.S. §§ 2801 *et seq.*

6 *See e.g.*, 66 Pa.C.S. §§ 2802 (4) and (5), which focus exclusively on the *cost* of electric service, and 66 Pa.C.S. § 2802(6), which articulates the fundamental principle underlying the Competition Act, namely, that "[c]ompetitive market forces are more effective than economic regulation in controlling *the cost of generating electricity*" (emphasis supplied). This principle is tied directly to the substantive provisions of the Competition Act by 66 Pa.C.S. §§ 2802(12), (13) and (14), which declare that the purpose of the Act is to enable "direct access by retail customers to the competitive market" and, thereby, "to allow competitive suppliers to *generate and sell electricity* directly to consumers in this Commonwealth" (emphasis supplied).

7 *See* Petition, ¶ 46.

the fact that the Public Utility Code does not authorize the Commission to promote the sale of *non-generation* products and services by a subset of electric generation suppliers ("EGSs") that want to get a leg up on their competitors by tying non-generation offerings to the sale of generation.[8]

II. THERE ARE NUMEROUS LEGAL DEFECTS IN NRG'S PROPOSAL THAT PRECLUDE THE COMMISSION FROM ADOPTING IT

The vehicle NRG seeks to promote its non-generation merchandising effort is supplier consolidated billing ("SCB"). As envisioned by NRG, SCB would make EGSs the primary point of contact with residential and small commercial customers not only for generation service, but for distribution service, customer billing and credit issues, customer inquiries, issuing a range of regulatory and other required notices, and a variety of other customer-care functions. If adopted, NRG's SCB proposal would fundamentally change the relationship between electric distribution customers and electric distribution companies ("EDCs") that the Commission, in its Report and Recommendations on the Investigation Into Retail Electric Competition, concluded should **not** be altered by the introduction of electric competition:

> Customer services should be established to protect consumers, *not to provide marketing opportunities for competitors*. Disputes between sellers about the ownership of complaints and customer contacts should not impact the quality or responsiveness of customer services. *Distribution utilities will continue to fall under Commission jurisdiction so they are the obvious place for all contacts which fall under Chapter 56.* Responsibility for all initial customer contacts should be clearly assigned to the local

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[8] *See, e.g.*, 66 Pa.C.S. § 2811(a), authorizing the Commission to monitor competitive conditions only for "the supply and distribution of electricity to retail customers." The Public Utility Code confers no authority on the Commission to promote a competitive market for non-generation products or services – which can be offered by a wide array of vendors, the majority of whom are *not* EGSs.

distribution company to ensure that those contacts are uniformly and effectively addressed.[9]

A. NRG's Proposal Is Contrary To Several Key Provisions Of The Public Utility Code

The legislature followed the Commission's blueprint for allocating customer service functions in crafting the terms of Section 2807(d) of the Competition Act, which commands that "[t]he electric distribution company *shall* continue to provide customer service functions."[10] Thereafter, in 2004, the legislature affirmed the mandate of Section 2807(d) when it imposed non-delegable duties on "public utilities" under Chapter 14 of Public Utility Code[11] for the full range of "residential utility service standards" listed in Section 1402(1) and delineated in detail in the balance of Chapter 14. These duties encompass, among other key functions, obtaining and returning customer deposits (Section 1404); establishing payment arrangements and assuring customer compliance with payment agreements (Section 1405); termination and reconnection of service, including mandatory notices, in-person contacts, payment arrangements and medical certifications to forestall termination (Sections 1406 and 1407); payments to restore service (Section 1407); formal and informal complaints, including the obligation to attempt to resolve such complaints through direct customer/public utility contacts (Section 1410); and public utilities' obligation to provide information concerning universal service programs when a customer contacts the public utility for a payment arrangement (Section 1410.1).

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9 *Investigation Into Retail Competition*, Docket No. I-940032, Report and Recommendations on the Investigation Into Retail Electric Competition (July 3, 1996), p. 38 (emphasis supplied).

10 66 Pa.C.S. § 2807(d) (emphasis supplied).

11 *See, e.g.*, 66 Pa.C.S. §§ 1405, 1406, 1407, 1410 and 1410.1 (imposing duties on "public utilities," which, as clearly defined in Section 1403, include EDCs but do *not* include EGSs).

More recently, the Commonwealth Court decided *Dauphin Cty. Indust. Dev. Auth. v. Pa. P.U.C.*, which holds that the Commission cannot "interpret" clear statutory language imposing a duty on a specific entity as authorizing the delegation of that duty to another:

> The Commission's interpretation of Section 2807(f)(5) is not entitled to deference. Unlike the statute at issue in *Popowsky*, there is no ambiguity in the Competition Act's mandate. It provides, plainly, that "*[t]he default service provider shall offer* the time-of-use rates ... to all customers that have been provided with smart meter technology." 66 Pa. C.S. §2807(f)(5) (emphasis added). Our rules of statutory construction require that words and phrases be read according to their common and approved usages. 1 Pa. C.S. §1903(a). The legislature's unqualified use of the words "shall offer" in Section 2807(f)(5) places the burden on the default service provider, in this case PPL, to offer Time-of-Use rates to customer-generators. The legislature knows the difference between a default service provider and an Electric Generation Supplier. Its decision to place the onus on default service providers was neither accidental nor arbitrary. [12]

Just like the statutory language at issue in *Dauphin County*, Section 2807(d)[13] and Chapter 14[14] contain the "legislature's unqualified use" of the word "shall" in imposing obligations on EDCs and "public utilities" (defined in Section 1403 as EDCs and not EGSs), respectively, and in a

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[12] 123 A.3d 1124, 1134-1135 (Pa. Cmwlth. 2015) *appeal denied* 140 A.3d 14 (Pa. 2016) (footnotes omitted) ("*Dauphin County*").

[13] 66 Pa.C.S. § 2807(d) ("The electric distribution company shall continue to provide customer service functions consistent with the regulations of the commission, including meter reading, complaint resolution and collections.")

[14] *See, e.g.*, 66 Pa.C.S. § 1406(b)(1) ("Prior to terminating service under subsection (a), a public utility: (i) Shall provide written notice of the termination to the customer . . . (ii) Shall attempt to contact the customer or occupant to provide notice of the proposed termination . . ."); 66 Pa.C.S. § 1405(a) ("The commission is authorized to establish payment arrangements between a public utility, customers and applicants within the limits established by this chapter."); 66 Pa.C.S. §1406(f) ("A public utility shall not terminate service to a premises when a customer has submitted a medical certificate to the public utility."); 66 Pa.C.S. § 1407(c)(1) ("A public utility shall provide for and inform the applicant or customer of a location where the customer can make payment to restore service."); 66 Pa.C.S. §1410(1) ("The commission shall accept formal and informal complaints only from customers or applicants who affirm that they have first contacted the public utility for the purpose of resolving the problem . . ."); 66 Pa.C.S. §1410.1 ("When a customer or applicant contacts a public utility to make a payment agreement as required by section 1410, the public utility shall: (1) Provide information about the public utility's universal service programs, including a customer assistance program. (2) Refer the customer or applicant to the universal service program administrator of the public utility. . . (3) Have an affirmative responsibility to attempt to collect payment on an overdue account.").

number of other ways clearly identify EDCs and "public utilities" as the entities responsible for the actions required.

By advancing its SCB proposal, NRG is asking the Commission to countermand the clear statutory directives of Section 2807(d) and Chapter 14. The comprehensive reshaping of the landscape for customer billing and collection, customer service functions, dispute resolution, payment arrangements and responding to customer inquiries that NRG advocates cannot occur without extensive changes to the Public Utility Code that only the legislature and Governor are empowered to make.

Notably, while NRG offers Texas as an example of where its version of SCB purportedly has been implemented, it neglects to mention that SCB was adopted as part of a comprehensive statutory overhaul of the Texas electricity market that specifically authorizes SCB.[15] Just as important, again unmentioned by NRG, Texas employs a radically different market model from the one the Pennsylvania legislature adopted in the Competition Act.[16] Under the Texas model, SCB is not – as NRG proposes here – merely an "option" along with utility consolidated billing and dual billing. Rather, in Texas, distribution and transmission companies (i.e., "wires" companies) are relieved of responsibility for billing, accounting, collection and customer care functions, and those duties are placed on the Retail Electric Provider. Consequently, there is no need for redundant (EDC and EGS) billing, accounting, collection and customer care infrastructure. Nor are the Texas equivalents of EDCs required to backstop Retail Electricity Providers in providing those functions.

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15 Tex. Utilities Code §§ 39.001 *et seq.*

16 *See City of Corpus Christi v. Public Util. Comm'n,* 51 S.W.3d 231, 237 (Tex. 2001); *Office of Pub. Util. Counsel v. Pub. Util. Comm'n,* 185 S.W.3d 555 (Tex. App. 2006) (describing the Texas model for electric restructuring).

B. NRG's Proposal Could Not Be Approved Before Extensive Notice And Comment Rulemakings Are Completed To Revise Existing Regulations

In addition to being beyond the Commission's statutory authority to adopt, NRG's proposal would require extensive changes to existing regulations. NRG acknowledges this undeniable point and concedes that the regulatory changes needed to accommodate its proposal require notice and comment rulemaking.[17] Indeed, changing existing regulations, no less than adopting new regulations, must satisfy the rigorous requirements of the Commonwealth Documents Law[18] and the Regulatory Review Act,[19] including review by the Independent Regulatory Review Commission ("IRRC") and standing committees of the House of Representatives and the Senate. NRG, nonetheless, is asking the Commission to fully implement its version of SCB *before* the Commission even initiates the necessary rulemakings.[20]

NRG's proposed schedule is unlawful on its face. Even if statutory authority existed for the Commission to adopt NRG's SCB proposal – and it does not – the rulemakings that are indispensable for implementing such a proposal, including IRRC and standing committee reviews, would have to be *completed* successfully *before* implementation could begin.

C. The NRG Proposal Raises Many Serious Unanswered Questions That Directly Implicate Existing Customer Safeguards

The NRG proposal also leaves unanswered multiple, serious questions about whether the major realignment in customer service functions it envisions adequately protects residential and small business customers as required by Section 2807(d) and the Commission's duties and

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[17] *See* Petition, ¶ 73 and n. 88.

[18] 45 P.S. §§ 1201-1202 (The Agency must give public notice of its intent to promulgate an administrative regulation, publish the proposed regulation and explain its purpose, state the statutory basis for its action, solicit comments and review and consider any written comments submitted.)

[19] 71 P.S. §§ 745.1 *et seq.*

[20] *See* Petition, ¶¶ 72 and 73 (Calling for "implementation of SCB in the first quarter of 2018" while contemplating that the Commission would "initiate any proposed rulemakings" on or after January 31, 2018.)

obligations under Section 1501. Significantly, NRG's Petition itself outlines a plan to use SCB to merchandise non-generation products and services. Specifically, NRG conceives a future in which, for example, it would market "home security" systems, "HVAC maintenance" and "surge protection," among other products and services, to residential and small commercial customers and include those costs in a "single and more simplified summary bill" for "combined services" that could be presented as a "flat" bill option.[21] While NRG's preferred approach would no doubt facilitate NRG's marketing of non-generation products and services, it would also diminish customers' "focus" on the price of generation, since customers would not even be able to discern that price.[22] In that regard, NRG's "innovative" approach to billing directly contravenes the Commission's existing regulations dictating the format of bills for residential and small commercial customers, which require every charge to be stated separately and identified as a charge for either "basic" or "nonbasic" service.[23] Thus, under the guise of offering customers "tools" to "better manage their energy consumption,"[24] NRG is, in effect, proposing to "re-bundle" rates – a course that the Competition Act does not allow and the Commission's regulations explicitly prohibit.

Furthermore, while NRG says it intends to adhere to Chapter 56 of the Commission's regulations and Chapter 14 of the Public Utility Code,[25] the "innovations" in billing it proposes to introduce – changes that NRG claims are necessary for customers to realize the benefits SCB allegedly offers – would make it difficult, if not impossible, to distinguish charges for "basic"

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21 Petition, ¶¶ 48-50.

22 While NRG acknowledges that it must show the price to compare ("PTC") on customers' bills, it is silent on whether it will show its generation price in a form that can be readily compared to the PTC. *See, e.g.*, Petition ¶ 49 and Appendix A, Question 6.

23 52 Pa. Code § 54.4(b). *See also* 66 Pa.C.S. § 2807(c)(1) (requiring that bills "enable customers to determine the basis" for all of their "unbundled" charges).

24 *See* Petition, ¶ 49.

25 *See, e.g.*, Petition, ¶ 37.

from "nonbasic" services. This blurring of the lines raises serious customer protection issues because the Commission does not allow termination for non-payment of charges for nonbasic service.

NRG also fails to address the lawfulness of its proposals to: (1) purchase EDCs' accounts receivables; and (2) make EDCs responsible for terminating customers' distribution service for non-payment.[26] In fact, there is no valid legal authority for either request. Under existing voluntary EDC purchase of receivables ("POR") programs, participating EGSs that elect utility consolidated billing sell their receivables to the EDC. Under those circumstances, the customer's receivable for generation service is, after the EDC's purchase, owed to the EDC – just like generation charges for default service. The EDC can, therefore, lawfully terminate service for non-payment of the purchased receivable, because the delinquent account is owed to the EDC. The process cannot lawfully be operated in reverse, as NRG erroneously assumes.

Unlike an EDC's purchase of an EGS's receivable, if the EGS purchases the EDC receivable, the customer does not owe the EDC anything. Consequently, the EDC has no basis for terminating service for non-payment. Thus, there is no legal authority for the EGS to demand that a customer's service be terminated under the process envisioned by NRG in its Petition. Simply stated, this element of NRG's proposal cannot lawfully be implemented.

III. NRG'S PROPOSAL WOULD IMPERIL EXISTING CUSTOMER SAFEGUARDS AND IS NOT NEEDED TO FOSTER A COMPETITIVE RETAIL MARKET FOR ELECTRIC GENERATION

The Commission has an important obligation to protect customers. If adopted, NRG's proposal would introduce unwarranted complexity, create multiple opportunities for errors that could seriously harm customers, and diminish real, price-based competition for generation

[26] Petition, ¶¶ 29-30.

service – i.e., the only form of competition that the Commission is authorized to monitor and safeguard. These concerns were succinctly summarized by the Connecticut Public Utilities Regulatory Authority ("PURA") in its report to the Connecticut General Assembly on the "complexities and challenges involved to effectuate supplier consolidated billing."[27] In its report, the PURA concluded that switching distribution customers' "primary point of contact" from the EDC to a generation supplier "is not practical and could add to customer confusion:"

> Currently, customers know that they are to call the EDC for outages, emergencies, and starts and stops in service. The one constant element absent dual billing is EDC billing, regardless of who the customer's Supplier is. Each month, thousands of customers switch Suppliers. It is unknown how the existing switching process would work when SCB is entered into the mix. Numerous challenges could result. For example, credit issues associated with multiple billers could result in improper credits and disconnections, as well as SCB Suppliers collecting on prior balances of another Supplier. Additionally, customer records and billing would be spread among numerous SCB entities, possibly jeopardizing customer information security. This area would need to be explored before SCB could be approved. Another area that would need to be explored is how Suppliers would administer initiatives for low-income customers such as budget billing, on-bill donations to charitable organizations (i.e., Operation Fuel), arrearage forgiveness programs and energy assistance programs.[28]

The PURA also questioned how EGSs could handle the wide range of customer service issues that EDCs must deal with every day:

> Additionally, Suppliers offering SCB would be required to address a wide range of issues impacting customers, including billing disputes and disconnections. Billing questions would likely include questions associated with the EDC's own charges on customer bills. Consequently, customer service representatives

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[27] *Connecticut Public Utility Regulatory Authority Review Of The Billing Of All Components Of Electric Service By Electric Suppliers*, Conn. PURA Docket No. 13-08-15 (Aug. 6, 2014) ("*PURA Report on SCB*"). A copy of the *PURA Report on SCB* is attached as Appendix A.

[28] *PURA Report on SCB*, p. 4

(CSR) for every Supplier opting for SCB would need to be educated on all of the non-Supplier rate components on customer bills to be effectively responsive to customer inquiries. Supplier staffing would likely need to increase as well. Currently, the EDC's CSR are fully equipped to answer all billing questions, with the exception of some Supplier service questions. The EDC CSR are also trained when to refer the customer to the Supplier to address as the Supplier issues. Under SCB however, the EDC CSR would have to pass the caller to the Supplier to answer all billing questions because the EDC would not have the customer billing information readily available as they do now. Additionally, implementation of SCB could cause customer confusion over whom to call for general inquiries, new service requests, terminating service, and low-income programs. Having Suppliers address EDC customer billing issues may not be practical.[29]

While NRG claims that it already handles customer service issues in Texas through its existing customer service infrastructure, NRG has not provided any evidence that Texas imposes requirements as rigorous, detailed or comprehensive as those set forth in Chapter 56 of the Commission's regulations and Chapter 14 of the Public Utility Code.

Other significant issues flagged by the PURA[30] include the following:

- **Timing Of Bill Payments And Its Impact On EDCs:** "Under SCB, the payment to EDCs would have an additional 30-day lag time, which could have a substantial negative impact to the EDCs' cash flow. At a minimum, this 30-day lag may necessitate the need for an increase to the EDCs' working capital requirements. Further analysis would need to be performed to determine what other impacts may result from this payment delay."[31]

- **Compromising Customer Protection By Complicating The Termination And Reconnection Processes:** "To complicate matters further, SCB could result in 50 plus Suppliers performing the consolidated billing function that is currently performed by the two EDCs. This payment delay could also negatively impact customers facing critical situations such as service termination for non-payment, a delay in service reconnection by the EDC, or the accrual of late payment charges."

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[29] *Id.*

[30] *Id.*, pp. 4-5.

[31] NRG also proposes a thirty-day lag in forwarding payment for distribution service. Petition, ¶ 28.

- **Customer Switching Between Suppliers (EGSs) Adds Complications That Would Be Difficult Or Impossible To Untangle**: "The ease by which a customer may move between Suppliers complicates this matter further. Because customers can switch between Suppliers or to/from standard offer service, SCB could impact the Supplier's ability to provide accurate and timely bills. The additional lag time for EDCs receiving payment from numerous different Suppliers is also cause for concern."

- **Just Like In Pennsylvania, The Connecticut PURA Would Require New Statutory Authority And Existing Regulations Would Have To Be Comprehensively Revised *Before* SCB Could Be Implemented**: "An additional consideration is that the Authority's regulations include numerous requirements regarding billing, customer notices, and service termination that have been implemented to protect customers. Thus, Connecticut statutes and the Authority's regulations would need to be thoroughly reviewed to determine the changes, if any, that would be made to protect customers under SCB. Finally, statutory changes would be needed if the General Assembly intends to permit SCB."

The PURA rejected arguments from SCB supporters that SCB is necessary for EGSs to developing meaningful long-term relationships with customers and "market their products and services." Instead, the PURA found and determined that the dual billing option satisfied those needs better and more efficiently.[32] Accordingly, the PURA concluded that adopting SCB "does not seem practical," noting that the reasons supporting its conclusion were "numerous:"

> *First, and foremost*, there does not appear to be real benefits to ratepayers. If the desired result is to offer ratepayers the convenience of a single electric bill, the UCB [utility consolidated bill] is the most administratively and perhaps cost efficient way to provide this benefit. *Second*, while there is interest among some Suppliers who participated in this proceeding to provide SCB, the lack of Supplier participation in this proceeding seems to infer that to many, especially smaller companies, the interest in SCB is also lacking. Requiring the EDCs to make the necessary and potentially costly changes to their respective customer information systems and other processes to accommodate SCB for a small number of interested Suppliers would not be practical. *Third*, the billing components of electric service consist of numerous charges,

[32] *Id.* at 6-7.

> the vast majority of which are for services provided or administered by the EDCs. These EDC charges are very complex with some having annual or semi-annual reconciliation mechanisms. *Fourth*, while the costs are unknown, it appears likely that enabling the EDCs to transfer the necessary billing information and for the Suppliers to obtain the necessary resources to successfully assume the billing responsibility could be costly to the EDCs and Suppliers and ultimately, to ratepayers. *Fifth*, other options exist for Suppliers to achieve the same or similar desired result. *Finally*, given the responsibilities that the EDCs have for billing aspects, such as meter installation and reading, bill inserts, and implementing rate changes, transferring the billing responsibilities to entities that have no responsibilities in these matters seems ill advised.[33]

All of the reasons Connecticut's PURA offered for rejecting SCB apply with equal force today in Pennsylvania. In short, the Commission would be fully justified in summarily rejecting NRG's Petition.

IV. NRG HAS MISCHARACTERIZED THE COMMISSION'S PRONOUNCEMENTS IN BOTH THE *END STATE FINAL ORDER* AND THE *JOINT BILL ORDER*

In an attempt to put its own "spin" on the Commission's prior decision declining to adopt SCB,[34] NRG portrays the *End State Final Order* as a ringing endorsement of SCB that made SCB a foregone conclusion but temporarily postponed its implementation.[35] The Commission's actual words tell a much different story:

> While the Commission is of the opinion that SCB might someday play a role as a billing option in the competitive market, upon review of the comments, we have to conclude that we are not prepared to move to an SCB environment at this time. We agree with many of the suppliers who point out that SCB will facilitate the offering of innovative new products and services and will also help the supplier in establishing a brand identity with the customer.

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[33] *Id.* at 7 (emphasis supplied).

[34] *Investigation of Pennsylvania's Retail Electricity Market: End State of Default Service*, Docket No. I-2011-2237952 (Final Order entered Feb. 15, 2013) ("*End State Final Order*").

[35] *See* Petition ¶¶ 7-8.

> *However, all parties appear to be in agreement that SCB could only be implemented after extensive work and expense by many entities.* We are concerned with the burden this would impose, especially given the multitude of other, more critical, changes we are mandating in the near-term. *We are also concerned that the extensive work and expense could result in a feature that will not be utilized sufficiently to justify the costs at this time.*[36]

Notably, the Commission also expressed "substantial concerns" that imposing demands on time, resources and money to move forward with SCB made little sense because of a decided lack of interest by the EGS community overall and in light of other initiatives that had taken place or were just starting:

> *We have substantial concerns that use of an SCB process may be even more unlikely now since POR programs are available.* It is unclear how many suppliers would be willing to forgo the ease and convenience of utility consolidated billing under POR, where they have no bad debt risk, to opt for an SCB model where they assume the full burden of billing, collections and bad debt. We also point out that suppliers do currently have the option of issuing a separate bill to the customer (the dual billing option) if they find utility consolidated billing not conducive to their offerings or business model.[37]

Although the Commission, in its *End State Tentative Order,*[38] considered asking its Office of Competitive Markets Oversight ("OCMO") to submit a recommendation on how to proceed with SCB, the Commission reversed course and undertook a new approach, namely, the development of a "joint" bill for use in conjunction with utility consolidated billing:

> *Therefore, the Commission will revise what we proposed in the Tentative Order – OCMO will not be submitting a recommendation to the Commission in July 2013 as to how to proceed with SCB.* Instead, we direct OCMO to explore another

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[36] *End State Final Order*, pp. 66-67 (emphasis supplied).

[37] *End State Final Order*, p. 67

[38] *Investigation of Pennsylvania's Retail Electricity Market: End State of Default Service*, Docket No. I-2011-2237952 (Tentative Order entered Nov. 8, 2012) ("*End State Tentative Order*")

> possibility, more along the lines of what PPL suggested, to seek "simple, cost-effective solutions." By the end of 2013, OCMO should submit a recommendation regarding the possibilities for making the utility consolidated bill more supplier-oriented. The current utility consolidated bill looks like the utility's bill – with supplier information often relegated to a few lines, with the supplier's name, phone number, rate and charges. This is an especially incongruent result for many customers whose supplier generation charges actually exceed the utility's distribution charges. We are interested in pursuing options to make the supplier's charges and information more prominent. This could include making the supplier information more visible, incorporating the supplier's logo, providing more space for suppliers to provide bill messages and even the opportunity to include EGS bill inserts. The expected end-result would look more like a joint EDC-EGS bill.

As promised in the *End State Final Order*, the Commission developed well-crafted criteria and required EDCs to conform to those criteria to implement "joint" bills.[39] NRG attempts to minimize the significance of the joint-bill initiative by, among other things, claiming that joint bills give greater prominence to the EDC's name and logo than to the EGS's name and logo.[40] However, that is certainly not the case for the Companies. Their joint bill format displays the name and logo of the EGS and EDC the same number of times and with equal prominence. Moreover, the Companies only began issuing joint bills for the first time in mid-2015. This initiative has not been in place long enough to develop the basis for review that the Commission envisioned when it directed OCMO to move forward with its joint bill recommendation. In short, the joint bill program has not been given a fair test, and there is no basis to declare it unsuccessful, as NRG does, absent the review and analysis the Commission anticipated when the joint bill initiative was put forth in the *End State Final Order*.

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[39] *Joint Elec. Distribution Co.-Elec. Gen. Supplier Bill*, Docket No. M-2014-2401345 (Final Order entered May 23, 2014) ("*Joint Bill Order*").

[40] Petition, ¶ 61.

V. IN ADDITION TO ITS OTHER DEFECTS, NRG'S PROPOSAL FOR RAPID IMPLEMENTATION OF SCB MAKES NO SENSE WHEN FIVE EDCS WILL NOT HAVE FULLY DEPLOYED SMART METERS UNTIL AFTER 2020

NRG has proposed an accelerated schedule which, if adopted, would require full implementation of SCB by the second quarter of 2018.[41] Apart from the fact that NRG's proposed schedule is totally unworkable, even if the legal defects in that proposal could, somehow, be resolved, the amount of work required to implement SCB in the manner NRG conceives could not be done in that little time. Indeed, the Commission recognized the considerable time and work that would be needed to move forward with SCB in the *End State Final Order*.[42]

Additionally, NRG stated that the alleged benefits of SCB could only be realized fully for those EDCs that have deployed smart meters.[43] However, five of Pennsylvania's major EDCs (the Companies and Duquesne Light Company ("Duquesne")), will not fully have smart meters and the associated advanced meter infrastructure ("AMI") deployed and operational until after 2020. Duquesne is currently scheduled to complete full deployment in 2020,[44] while the Companies will not fully deploy smart meters until 2022.[45] Given these schedules for the roll-

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41 Petition, ¶ 72.

42 *End State Final Order*, p. 66 ("SCB could only be implemented after extensive work and expense by many entities.").

43 Petition, ¶ 51 (Stating that the "choices" it hoped to provide would only become "possible with the full deployment of AMI and smart meters to all Pennsylvania customers.").

44 On August 4, 2015, Duquesne filed a petition seeking approval to revise its Smart Meter Procurement and Installation Plan to, among other things, complete deployment of smart meters to residential and commercial and industrial customers by the end of 2018 and 2019, respectively, instead of the end of 2020. While, Administrative Law Judge Katrina L. Dunderdale recommended that the Commission approve Duquesne's proposal to accelerate its smart meter deployment schedule in an Initial Decision issued on October 31, 2016 at Docket No. P-2015-2497267, Duquesne will not complete universal deployment under such accelerated schedule until after NRG's proposed implementation of SCB during the second quarter of 2018.

45 *See Joint Petition of Metropolitan Edison Co., Pennsylvania Electric Co., Pennsylvania Power Co. and West Penn Power Co.*, Docket No. M-2013-2341990 *et al.* (Opinion and Order entered June 25, 2014) (approving the Companies' revised deployment plan under which over 98% of customers would receive smart meters by mid-2019, interval data for such customers would become available by the end of 2019 and the remaining customers would receive smart meters by the end of 2022), p. 8.

out of smart meter technology, there is no reason to move forward with SCB in the first quarter of 2018 as NRG proposes. There is no evidence in the Petition that NRG even considered this point.

VI. SCB COULD WELL HAVE A SIGNIFICANT ADVERSE EFFECT ON COMPETITION IN THE RETAIL GENERATION MARKET

NRG asserts that, because it does business in Texas, it already has the customer billing, accounting and customer service infrastructure that would be needed for it to implement SCB in Pennsylvania.[46] Of course, that is not the case for a number of other EGSs that are active in the Pennsylvania market. Thus, the subtext for NRG's proposal is that SCB, if implemented in the manner and on the highly accelerated time-line NRG wants, will give NRG a significant competitive advantage *over other EGSs*. In other words, NRG believes it can leverage the alleged benefits of SCB and the head-start provided by its existing customer billing and customer service "infrastructure" to increase its market share in Pennsylvania. That leveraging would, of course, come at a cost to other EGSs that, unlike NRG, are not players in the Texas market but, instead, are focused on providing generation service at the most competitive prices to customers in Pennsylvania. However, hobbling other EGSs – or perhaps driving them from the Pennsylvania market entirely – would harm the competitive retail market in the Commonwealth and is clearly not in the best interests of Pennsylvania consumers.

VII. ANSWERS TO AVERMENTS IN THE NUMBERED PARAGRAPHS OF NRG'S PETITION

1. Denied. The Commission's Order cited by NRG speaks for itself. Accordingly, NRG's characterization of the Commission's purpose and intent in entering that Order is denied. By way of further answer, the Commission's authority to promote the Commonwealth's goals to

[46] Petition, ¶¶ 20 and 65.

enhance retail competition is limited to the authority conferred upon it by the Competition Act. For the reasons set forth in detail in Section I, *supra*, and incorporated herein by reference as if set forth at length, the Commission lacks authority to create, regulate, monitor, or oversee the competitive market for *non-generation* products and services such as those NRG proposes to bundle with offers for competitive generation service.

2. Denied. The Commission's Order cited by NRG speaks for itself. Accordingly, NRG's attempted summary and characterization of that Order are denied.

3. Denied. The Commission's Order cited by NRG speaks for itself. Accordingly, NRG's attempted summary and characterization of that Order are denied.

4. Denied. The Commission's Order cited by NRG speaks for itself. Accordingly, NRG's attempted summary and characterization of that Order are denied. It is specifically denied that the Commission has the authority to remove the "link" between the EDC and the customer and redefine the framework for customer service functions for the reasons set forth in Section II.A, *supra*.

5. Denied. The Commission's Order cited by NRG speaks for itself. Accordingly, NRG's attempted summary and characterization of that Order are denied.

6. Denied. The Commission's Order cited by NRG speaks for itself. Accordingly, NRG's attempted summary and characterization of that Order are denied. To the extent NRG claims that the EGS-customer relationship is "tenuous" absent adoption of its SCB proposal, its averments are denied for the reasons set forth in detail in Sections III and IV, above, which are incorporated herein by reference as if set forth at length.

7. Denied for the reasons set forth in Section IV, *supra*, which are incorporated herein by reference as if set forth at length. To the extent NRG is suggesting that SCB is only means for an EGS to establish brand identity with customers, its averments are denied. As the Commission explained in the *Joint Bill Order*, inclusion of the EGS logo and expanded bill messaging space on utility consolidated bills "aids the customer in developing a stronger recognition of his or her EGS."[47] Of course, EGSs are also free to issue separate bills to their customers to gain brand loyalty or market non-generation products and services consistent with their business models in the same manner that non-EGS vendors market their products and services.

8. Denied for the reasons set forth in Section IV, *supra*, which are incorporated herein by reference as if set forth at length.

9. Admitted in part, denied in part. It is admitted that the Companies and other EDCs implemented the Commission's "joint bill" initiative in June 2015. To the extent NRG suggests that this initiative has been unsuccessful in providing opportunities for EGSs and customers to strengthen their relationship, its averments are denied for the reasons set forth in Section IV, *supra*, which are incorporated herein by reference as if set forth at length. It is also denied that NRG's proposal, if implemented, would actually achieve the alleged goals identified in Paragraph No. 9.

10. Admitted in part, denied in part. It is admitted that the restructuring settlements of several EDCs, including Met-Ed and Penelec, contained "competitive billing" options such as SCB and utility consolidated billing. It is denied that the settlements cited by NRG justify its unnecessary and unauthorized proposal to change a distribution customer's primary point of

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[47] *Joint Bill Order*, pp. 5-7; *see also id.*, p. 35.

contact for billing, collections, dispute resolution and other customer service functions from the EDC to an EGS. Indeed, the SCB option in the Met-Ed and Penelec restructuring settlements was not implemented, in large part, due to lack of EGS interest. The SCB "competitive billing" option was not utilized by any EGSs for nearly a decade after Commission approval of those settlements. As a consequence, Met-Ed and Penelec replaced the "competitive billing options" in their Electric Generation Supplier Coordination Tariffs with POR programs in the context of their first default service programs as part of the settlement that was approved by the Commission's Final Order entered November 9, 2009.[48]

11. Admitted in part, denied in part. NRG's recitation of the history of the stakeholder process regarding electronic data interchange protocols for SCB in the 2010-2011 timeframe is admitted. It is denied that those prior working groups, which generated significant policy questions that remain unanswered, justify NRG's unauthorized SCB proposal.

12. Admitted in part, denied in part. It is admitted only that Pennsylvania shopping statistics have not increased substantially since 2011. To the extent NRG claims its SCB proposal is necessary to ensure that Pennsylvania retail customers are shopping "at a pace that would be expected in a well-functioning market," its averments are denied for the reasons set forth in Section III, *supra*, which are incorporated by reference herein as if set forth at length. By way of further answer, Pennsylvania shopping statistics sharply declined after customers on a variable rate plan with their EGSs (many times unknowingly) faced exorbitant electric bills arising from fluctuations in wholesale energy prices caused by historically cold weather during the winter of 2013-2014.

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[48] *Joint Petition of Metropolitan Edison Co. and Pennsylvania Elec. Co. for Approval of Their Default Service Programs*, Docket Nos. P-2009-2093053 and P-2009-2093054 (Opinion and Order approving settlement entered Nov. 6, 2009).

13. Denied. The Commission's Order cited by NRG speaks for itself. Accordingly, NRG's attempted summary and characterization of that Order are denied. By way of further answer, several of the "innovative products" offered to retail customers in Texas at the beginning of the Commission's Retail Market Investigation are now, or will be, available to Pennsylvania retail customers, including access to real-time energy consumption information, when the deployment of advanced metering infrastructure is completed.

14. Denied for the reasons set forth in the answer to Paragraph No. 12 and Section III, *supra*, which are incorporated herein by reference as if set forth at length.

15. Denied. For the reasons set forth in Sections II.C and V, *supra*, which are incorporated herein by reference as if set forth at length, it is denied that the unlawful and unrealistic schedule proposed by NRG is a "workable plan." Accordingly, even if the Commission does not – as it should – summarily reject NRG's Petition, then a proper schedule would have to be established providing for, at a minimum, successful completion of rulemakings that are indispensable for implementing NRG's SCB proposal, including IRRC and standing committee reviews, prior to implementation.

16. Denied for the reasons set forth in Section II.B, *supra*, which are incorporated herein by reference as if set forth at length herein. By way of further answer, the cases cited by NRG are inapplicable because they do not involve proposals that would require extensive changes to existing regulations. In addition, the averments of Paragraph No. 16 are inconsistent with the averments of Paragraph No. 73 and footnote 88 of the Petition, wherein NRG concedes that extensive notice and comment rulemakings must be completed to implement the NRG proposal.

17. Denied. It is specifically denied that any request for hearings in this matter would be a tactic to "delay" implementation of NRG's unlawful SCB proposal. The remaining averments in Paragraph No. 17 constitute a prayer for relief to which no response is required.

18. Admitted in part, denied in part. NRG's summary of its Petition is admitted. It is denied that the arguments raised therein provide a valid basis for the Commission to adopt NRG's SCB proposal.

19. Admitted.

20. Admitted. By way of further answer, as explained in Section VI, *supra*, the fact that NRG is a player in the Texas market, unlike many other EGSs in Pennsylvania, is strong evidence Commission should carefully consider the adverse impact SCB could have on retail competition. Additionally, as explained in Section II.A, *supra*, SCB has been expressly authorized by statute in Texas.

21. Admitted.

22. Admitted in part, denied in part. NRG's summary of its position on SCB in the Commission's Retail Market Investigation is admitted. It is denied that any of the alleged drawbacks of utility consolidated billing identified in Paragraph No. 22 provide a basis for the Commission to adopt NRG's unauthorized SCB proposal. Moreover, contrary to NRG's contention, the Companies have implemented "rate ready" and "bill ready" options to facilitate utility consolidated billing for multiple EGSs with different billing needs.

23. Denied. For the reasons set forth in Section III, *supra*, it is denied that SCB is necessary for EGSs to develop meaningful long-term relationships with customers.

24. Admitted in part, denied in part. It is admitted that NRG intends to utilize its SCB proposal, if implemented, "to improve its position in the retail market." For the reasons set forth in Sections II, III and VI, *supra*, it is denied that NRG's commitment provides a valid basis for the Commission to adopt its unsupported and unauthorized SCB proposal.

25. Denied for the reasons set forth in Sections II and III, *supra*, which are incorporated herein by reference as if set forth at length.

26. The averments of Paragraph No. 26, which outline NRG's SCB implementation plan, constitute a prayer for relief to which no answer is required. To the extent NRG asserts that its proposed implementation plan "ensures uniformity in the design and implementation of the mechanism, as well as the consumer protections, rules and protocols that would be followed," such averment is denied for the reasons set forth in Sections II.C, III and V, *supra*, which are incorporated herein by reference as if set forth at length.

27. The averments of Paragraph No. 27, which outline NRG's SCB proposal, constitute a prayer for relief to which no answer is required. By way of further answer, the analogy to the sale of lightbulbs offered by NRG in Paragraph No. 27 is inapposite. NRG's example does not involve the provision of a non-storable product essential to public health and safety that must be available instantaneously in every home and business on a continuous basis through capital intensive fixed infrastructure, subject to comprehensive regulation by the Commission, including detailed specifications for delivery, customer service, payment terms, billing, and termination of service.

28. The averments of Paragraph No. 28, which outline NRG's SCB proposal, constitute a prayer for relief to which no answer is required. Nonetheless, the Company denies the factual averments regarding the purchase of EDCs' accounts receivable embedded in NRG's

request for relief for the reasons set forth in detail in Sections II, III and IV, *supra*. Accordingly, the responses to NRG's SCB proposal set forth in Sections II, III and IV, above are incorporated herein by reference as if set forth at length.

29. The averments of Paragraph No. 29, which outline NRG's SCB proposal, constitute a prayer for relief to which no answer is required. Nonetheless, the Company denies the factual averments regarding termination of service for non-payment embedded in NRG's request for relief for the reasons set forth in detail in Sections II, III and IV, *supra*. Accordingly, the responses to NRG's SCB proposal set forth in Sections II, III and IV, above, are incorporated herein by reference as if set forth at length.

30. The averments of Paragraph No. 30, which outline NRG's SCB proposal, constitute a prayer for relief to which no answer is required. Nonetheless, the Company denies the factual averments regarding termination of service for non-payment embedded in NRG's request for relief for the reasons set forth in detail in Sections II, III and IV, *supra*. Accordingly, the responses to NRG's SCB proposal set forth in Sections II, III and IV, above, are incorporated herein by reference as if set forth at length.

31. The averments of Paragraph No. 31, which outline NRG's SCB proposal, constitute a prayer for relief to which no answer is required. Nonetheless, the Company denies the factual averments regarding termination of service for non-payment embedded in NRG's request for relief for the reasons set forth in detail in Sections II, III and IV, *supra*. Accordingly, the responses to NRG's SCB proposal set forth in Sections II, III and IV, above, are incorporated herein by reference as if set forth at length.

32. The averments of Paragraph No. 32, which outline NRG's SCB proposal, constitute a prayer for relief to which no answer is required. Nonetheless, the Company denies

the factual averments regarding termination of service for non-payment embedded in NRG's request for relief for the reasons set forth in detail in Sections II, III and IV, *supra*. Accordingly, the responses to NRG's SCB proposal set forth in Sections II, III and IV, above, are incorporated herein by reference as if set forth at length.

33. The averments of Paragraph No. 33, which outline NRG's SCB proposal, constitute a prayer for relief to which no answer is required. By way of further answer, under NRG's proposal, if adopted, an EDC would depend on a single EGS to pay all of the EDC's charges reflected on the bills of multiple customers that elect SCB. This dependency creates a material, additional credit risk because the EDC would be exposed to nonpayment or late payment by the EGS of the total of individual customers' charges that the EGS bills and collects. The collateral security currently required from EGSs under the Commission's regulations does not consider, and is not adequate to properly secure, this additional risk that EDCs would be required to bear under NRG's proposal. Consequently, an additional collateral requirement would be needed to cover the risk of nonpayment or late payment of the EDC's charges billed and collected by an EGS that employs SCB. Collateral requirements needed to cover such additional risk exposure could be up to two months' worth of SCB customers' distribution billings plus 50%.

34. The averments of Paragraph No. 34, which outline NRG's SCB proposal, constitute a prayer for relief to which no answer is required. Nonetheless, the Company denies the factual averments regarding financial requirements for EGSs offering SCB embedded in NRG's request for relief for the reasons set forth in detail in Sections II, III and IV, *supra*. Accordingly, the responses to NRG's SCB proposal set forth in Sections II, III and IV, above, are incorporated herein by reference as if set forth at length.

35. The averments of Paragraph No. 35, which outline NRG's SCB proposal, constitute a prayer for relief to which no answer is required. Nonetheless, the Company denies the factual averments regarding fees for SCB embedded in NRG's request for relief for the reasons set forth in detail in Sections II, III and IV, *supra*. Accordingly, the responses to NRG's SCB proposal set forth in Sections II, III and IV, above, are incorporated herein by reference as if set forth at length.

36. The averments of Paragraph No. 36, which outline NRG's SCB proposal, constitute a prayer for relief to which no answer is required. Nonetheless, the Company denies the factual averments regarding unresolved SCB policy questions embedded in NRG's request for relief for the reasons set forth in detail in Sections II, III and IV, *supra*, and the Comments. Accordingly, the responses to NRG's SCB proposal set forth in Sections II, III and IV, above, and in the Comments are incorporated herein by reference as if set forth at length.

37. The averments of Paragraph No. 37 constitute a prayer for relief to which no answer is required. Nonetheless, the Company denies the factual averments regarding the administration and operation of SCB embedded in NRG's request for relief for the reasons set forth in detail in Sections II, III, IV and V, *supra*, and the Comments. Accordingly, the responses to NRG's SCB proposal set forth in Sections II, III, IV and V, above, and in the Comments are incorporated herein by reference as if set forth at length.

38. Denied. NRG's reliance on Sections 501, 2804(3) and 2807(c) of the Public Utility Code is misplaced. None of those provisions furnishes any authority for the Commission to adopt NRG's SCB proposal. NRG's proposal cannot be implemented consistent with existing provisions of the Public Utility Code, including Section 2807(d) and Chapter 14.

39. Admitted in part and denied. It is admitted that the Commission issued the *End State Tentative Order*. NRG's characterization of the *End State Tentative Order* is denied because the Commission, in the *End State Final Order*, substantially revised the *End State Tentative Order*, as explained in Section IV, *supra*, which is incorporated herein by reference as if set forth at length.

40. Denied. It is denied that that there is a "legal foundation" for SCB as it is proposed by NRG for the reasons set forth in Section II.A, *supra*, which are incorporated herein by reference as if set forth at length. Additionally, NRG does not address at all whether the 1998 restructuring settlements that it cites as alleged authority for SCB provided for all of the changes – particularly changes in customer service functions and the conditions precedent and procedures for termination of service for non-payment – that NRG claims are essential to implementing its proposal. Additionally, the fact that no incremental costs were "identified" in connection with the SCB provisions of the 1998 restructuring settlements does not mean that those costs did not exist or that EDCs should be prohibited from recovering the costs they undoubtedly would incur to implement SCB now that the rate caps imposed by Section 2804(4) and the restructuring settlements themselves have expired.

41. Denied. It is denied that either the prior Orders, Secretarial letter or miscellaneous alleged actions of the Commission cited by NRG confer authority to adopt the NRG proposal when key elements of that proposal directly contravene the Public Utility Code and existing regulations, as explained in Sections II.A and B, *supra*, which are incorporated herein by reference as if set forth at length. Moreover, NRG has failed to address whether the limited implementation of a form of SCB it alleges took place in the past mirrored the comprehensive reshaping of customer service functions – including EDC terminations of service

for delinquent accounts owed to an entity other than a EDC – that NRG is proposing in its Petition. Accordingly, there is no indication that the examples cited by NRG, even if they conform to NRG's characterization, parallel NRG's proposal.

42. Denied. The averments of Paragraph No. 42 of the Petition attempt to summarize and characterize various documents, including prior Orders of the Commission, that speak for themselves. To the extent the averments of Paragraph No. 42 are offered as alleged authority for the Commission to adopt NRG's proposal, those averments are denied for the reasons set forth in Sections II.A,B., and IV, *supra*, which are incorporated herein by reference as if set forth at length.

43. Denied. NRG misstates and mischaracterizes the *End State Final Order*, as explained in Section IV, *supra*, which is incorporated herein by reference as if set forth at length. Additionally, it is denied that legal authority exists to implement the NRG proposal for the reasons set forth in Sections II.A and B, *supra*, which are incorporated herein by reference as if set forth at length.

44. Denied. The Companies lack facts or information sufficient to affirm or deny the accuracy of the factual averments set forth in Paragraph No. 44 and, therefore, those averments are denied and proof thereof, if relevant, is demanded at any hearing held in connection with the Petition. Additionally, NRG's characterization of the *End State Final Order* is erroneous and, therefore, is denied, for the reasons set forth in Section IV, *supra*, which are incorporated herein by reference as if set forth at length.

45. Denied. Paragraph No. 45 contains numerous averments of fact that purport to be based on a study that has not been provided, is not in evidence, is not supported by the testimony of any witness with personal knowledge whose views could be tested by cross-examination.

Accordingly, the averments of Paragraph No. 45 are denied and proof thereof, if relevant, is demanded at any hearing held in connection with the Petition. In addition, Paragraph No. 45 includes exactly the kind of factual assertions that must be tested in an evidentiary hearing, notwithstanding NRG's erroneous contentions to the contrary in Paragraph Nos. 16 and 17 of the Petition.

46. Denied. The Companies lack facts or information sufficient to affirm or deny the accuracy of the factual averments set forth in Paragraph No. 46 and, therefore, those averments are denied and proof thereof, if relevant, is demanded at any hearing held in connection with the Petition. In further answer, competition for the sale and purchase of retail generation service based on "price" is the guiding principle underlying the Competition Act. NRG is proposing a departure from the design, intent and express statutory mandates of the Competition Act that should be rejected for that reason alone, as explained in detail in Section I, *supra*, which is incorporated herein by reference as if set forth at length.

47. Denied. The averments of Paragraph No. 47 are denied for the reasons set forth in the answer to Paragraph No. 45, *supra*, which are incorporated herein by reference as if set forth at length.

48. Denied. The Companies lack facts or information sufficient to affirm or deny the accuracy of the factual averments set forth in Paragraph No. 48 and, therefore, those averments are denied and proof thereof, if relevant, is demanded at any hearing held in connection with the Petition. In further answer, the allegedly "unique products and services tailored to meet individual needs" that are premised on the availability of "customer usage and usage patterns" would require the availability of smart meter technology. As explained in Section V, *supra*, which is incorporated herein by reference as if set forth at length, full deployment of smart

meters for the Companies will not be completed until 2021. Additionally, NRG has not addressed whether the "single and more simplified bill for . . . combined services" that it proposes to employ would comply with the requirements of Section 2807(c)(1) of the Public Utility Code and the bill format provisions of Section 54.4 of the Commission's regulations. Based on the information provided by NRG, including its plan to institute a "flat bill" option for all EDC and EGS charges if its Petition were approved,[49] NRG is proposing billing methods and formats that are not permitted under the Public Utility Code and the Commission's regulations.

49. Denied. Paragraph No. 49 contains numerous averments of fact concerning the terms and conditions of "mobile phone plans" and billing methods allegedly employed in Texas where, NRG avers, such billing methods are "growing in popularity." The facts underlying these averments are not in evidence and are not supported by the testimony of any witness with personal knowledge whose views could be tested by cross-examination. Accordingly, the averments of Paragraph No. 49 are denied and proof thereof, if relevant, is demanded at any hearing held in connection with the Petition. In addition, Paragraph No. 49 includes exactly the kind of factual assertions that must be tested in an evidentiary hearing, notwithstanding NRG's erroneous contentions to the contrary in Paragraph Nos. 16 and 17 of the Petition.

50. Denied. Paragraph No. 50 contains averments of fact concerning the nature and terms of "flat bill plans" allegedly being offered in Texas that purportedly allow customers "complete control of their energy bill." It also contains averments about the number customers allegedly choosing this option in Texas. NRG has not provided sample bills to illustrate the so-called "flat bill" option and compare it to the Commission's bill format requirements as set forth in Section 54.4 of the Commission's regulations. Moreover, the facts underlying NRG's

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[49] *See* Petition, ¶ 50.

averments are not in evidence and are not supported by the testimony of any witness with personal knowledge whose views could be tested by cross-examination. Accordingly, the averments of Paragraph No. 50 are denied and proof thereof, if relevant, is demanded at any hearing held in connection with the Petition. Paragraph No. 50 includes exactly the kind of factual assertions that must be tested in an evidentiary hearing, notwithstanding NRG's erroneous contentions to the contrary in Paragraph Nos. 16 and 17 of the Petition. In further answer, NRG has not addressed whether the "flat bill plans" it anticipates offering would comply with the requirements of Section 2807(c)(1) of the Public Utility Code and the bill format provisions of Section 54.4 of the Commission's regulations. Based on the information provided in the Petition, NRG is proposing a billing method and a bill format that are not permitted under the Public Utility Code and the Commission's regulations.

51. Denied. The Companies lack facts or information sufficient to affirm or deny the accuracy of the factual averments set forth in Paragraph No. 51 and, therefore, those averments are denied and proof thereof, if relevant, is demanded at any hearing held in connection with the Petition. In further answer, contrary to the tacit assumptions underlying the averments of Paragraph No. 51, smart meters have not been deployed for most of the Companies' customers, and full deployment will not occur until 2012, as explained in Section V, *supra*, which is incorporated herein by reference as if set forth at length.

52. Denied. Paragraph No. 52 contains averments of fact concerning customers' attitudes, their bases for making decisions about electric generation suppliers, their ability to "understand the competitive market," and ways that "more information" might allegedly change their behavior. The facts underlying NRG's averments are not in evidence and are not supported by the testimony of any witness with personal knowledge whose views could be tested by cross-

examination. Accordingly, the averments of Paragraph No. 52 are denied and proof thereof, if relevant, is demanded at any hearing held in connection with the Petition. Paragraph No. 52 includes exactly the kind of factual assertions that must be tested in an evidentiary hearing, notwithstanding NRG's erroneous contentions to the contrary in Paragraph Nos. 16 and 17 of the Petition.

53. Denied. Paragraph No. 53 contains averments of fact concerning the way customers "choose products and services," marketing methods that allegedly "differentiate" vendors' offers, and the purported limitations EGSs currently face in marketing generation and non-generation products and services. The facts underlying NRG's averments are not in evidence and are not supported by the testimony of any witness with personal knowledge whose views could be tested by cross-examination. Accordingly, the averments of Paragraph No. 53 are denied and proof thereof, if relevant, is demanded at any hearing held in connection with the Petition. Paragraph No. 53 includes exactly the kind of factual assertions that must be tested in an evidentiary hearing, notwithstanding NRG's erroneous contentions to the contrary in Paragraph Nos. 16 and 17 of the Petition.

54. Admitted in part and denied in part. Paragraph No. 54 contains a recitation of certain elements of NRG's proposal, which are admitted. Paragraph No. 54 also contains averments of alleged benefits associated with its proposal. The Companies lack facts or information sufficient to affirm or deny the accuracy of the factual averments set forth in Paragraph No. 54 regarding such benefits and, therefore, those averments are denied and proof thereof, if relevant, is demanded at any hearing held in connection with the Petition. In further answer, delegating EGSs to "handle a growing number of billing inquiries" is not authorized under the Public Utility Code or the Commission's regulations, for the reasons set forth in

Sections II.A and B., *supra*, which are incorporated herein by reference as if set forth at length, and would deprive customers of significant customer safeguards they currently enjoy, for the reasons set forth in Sections II.C and III, *supra*, which are incorporated herein by reference as if set forth at length.

55. Admitted. It is admitted that neither the Public Utility Code nor the regulations of the Commission authorize EGSs to tie the purchase of electric generation to the sale of non-generation products and services or to require EDCs to purchase accounts receivable created by EGSs' sale of non-generation products and services, such as "home security" systems or "HVAC services." In further answer, EGSs can market their non-generation products and service in the same manner as non-EGS vendors market their non-generation products and service.

56. Denied. NRG has not explained why its SCB proposal must be implemented in order for EGSs or EDCs to offer pre-paid plans to customers. Moreover, as NRG also acknowledges, pre-paid plans require smart meters and smart meter infrastructure. As explained in Section V, *supra*, which is incorporated herein as if set forth at length, smart meters will not be fully deployed throughout the Companies' service territories until 2021.

57. Denied. Paragraph No. 57 contains averments concerning the terms of "flat bill plans," the level of alleged "control" such plans offer customers, the extent to which such plans are currently available in the Pennsylvania retail market, and the extent to which such plans might be expanded if NRG's SCB proposal were adopted. The facts underlying NRG's averments are not in evidence and are not supported by the testimony of any witness with personal knowledge whose views could be tested by cross-examination. Accordingly, the averments of Paragraph No. 57 are denied and proof thereof, if relevant, is demanded at any hearing held in connection with the Petition. Paragraph No. 57 includes exactly the kind of

factual assertions that must be tested in an evidentiary hearing, notwithstanding NRG's erroneous contentions to the contrary in Paragraph Nos. 16 and 17 of the Petition.

58. Denied. EDCs offer both bill-ready and rate-ready options, and their billing systems can accommodate a wide range of billing alternatives. In addition, EGSs are free to employ dual billing (i.e., issue separate EGS bills) to "accommodate the changing needs" they may perceive. NRG has not provided any reasons why the comprehensive, fundamental changes in billing and customer service functions its proposal would entail are necessary to achieve an outcome that is already available under the dual billing option.

59. Denied. It is denied that the joint bill initiative, which has been in place only for approximately eighteen months, has "fallen short of the Commission's expectation." The joint bill initiative has not been in place long enough, nor has the Commission conducted a review of its operation, to pass judgment on whether it is meeting the Commission's "expectation" – a judgment only the Commission can make, not NRG. The averment that an EGS's "logo" is not "in color" ignores the fact that none of the Companies' bills depict any logo – including their own – "in color." NRG's averments concerning electronic bills are also erroneous – the Companies' electronic bills are an exact duplicate of their paper bills and, therefore, contain the EGS's information, name and logo.

60. Denied. Under the Joint Bill Order, EGSs have up to four lines of messaging and, contrary to NRG's averments, the messaging can be customized by customer.

61. Denied. The Companies' joint bill complies with the criteria of the Commission's *Joint Bill Order* and, contrary to NRG's averments, does, in fact, appear as a true "joint" bill. The Companies' actual bill (i.e., not including the pay stub) shows the EDC's logo once and its name four times and also shows the EGS's logo once and its name four times.

62. Denied. The Companies lack facts or information sufficient to affirm or deny the accuracy of the factual averments set forth in Paragraph No. 62 and, therefore, those averments are denied and proof thereof, if relevant, is demanded at any hearing held in connection with the Petition. In further answer, dual billing is available to EGSs, and they are also free to employ the same marketing channels for non-generation products and services that are employed by non-EGS vendors of those products and services.

63. Admitted. In the *End State Final Order*, the Commission itself found and determined that the cost and complexity of implementing SCB militated against its implementation in Pennsylvania, stating: "However, all parties appear to be in agreement that SCB could only be implemented after extensive work and expense by many entities."[50] As a consequence, the Commission countermanded its recommendation in the *End State Tentative Order*, stating: "Therefore, the Commission will revise what we proposed in the Tentative Order – OCMO will not be submitting a recommendation to the Commission in July 2013 as to how to proceed with SCB. Instead, we direct OCMO to explore another possibility more along the lines of what PPL suggested, to seek 'simple, cost-effective solutions.'"[51] *See* Section IV, *supra*, which is incorporated herein by reference as if set forth at length.

64. Admitted in part and denied in part. It is admitted that "EDEWG" has looked into the many issues that would have to be resolved to implement SCB. However, it is denied that EDEWG's "proposal" is sufficient to provide any foundation – let alone a "solid foundation" – for "moving forward" with SCB. The work done by EDEWG to date leaves many unanswered questions concerning whether and, if so, how SCB could be implemented. The alleged answers

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50 *End State Final Order*, pp. 66-67

51 *Id.* at 67-68.

provided by NRG in Appendix A to the Petition are either not feasible or, themselves, raise additional, unresolved issues. Moreover, none of the work done by EDEWG to date addressed the kind of comprehensive revision to customer service functions – including EGS purchases of EDC receivables and EDC termination of service for non-payment of EGS-owned accounts – that are embodied in the NRG proposal.

65. Denied. Paragraph No. 65 contains factual averments concerning "EDI protocols" allegedly "developed in Texas for SCB," the "process flow" for how SCB purportedly operates in Texas, and a list of what NRG asserts are the "EDI transactions that are currently in use in Texas." The facts underlying NRG's averments are not in evidence and are not supported by the testimony of any witness with personal knowledge whose views could be tested by cross-examination. Accordingly, the averments of Paragraph No. 65 are denied and proof thereof, if relevant, is demanded at any hearing held in connection with the Petition. Paragraph No. 65 includes exactly the kind of factual assertions that must be tested in an evidentiary hearing, notwithstanding NRG's erroneous contentions to the contrary in Paragraph Nos. 16 and 17 of the Petition. In further answer, the "process flow" chart provided as Appendix C by NRG shows that the Electric Reliability Council of Texas ("ERCOT") functions as a critical intermediary in transferring "monthly usage" data between the "Transmission and Distribution Service Provider" and the "Competitive Retailer." NRG has not explained how that function would, if at all, be performed if the Texas model were to be implemented in Pennsylvania and, specifically, whether NRG has obtained the commitment of the PJM Interconnection, L.L.C. ("PJM") to perform the same function in Pennsylvania that ERCOT does in Texas.

66. Admitted in part and denied in part. It is admitted that EDEWG developed a list of significant, unanswered policy questions relating to the implementation of SCB, that EDEWG

asked the Commission to resolve those questions before SCB received any further consideration, and that, to date, those questions have not been answered. It is also admitted that NRG has attempted to provide its unilateral responses to the EDEWG policy questions in Appendix A to the Petition. It is denied that NRG's proposed answers resolve the serious issues raised by EDEWG. In virtually every instance, NRG's answers propose an approach that is not feasible, is contrary to fact, or that raises a number of other unresolved issues. The Companies are addressing the errors and omissions in NRG's Appendix A in their Comments, which are being filed contemporaneously with this Answer.

67. Denied. The material averments of Paragraph No. 67 are denied for the reasons set forth in the Companies' answer to Paragraph No. 40 of the Petition, *supra*, which are incorporated herein by reference as if set forth at length. It is also denied that that the 1998 restructuring settlements constituted a lawful endorsement of SCB for the reasons set forth in Section II.A, *supra*, which are incorporated herein by reference as if set forth at length. In further answer, EDCs are entitled to full and current recovery of all costs they would prudently incur to implement SCB.

68. Denied. It is denied that the Commission was raising mere "red herrings" when it found and determined in the *End State Final Order* that the implementation of SCB would require "extensive work and expense by many entities."[52] Indeed, not only the Commission, but utility regulatory authorities in other states, including the Connecticut PURA, have identified substantial "technical and policy issues" with the adoption of SCB, as explained in Section III, *supra*, which is incorporated herein by reference as if set forth at length. It is also denied that SCB was "started" in 1998 or that the General Assembly envisioned SCB as essential to the

[52] *End State Final Order*, pp. 66-67.

development of competitive retail generation markets in Pennsylvania. To the contrary, the Competition Act did not envision SCB[53] and neither the Competition Act nor Chapter 14 of the Public Utility Code authorize the fundamental reordering of customer service functions that NRG's proposal entails, as explained in Section II.A, *supra*, which is incorporated herein by reference as if set forth at length.

69. Denied. It is denied that "all issues that must be decided to move forward with SCB are legal or policy in nature" and "no issues of material fact warrant . . . evidentiary hearings." As demonstrated previously by the Companies' answers to earlier paragraphs of the Petition, NRG has premised its request for relief on numerous factual averments for which there is no evidentiary support. Such averments are not "substantial evidence." Substantial evidence should be presented in the testimony of a witness that is available for cross-examination, and other parties must be afforded a reasonable opportunity to present countervailing testimony and other evidence. Additionally, apart from the fact that NRG's proposal would contravene the Public Utility Code, implementing that proposal would require – in addition to statutory amendments – extensive notice and comment rulemakings to revise existing regulations that do not permit most of the actions contemplated by NRG's proposal.

70. Admitted. In fact, the Commission published the notice requested by NRG.

71. The averments of Paragraph No. 71 constitute a prayer for relief to which no answer is required. However, the timeline for SCB implementation offered by NRG is totally unrealistic and fails to provide a reasonable opportunity to explore the numerous issues that NRG's Petition raises and to develop a complete evidentiary record. Sections I-VI and the

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[53] *See* Section 2807(c), which identifies only utility consolidated billing and dual billing as options. Indeed, there is no explicit or implicit reference to SCB anywhere in the Competition Act.

Companies' answers to the specific averments of the Petition clearly demonstrate that NRG's Petition should be summarily rejected. However, if the Commission were inclined to give any further consideration to the Petition, the procedural mechanism proposed by NRG is grossly deficient for that purpose.

72. The averments of Paragraph No. 72 constitute a prayer for relief to which no answer is required. However, it is to be noted that NRG acknowledges that the Commission's regulations must be revised if its SCB proposal were to be implemented: "[T]he Order should direct OCMO to initiate a SCB Stakeholder Work Group to: . . . (3) review and identify Commission regulations that may be impacted by the implementation of SCB." In that regard, in footnote 88, NRG concedes that the Commission's regulations cannot be amended without notice and comment rulemaking. As explained in Section II.B, *supra*, which is incorporated herein by reference as if set forth at length, such rulemakings must comply with the requirements of the Commonwealth Documents Law and the Regulatory Review Act, including review and approval by the IRRC and standing committees of the House and Senate. Such rulemakings would have to be completed before NRG's proposal could be implemented, and the schedule proposed by NRG would simply not accommodate such rulemakings.

73. The averments of Paragraph No. 73 constitute a prayer for relief to which no answer is required. In further answer, NRG asserts that the rulemakings needed to amend the regulations that currently prohibit implementing its proposal would not even be initiated before January 31, 2018, while, at the same time, NRG proposes full implementation of its proposal in the second quarter of 2018. NRG's proposed schedule is unworkable and, in fact, calls for the Commission to act unlawfully.

74. The averment of Paragraph No. 74 constitutes a prayer for relief to which no answer is required.

75. The averment of Paragraph No. 75 constitutes a prayer for relief to which no answer is required. In further answer, full implementation by the "second quarter of 2018" is not possible and would not be lawful, for the reasons set forth in the answer to Paragraph Nos. 72 and 73, *supra*, which are incorporated herein by reference as if set forth at length.

Section III of the Petition, captioned "Conclusion," constitutes a prayer for relief to which a response is not required.

WHEREFORE, for the foregoing reasons, NRG's Petition for Implementation of Electric Generation Supplier Consolidated Billing should be denied.

Respectfully Submitted

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Dated: January 23, 2017

APPENDIX A

Connecticut Public Utility Regulatory Authority
Review Of The Billing Of All Components Of Electric Service By Electric Suppliers,
Conn. PURA Docket No. 13-08-15 (Aug. 6, 2014)

STATE OF CONNECTICUT

PUBLIC UTILITIES REGULATORY AUTHORITY
TEN FRANKLIN SQUARE
NEW BRITAIN, CT 06051

DOCKET NO. 13-08-15 PURA REVIEW OF THE BILLING OF ALL COMPONENTS OF ELECTRIC SERVICE BY ELECTRIC SUPPLIERS

August 6, 2014

By the following Commissioners:

John W. Betkoski, III
Arthur H. House
Michael A. Caron

Lead Staff: C. Wood
Legal Advisor: R. Luysterborghs

DECISION

DECISION

I. SUMMARY

The purpose of this review is to report to the General Assembly the costs and benefits associated with allowing the licensed electric suppliers to bill for all of the electric rate components on the electric bill. Unfortunately, the Public Utilities Regulatory Authority was unable to obtain any cost information on this issue from the electric distribution companies and the electric suppliers who participated in this proceeding. To determine the costs and benefits of supplier consolidated billing, a study would need to be conducted to identify the necessary changes and associated costs to the customer information systems and other processes of the electric distribution companies and electric suppliers. Such a study has not been conducted by these participants. Consequently, no cost information is available.

Absent the cost information, the Public Utilities Regulatory Authority provides to the General Assembly in this report a sense of some of the complexities and challenges involved to effectuate supplier consolidated billing. It discusses some of the necessary changes to the customer information systems and other processes of the electric distribution companies and electric suppliers to effectuate supplier consolidated billing. It also offers options to supplier consolidated billing that may provide the same or similar results that electric suppliers contended would be achieved by supplier consolidated billing. It is not clear what benefits, if any, would result from supplier consolidated billing or who would be the benefactor(s), as there appears to be disagreement on this issue.

This report does not approve or deny suppliers' billing of all electric rate components on the electric bill. Rather, it recommends that further analysis is warranted regarding the feasibility, cost effectiveness and overall desirability of the supplier consolidated billing option.

II. BACKGROUND

Pursuant to Section 16-245d of the General Statutes of Connecticut (Conn. Gen. Stat.) as amended by Section 10 of Public Act 13-119, An Act Concerning the Public Utilities Regulatory Authority, Whistleblower Protection, the Purchased Gas Adjustment Clause, Electric Supplier Disclosure Requirements, and Minor and Technical Changes to the Utility Statutes (Act), the Public Utilities Regulatory Authority (Authority or PURA) is required, on or before October 1, 2013, to conduct a review of the costs and benefits of electric suppliers' billing for all components of electric service, and report to the General Assembly the results of such a review (Report). The Authority conducted its review based on the information submitted in this proceeding and hereby submits this Report to the General Assembly.

III. PARTICIPANTS TO THE PROCEEDING

The Authority recognized the following as Participants to this proceeding: The Connecticut Light and Power Company (CL&P); The United Illuminating Company (UI);

the Office of Consumer Counsel (OCC); the Department of Energy and Environmental Protection; all electric suppliers licensed in the State of Connecticut (Suppliers); and trade associations. All Participants are listed in the attached service list.

IV. CONDUCT OF THE PROCEEDING

By Notice of Request for Written Comments dated October 15, 2013, the Authority sought comments from the Participants, including more than 50 electric Suppliers. Written comments were received by the following: The Connecticut Light and Power Company (CL&P); The United Illuminating Company (UI); Direct Energy Services, LLC (Direct); National Energy Marketers Association (NEMA); Retail Energy Supply Association (RESA); Starion Energy, Inc. (Starion); and North American Power and Gas, LLC (NAPG). Subsequently, the Office of Consumer Counsel (OCC) submitted its own analysis (OCC Analysis). Additionally, the Authority issued 58 interrogatories to the various Participants to which HOP Energy, LLC (HOP), energy-me midwest llc (energy-me) and Sunwave Gas & Power Connecticut Inc. (Sunwave) responded. In total, only 11 Participants, of which seven are Suppliers, and two are trade associations chose to respond to some or all of the Authority's inquiries.

V. AUTHORITY REVIEW

A. CURRENT ELECTRIC SERVICE BILLING PRACTICES

Under current statutes, electric distribution company (EDC) customers receiving Supplier service have available to them two billing options: (1) utility consolidated billing (UCB) where the EDC bills for all components of the bill including the generation component; and (2) dual billing, whereby the Supplier directly bills for the generation component and the EDC bills for transmission and distribution service components as well as billing components for legislatively mandated programs. The Act requires that the Authority conduct a review of the costs and benefits of having a third billing option for EDC customers. This option is the Supplier consolidated billing (SCB) option which would allow Suppliers to bill for all components of electric service. EDCs are responsible in part for, bill printing and document retention, meter issues, bill inserts and messages, as well as statutory and regulatory mandates prior to issuing bills to customers.

CL&P currently performs all of the billing for the distribution services to its 1.2 million customers in Connecticut. It also provides UCB for 96% of its customers that purchase generation service from Suppliers. Written Comments dated November 14, 2013, p. 2.

UI currently has 49 active Suppliers in its service territory and CL&P has 57. The annual number of UCBs issued by UI in 2013 was 1,906,311. The number of UCBs issued by CL&P as of March 3, 2014, was 480,630. Responses to Interrogatories RA-1 and RA-18. Each UCB contains the name, address and contact information of the EDC and the Supplier. The utility name and the applicable delivery charges are listed separately from the name of the Supplier and its generation service charge. The typical residential UCB currently contains a total of seven billing components; six EDC billing components for distribution and transmission services and public benefits charges and

one Supplier charge for generation service. The EDCs do not bill Suppliers for their services that include meter reading, bill production, postage, and customer service. Responses to Interrogatory RA-4. Consequently, all EDC customers pay for these services through their delivery rates.

B. CHALLENGES AND BENEFITS OF SUPPLIER CONSOLIDATED BILLING

Of the 11 active Participants in this proceeding, the two EDCs (UI and CL&P); the OCC; and Starion do not support SCB. UI and CL&P Written Comments dated November 14, 2013; OCC Analysis dated April 1, 2013; Starion Written Comments dated October 29, 2013. HOP has not yet considered using SCB and energy-me stated that it does not make sense to implement SCB in Connecticut based on its own experiences in other jurisdictions and the operating environment in Connecticut. HOP Response to Interrogatory CS-5; energy-me Response to Interrogatory CS-10. Direct, RESA, NAPG; Sunwave and NEMA, support SCB. Direct and RESA Written Comments dated November 14, 2013; NAPG Written Comments dated October 31, 2013; Sunwave Response to Interrogatory CS-10; NEMA Written Comments dated November 13, 2013. NEMA and RESA are retail supplier trade associations that each represented other Suppliers. Currently, only three Suppliers that participated in this proceeding each provide SCB in one jurisdiction; Energy-me in Illinois; NAPG in Georgia through the Atlanta Gas Light; and Direct in Texas. Responses to Interrogatory CS-1.

1. Challenges of Instituting SCB

None of the participants to this proceeding were able to provide the estimated costs to implement SCB. This is because a thorough review and study would need to be conducted to determine what this undertaking would entail. While no specific cost information was provided, it is expected that substantial and costly changes would be required to build and integrate the customer information systems to implement SCB. Additionally, the operating costs would likely increase for the EDCs and the Suppliers who choose to provide SCB. The EDC customer information system is very complex. The Electronic Data Interchange (EDI) system, which is used to exchange information between the EDC and Supplier, is not currently conducive to the SCB model. The EDI would need a significant redesign to provide Suppliers with several types of meter data and billing determinants in a timely and accurate manner for the Supplier to calculate the bills. EDCs would be required to transmit a significant quantity of complex data to the participating Suppliers, the content of which would be very different than what it is currently. The data transfer today is limited to dollars billed, kilowatt and kilowatt hour usage and customer and Supplier identity information. Information transmitted under SCB would include information for things like budget billing, account coding (e.g., winter moratorium non-shut off), credit, payments, etc. Additionally, EDCs would have to coordinate all distribution and transmission rate changes with each Supplier on a strict schedule, which can increase the likelihood of billing errors.

Other potentially costly changes would be to the Suppliers who choose to offer SCB. The ability of and the costs associated with providing SCB could vary by Supplier depending on whether the Supplier provides this service in other jurisdictions, type of infrastructure, and necessary program changes for Suppliers who do not provide this

option. Such changes may involve the restructuring of their billing and customer service systems to handle the complexity of the large volume and variety of rates and rate structures currently offered by the EDCs. Rather than make these potentially costly changes to their billing systems, Suppliers may utilize a third-party service for billing.

The primary point of contact for customers receiving their generation from a Supplier would switch from the EDC to the Supplier as a result of SCB. This is not practical and could add to customer confusion. Currently, customers know that they are to call the EDC for outages, emergencies, and starts and stops in service. The one constant element absent dual billing is EDC billing, regardless of who the customer's Supplier is. Each month, thousands of customers switch Suppliers. It is unknown how the existing switching process would work when SCB is entered into the mix. Numerous challenges could result. For example, credit issues associated with multiple billers could result in improper credits and disconnections, as well as SCB Suppliers collecting on prior balances of another Supplier. Additionally, customer records and billing would be spread among numerous SCB entities, possibly jeopardizing customer information security. This area would need to be explored before SCB could be approved. Another area that would need to be explored is how Suppliers would administer initiatives for low-income customers such as budget billing, on-bill donations to charitable organizations (i.e., Operation Fuel), arrearage forgiveness programs and energy assistance programs.

Additionally, Suppliers offering SCB would be required to address a wide range of issues impacting customers, including billing disputes and disconnections. Billing questions would likely include questions associated with the EDC's own charges on customer bills. Consequently, customer service representatives (CSR) for every Supplier opting for SCB would need to be educated on all of the non-Supplier rate components on customer bills to be effectively responsive to customer inquiries. Supplier staffing would likely need to increase as well. Currently, the EDC's CSR are fully equipped to answer all billing questions, with the exception of some Supplier service questions. The EDC CSR are also trained when to refer the customer to the Supplier to address as the Supplier issues. Under SCB however, the EDC CSR would have to pass the caller to the Supplier to answer all billing questions because the EDC would not have the customer billing information readily available as they do now. Additionally, implementation of SCB could cause customer confusion over whom to call for general inquiries, new service requests, terminating service, and low-income programs. Having Suppliers address EDC customer billing issues may not be practical.

Another challenge regarding SCB is the timing of bill payments to the EDC. Under SCB, the payment to EDCs would have an additional 30-day lag time, which could have a substantial negative impact to the EDCs' cash flow. At a minimum, this 30-day lag may necessitate the need for an increase to the EDCs' working capital requirements. Further analysis would need to be performed to determine what other impacts may result from this payment delay. To complicate matters further, SCB could result in 50 plus Suppliers performing the consolidated billing function that is currently performed by the two EDCs. This payment delay could also negatively impact customers facing critical situations such as service termination for non-payment, a delay in service reconnection by the EDC, or the accrual of late payment charges. Additionally, prior to approval of SCB, it would need to be determined which entity (EDC

or Supplier) would assume the risk for unpaid EDC charges. Under the SCB scenario, substantial financial assurance would need to be in place to protect both the EDCs and the customers.

The Authority is concerned that having the potential of more than 50 suppliers billing for EDC services can create a complicated mess. The ease by which a customer may move between Suppliers complicates this matter further. Because customers can switch between Suppliers or to/from standard offer service, SCB could impact the of Supplier's ability to provide accurate and timely bills. The additional lag time for EDCs receiving payment from numerous different Suppliers is also cause for concern. This lag may jeopardize not only the EDC's bill collection but also that of the entities for which the EDCs bill.[1] Additionally, because Suppliers do not have the physical capability to terminate service, they would have little leverage in their billing collection service.

Before SCB is approved, important issues concerning the need for additional PURA oversight and customer safeguards and protections should be reviewed. For example, the Authority would need to: (1) address the qualification of Suppliers who choose to provide SCB; (2) address SCB customer complaints; (3) ensure that financial assurance instruments are in place for each SCB Supplier; (4) monitor Supplier billing practices; and (5) enforce Supplier billing compliance with statutes and regulations. Such oversight would likely require an increase in the Authority's staff and thus, increased costs.

An additional consideration is that the Authority's regulations include numerous requirements regarding billing, customer notices, and service termination that have been implemented to protect customers. Thus, Connecticut statutes and the Authority's regulations would need to be thoroughly reviewed to determine the changes, if any, that would be made to protect customers under SCB.

Finally, statutory changes would be needed if the General Assembly intends to permit SCB. Conn. Gen. Stat. §16-244i states that the EDCs must provide metering, billing and collection services, with a limited exception that permits Suppliers to provide direct billing and collection services for electric generation services. Pursuant to Conn. Gen. Stat. §16-245d, PURA is only authorized to adopt regulations that permit Suppliers to bill for electric generation services. Therefore, absent a statutory change, the PURA has no authority to adopt regulations or issue a Decision permitting Suppliers to bill directly for all components of electric service and exercise responsibility for other billing-related functions that are currently performed by EDCs.

2. Benefits of SCB

Without a full study, the limited information provided in this proceeding indicates, it is unclear what, if any benefits may result from SCB or who would be the benefactor. Proponents of SCB believe that the EDCs could reduce operating costs and administrative burdens under SCB. These potential cost savings would result from a

[1] The EDCs collect payments for the Department of Revenue Services, the Connecticut Clean Energy Finance and Investment Authority and the Conservation Fund.

reduction in personnel for customer service functions, and reduced bad debt and working capital requirements. However, the EDCs argued that operating costs and administrative burdens would increase under SCB. CL&P and UI Written Comments dated November 14, 2013. For example, the EDCs would need to develop methods for transferring data to the participating Suppliers. Additionally, the EDCs would still be required to maintain billing and associated systems to provide service to customers who choose a Supplier that does not offer SCB and to customers who remain with the EDC for generation service. Since cost estimates were not provided, the Authority was unable to assess and identify findings or estimates about whether SCB would create savings or increase overall costs to customers.

Supporters of SCB appear to do so for two main reasons. The first is that they claimed that UCB places a significant barrier between the customer and the Supplier. Under SCB, the barrier would be removed. The second is that UCB cannot accommodate the Suppliers desire to offer customers a wider range of competitive and innovative products and services, rate plans and billing options. To supporters, SCB is very important in establishing a relationship with retail customers because the primary point of contact for all billing questions would be the Supplier for customers choosing service. They claimed that SCB would provide the Supplier with more direct customer interface and communications to sell their products and services. Additionally, the Supplier would no longer have to conform to the requirements and limitations of the EDC's billing platform that exists under UCB. See for example, Written Comments.

SCB supporters also contend that it would alleviate customer confusion over the respective responsibilities of the EDC and Supplier. Opponents of SCB disagree; rather customer confusion may increase. In fact, they argued that it may even increase customer confusion. Especially for customers who frequently switch Suppliers as each may have their own bill format. One Supplier argued against SCB because it would lead to customer confusion, would drastically increase operating costs for smaller emerging companies such as itself, and because Suppliers do not have the capability to start or stop electric service. Starion Written Comments.

The Authority disagrees with SCB supporters who imply that the only way to address the Supplier concerns with UCB is by offering SCB for the following reasons. First, Suppliers always have the opportunity to interface with their customers and market their products and services through numerous means. Suppliers could improve customer education and communication from the time the customer begins purchasing service.

Second, if the products, pricing and services are limited by the current UCB, the Supplier has the option to bill its customers directly under a dual billing option. This dual billing option is a tool for Suppliers to perform customized billing and rate structures. Potential customers could weigh the service under a single UCB bill versus those billed under the dual billing option.

Third, shifting the responsibility of consolidated billing from the EDCs to potentially 50-plus Suppliers would, in the Authority's view, likely increase customer confusion and decrease customer service satisfaction. The EDCs are and will most likely continue to be the best equipped to address issues pertaining to the services that

they provide. It is not reasonable for these entities to address issues concerning each other provider's services. Additionally, customer confusion under the current UCB may be alleviated by modifying the UCB billing format to more prominently display Supplier information and responsibilities.

VI. CONCLUSION

Because the EDCs and Suppliers have not conducted studies that estimate the costs to implement SCB, the Authority is unable to provide this information to the General Assembly. Without such a study, the changes to the EDC and Supplier systems and processes discussed above are inconclusive. Also unknown is whether the cost to Suppliers of performing SCB would be any less than the EDC; what the benefits of SCB are and who would benefit; and whether SCB is feasible. Especially if only a small number of Suppliers elect to offer SCB. In the end, any additional costs to implement and operate SCB would most likely be passed on to the customers.

If the General Assembly seeks to pursue the costs and benefits of SCB, the Authority recommends that a full study be performed that explores what this process would entail for both the EDCs and Suppliers. This study should not only identify and quantify the physical and administrative changes and associated costs that would be required for the EDCs and Suppliers to effectuate SCB, but it should also: (1) provide detailed information regarding consumer protections; (2) detail the effect on consumer rates and from whom these costs should be recovered (i.e., EDC customers or Supplier customers) and why; (3) identify all benefits and benefactors of SCB including how SCB is in the best interest of ratepayers; (4) explore the existing Supplier switching process; and (5) how SCB would comport with existing statutes and regulations.

The billing of all electric services by a multitude of Suppliers at this time does not seem practical. The reasons are numerous. First, and foremost, there does not appear to be real benefits to ratepayers. If the desired result is to offer ratepayers the convenience of a single electric bill, the UCB is the most administratively and perhaps cost efficient way to provide this benefit. Second, while there is interest among some Suppliers who participated in this proceeding to provide SCB, the lack of Supplier participation in this proceeding seems to infer that to many, especially smaller companies, the interest in SCB is also lacking. Requiring the EDCs to make the necessary and potentially costly changes to their respective customer information systems and other processes to accommodate SCB for a small number of interested Suppliers would not be practical. Third, the billing components of electric service consist of numerous charges, the vast majority of which are for services provided or administered by the EDCs. These EDC charges are very complex with some having annual or semi-annual reconciliation mechanisms. Fourth, while the costs are unknown, it appears likely that enabling the EDCs to transfer the necessary billing information and for the Suppliers to obtain the necessary resources to successfully assume the billing responsibility could be costly to the EDCs and Suppliers and ultimately, to ratepayers. Fifth, other options exist for Suppliers to achieve the same or similar desired result. Finally, given the responsibilities that the EDCs have for billing aspects, such as meter installation and reading, bill inserts, and implementing rate changes, transferring the billing responsibilities to entities that have no responsibilities in these matters seems ill advised.

DOCKET NO. 13-08-15 PURA REVIEW OF THE BILLING OF ALL COMPONENTS OF ELECTRIC SERVICE BY ELECTRIC SUPPLIERS

This Decision is adopted by the following Commissioners:

John W. Betkoski, III

Arthur H. House

Michael A. Caron

CERTIFICATE OF SERVICE

The foregoing is a true and correct copy of the Decision issued by the Public Utilities Regulatory Authority, State of Connecticut, and was forwarded by Certified Mail to all parties of record in this proceeding on the date indicated.

Nicholas E. Neeley
Acting Executive Secretary
Public Utilities Regulatory Authority

August 6, 2014
Date

BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION

PETITION OF NRG ENERGY, INC. FOR IMPLEMENTATION OF SUPPLIER CONSOLIDATED BILLING	: : :	**Docket No. P-2016-2579249**

VERIFICATION

I, Charles V. Fullem, hereby state, that I am the Director, Rates and Regulatory Affairs – Pennsylvania for FirstEnergy Service Company and that the facts set forth in the foregoing **Answer to the Petition of NRG Energy, Inc.** are true and correct to the best of my knowledge, information and belief. I understand that this verification is made subject to the provisions and penalties of 18 Pa.C.S. § 4904 (relating to unsworn falsification to authorities).

Dated: January 23, 2017

Charles V. Fullem