

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

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

**COMMENTS AND ANSWER OF PECO ENERGY COMPANY
TO THE PETITION OF NRG ENERGY, INC. FOR
IMPLEMENTATION OF ELECTRIC GENERATION
SUPPLIER CONSOLIDATED BILLING**

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Pursuant to 52 Pa. Code § 5.61 and the December 24, 2016 notice¹ published in the Pennsylvania Bulletin by the Pennsylvania Public Utility Commission (“Commission”) in the above-referenced docket, PECO Energy Company (“PECO” or “Company”) submits its Comments and Answer to the Petition of NRG Energy, Inc. (“NRG”) for Implementation of Electric Generation Supplier Consolidated Billing (“Petition”). PECO requests that this document be considered as its responsive pleading regardless of the procedure the Commission adopts to address the Petition.

I. INTRODUCTION AND OVERVIEW

Three years after the Commission declined to implement Supplier Consolidated Billing (“SCB”) in favor of more impactful and less costly measures, NRG raises the same issue in the instant petition that would require substantial changes to default-service systems, processes, and customer termination procedures and would scale back utility customer protections. The Petition should be dismissed as a matter of law because NRG does not have stranding, and an Electric Distribution Company (“EDC”) may not transfer its statutory obligations to provide customer billing and customer service absent a change of law.² If the Commission, nonetheless, decides that it will hear the merits of the Petition, it must do so in the context of evidentiary proceedings. The seriousness of the issues raised by the Petition and the breadth of intended and unintended consequences posed by the significant changes to customer billing require full evaluation and consideration through a formal evidentiary process. Further, NRG’s aggressive and unrealistic proposed implementation timeline ignores both the robust state of the market and the numerous market enhancement initiatives that have not yet fully matured and from which meaningful

¹ 46 Pa.B. 8154.

² 66 Pa. C.S. § 2807(c) and (d).

conclusions might yet be drawn. Accordingly, PECO requests that the Commission dismiss the Petition, or in the alternative remand the proceeding to the Office of Administrative Law Judge.

A. Pennsylvania Has a Successful and Growing Retail Electricity Market

In December 2016, the Commission commemorated the 20th anniversary of the Electricity Generation Customer Choice and Competition Act of 1996 – the legislation that restructured the state’s wholesale and retail markets and enabled electric generation supply shopping – and released the results of a study it commissioned about the state of the market. The study found that 95% of homeowners and 93% of renters are aware of their ability to shop for electricity providers.³ Of particular importance to this proceeding, the study also found that the top motivating factor for switching is a lower bill (74%), with only 3% listing new products as a top motivator.⁴

In its press release, the Commission stated that there are high levels of customer awareness and satisfaction with electric choice in the Commonwealth and that Pennsylvania has experienced fourteen consecutive months of growth in electric shopping.⁵ At the same time, Commission Chairman Gladys M. Brown noted that: “For two decades, Pennsylvania has stood on the national forefront of electric competition, putting the power of choice in the hands of consumers and giving them greater control of their electric bills...As a result of this historic legislation, millions of electricity customers have made choices and saved money, purchased renewable products and explored innovative new offers and plans.”⁶

³ PUC PA PowerSwitch Attitudes and Usage Report, October 2016.

⁴ *Id.*

⁵ 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, Press Release dated December 8, 2016, available at: http://www.puc.pa.gov/about_puc/press_releases.aspx?ShowPR=3794.

⁶ *Id.*

The growth of electric choice also is reflected by the shopping statistics in PECO's service territory. In 2016, PECO saw a net increase of more than 1,700 customers per month in its shopping statistics. In his testimony in PECO's Default Service Plan ("DSP") IV proceeding, PECO witness Scott G. Fisher noted that 92 EGSs serve customers in the PECO service territory – more than triple the number that served customers at the time of the Company's DSP I plan.⁷ That number continues to grow. As of January 2017, 105 EGSs now serve customers in the PECO service territory. As Mr. Fisher further testified, EGSs were serving 63% of PECO's total customer load as of the filing of PECO's DSP IV, as compared to 1.7% of PECO's load in the period before DSP I. Today, EGSs serve 64% of PECO's load.⁸ Electric shopping is flourishing in PECO's service territory, and as the Commission noted, in the Commonwealth on the whole.

B. PECO is a Strong Supporter of Customer Choice and the Retail Electricity Market

The retail electric shopping market in Pennsylvania is thriving, due in no small part to actions taken by Commission and implemented by EDCs to support competition. PECO is a strong supporter of customer choice and has worked diligently to educate customers about the market. PECO developed and implemented Customer Choice sections on its website providing education about all facets of shopping for supply.⁹ PECO takes a hands-on approach to customer education when it attends Senior Fairs or other customer outreach events, and PECO call center representatives stand ready to help customers who call with questions about shopping. The shopping statistics demonstrate that PECO has also supported the competitive retail electricity

⁷ *Petition of PECO Energy Company for Approval of its Default Service Program for the Period from June 1, 2017 through May 31, 2019*, Testimony of Scott D. Fisher, PECO St. 3 at 4, 20-21. Docket No. P-2016-2534980, March 17, 2016 (hereinafter "Fisher DSP IV Statement 3").

⁸ *Id.*

⁹ PECO Customer Choice webpage, available at: <https://www.peco.com/MyAccount/MyService/Pages/CustomerChoice.aspx>.

market through the default service model it has adopted in its Default Service Proceedings.¹⁰ Additionally, PECO has been an active participant in the Commission's Retail Market Investigation as well as in its stakeholder meetings, *en banc* hearings, and technical conferences.

Further, in the past six years, PECO has taken a number of actions to remove barriers to entry for electric generation suppliers in the Pennsylvania market. A majority of these actions, often implemented on accelerated timelines, were paid for by residential and small commercial customers. The chart below details some of the larger-scale PECO projects as well as their estimated information technology costs.¹¹

Project	Implementation Date	Estimated IT Costs
Electric Purchase of Receivables	2010	\$2,250,000
Standard Offer Program	August 2013	\$4,847,000
3-Day Switching	December 2014	\$3,235,000
Seamless Move / Instant Connect	July 2016	\$2,746,000
EDEWG Advanced Metering Infrastructure Data Portal	December 2016	\$6,490,000
CAP Customer Shopping	In Progress	\$1,578,000

In total, PECO estimates over \$31.5 million has been spent on market enhancement measures in its service territory alone. Given the amount of money already spent to encourage customer choice and facilitate shopping, PECO submits that the Commission should wait and evaluate the impact of these measures before determining if it will entertain additional customer-funded changes.

¹⁰ Fisher DSP IV Statement 3, at 4, 20-21.

¹¹ PECO would note that these costs do not include the numerous other changes made to call center procedures and scripting or costs associated with customer education, among others.

C. Overview of the Filing and PECO's Response

In its Petition, NRG proposes that all large EDCs be directed to implement Supplier Consolidated Billing in the second¹² quarter of 2018.¹³ It proposes what it alleges is a “workable plan” that would have the Commission issue an Order mandating the implementation of SCB, setting forth policy guidance, addressing operational issues, and forming a SCB working group. Based on nothing more than its unsupported claims, NRG requests that the Commission mandate SCB without considering cost, consumer protections, legality, or a host of other design and implementation issues. Indeed, NRG proposes that all such matters be treated as afterthoughts, deferred to the later working group, and that important issues – such as the need for rulemakings¹⁴ and the granting of regulatory waivers – be handled in late 2017 or early 2018, concurrent with the implementation of SCB.¹⁵ This cart-before-the-horse comment-and-order proposal raises serious legal, prudential, and logistical issues that cannot be adequately addressed, consistent with fundamental due process, under the truncated and unrealistic procedural schedule for which NRG advocates. Moreover, even if the Commission mandated implementation of NRG’s proposal notwithstanding its inherent defects, the significant amount of work – system design and software programming, among other things – needed to bring the program to fruition would make the proposed implementation date entirely unachievable.

¹² NRG references SCB being implemented in the first quarter of 2018 (¶ 72) and well as in the second quarter of 2018 (¶ 75). For the purposes of this document, PECO assumes NRG is proposing the later of the two dates.

¹³ There are currently two billing models in Pennsylvania: utility consolidated billing (“UCB”) and dual billing. UCB is the most commonly used method and is where an EDC bills the customers for both its own delivery charges and the EGS’s supply charges. Under dual billing, a customer receives two separate bills – one from the EDC for its delivery charges and one from the EGS for its supply charges.

¹⁴ On its face, Section 2807(c) provides no legislative authority for SCB; it references only two types of bills – UCB and dual billing, and allows the *customer* to choose the type of billing. Additionally, Section 2807(d) states that EDC *shall*, regardless of bill type, continue to provide customer service functions including complaint resolution and collections. 66 Pa. C.S. § 2807(d).

¹⁵ Pet., ¶¶ 71-73.

In Section II, PECO explains why NRG's Petition should be dismissed as a matter of law. Section III explains why, if the Commission does not dismiss the Petition outright, an evidentiary process is required and details the practical implications of SCB. Finally, Section IV sets forth PECO's answers to the averments of each numbered paragraph of the Petition.

II. NRG'S PETITION SHOULD BE DISMISSED AS A MATTER OF LAW BECAUSE NRG LACKS STANDING AND THE PETITION IS CONTRARY TO THE PROVISIONS OF THE PUBLIC UTILITY CODE AND PREMATURE

As a preliminary matter, NRG lacks the standing required to initiate a legal proceeding. An entity has standing to bring an action before the Commission if the entity's asserted interest in the subject matter of the case is direct and immediate – rather than a remote consequence – and the entity possesses a substantial interest in the subject matter of the case.¹⁶ An entity has a direct interest if the entity's interest is adversely affected by the actions challenged, an immediate interest if there is a close causal nexus between the entity's asserted injury and the actions challenged, and a substantial interest if the entity has a discernible interest other than the general interest of all citizens in seeking compliance with the law.¹⁷ The filing party must establish a causal relationship between the harm and the conduct that caused it as well as establish that the remedy will both address the harm and not be too speculative.¹⁸

NRG has neither alleged a legal right to bring the instant Petition nor established that its remedy – the mandatory state-wide implementation of SCB – will address an actual harm suffered by it or any other EGS. The mere fact the NRG participated in the Commission's Retail Market Investigation or its assertion that it would use SCB if implemented do not create legal

¹⁶ *Joint Application of Pennsylvania-American Water Co. and Evansburg Water Co.*, A-212285F0046/F0047 and A-210870F2001 (Opinion and order adopted and entered July 9, 1998) (citing *William Penn Parking Garage, Inc. v. City of Pittsburgh*, 346 A.2d 269 (1975) (“*William Penn*”).

¹⁷ *William Penn*, 346 A.2d at 281-287.

¹⁸ *Lujan v. Defenders of Wildlife*, 112 S. Ct. 2130, 2136 (1992).

standing.¹⁹ Additionally, the lack of SCB does not cause an actual harm given that NRG can directly bill its customers through dual billing. As discussed below, NRG's assertions that it is unable to establish a "long-term relationship" absent SCB are totally unsupported by evidence. Accordingly, NRG does not have standing for its filing and its Petition should be dismissed as a matter of law.

A. NRG's Petition is Contrary to the Express Provisions of Section 2807 of the Public Utility Code

NRG's Petition for SCB is contrary to the provisions of Section 2807 and should therefore be dismissed. Section 2807 is titled "Duties of Electric Distribution Companies" and details both billing and consumer protection issues. Section 2807(c) provides:

(c) Customer billing.--Subject to the right of an end-use customer to choose to receive separate bills from its electric generation supplier, the electric distribution company may be responsible for billing customers for all electric services, consistent with the regulations of the commission, regardless of the identity of the provider of those services.²⁰

On its face, 2807(c) simply does not provide the authority for an EGS to bill using SCB. The only billing methods provided for in the statute are utility consolidated billing and dual billing, and the type of bill received is the *customer's* choice.

Similarly, NRG's petition is inconsistent with the plain language of Section 2807(d), which states:

(d) Consumer protections and customer service.--*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. Customer services shall, at a minimum, be maintained at the same level of quality under retail competition.*²¹

¹⁹ Pet., ¶¶ 22, 24.

²⁰ 66 Pa. C.S. § 2807(c).

²¹ 66 Pa. C.S. § 2807(d) (emphasis added).

Under NRG's proposal, an SCB-implementing EGS would be responsible for handling billing calls and issues, including resolving complaints, and would also take collection action against those customers with past-due balances.²² Indeed, NRG's proposed customer block mechanism, discussed in detail in Section III below, is the ultimate collection mechanism, preventing customers from choosing another supplier or returning to the EDC unless all past-due amounts are paid.

In *Dauphin County Industrial Development Authority v. Pennsylvania Public Utility Commission*, the Commonwealth Court held that the plain language of Section 2807(f)(5) required the EDC to offer a Time-of-Use rate and that the EDC could not satisfy its burden under the Public Utility Code by transferring it to an EGS.²³ Moreover, as the Court stated, "[w]e defer to the Commission's interpretation of an ambiguous statute. However, where [the] statutory language is clear, such interpretive discretion ends and the [Commission] must abide by the statute."²⁴

Here, the provisions of Section 2807(c) and (d) are clear and unambiguous that the EDC *shall* provide the billing and customer service functionalities discussed. As the Court held in the DCIDA, the EDC cannot transfer these statutorily required obligations to an EGS absent a change of the law. Therefore, as NRG's proposal is contrary to the plain language of the Public Utility Code, it must be dismissed as a matter of law.

²² Pet., Appendix A, Question 13.

²³ 123 A.3d 1124 (Pa. Commw. Ct. 2015) ("*DCIDA*").

²⁴ *Id.* at 1133-1134 (citing *Pennsylvania Power Co. v. Public Utility Commission*, 932 A.2d 300, 306 (Pa. Commw. Ct. 2007)). The Court went on to specifically note that the legislature's unqualified use of the words "shall" placed the burden on the default service provider and stated, "[t]he 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." *Id.*

B. NRG's Petition is Untimely

At a minimum, the timing of NRG's filing is premature. As discussed above, working with the Commission on a spectrum of retail market enhancements, the EDCs have implemented many improvements to stimulate retail electric shopping. For example, PECO has implemented 3-day switching, seamless moves and instant connects, the Standard Offer Program, Joint EDC/EGS billing, and account number lookup, among others. Later this year, PECO will deploy shopping for CAP customers in its service territory. These costly market enhancement measures are still in their relative beginnings and should be given full opportunity to positively impact customer shopping. Indeed, in the *Final End State Order*, the Commission stated, "When and how we proceed with SCB will depend, in part, on the results of the changes we are proposing to the utility consolidated bill..."²⁵ PECO agrees that the Commission should allow these changes to take root before entertaining any further alterations – especially those that come at the expense of customers and not the EGSs.

III. DUE TO THE SERIOUS IMPACTS SCB WOULD HAVE ON CUSTOMERS AND EDCS ACROSS THE COMMONWEALTH, IF THE COMMISSION DOES NOT DISMISS NRG'S PETITION, IT MUST REMAND THE MATTER TO THE OFFICE OF ADMINISTRATIVE LAW JUDGE FOR A FULL EVIDENTIARY PROCESS

A. If Not Dismissed, the Petition Must Be Remanded to the OALJ

If the Commission does not – as it should – summarily reject the Petition, then any proceeding that may be initiated should provide a fair and reasonable opportunity for all stakeholders to explore and assess the complex and difficult issues raised by NRG's proposal. At a minimum, that process should provide for the submission of sworn testimony, hearings, and briefing. NRG will have the burden of proof in such proceedings and the burden of going

²⁵ *Investigation of Pennsylvania's Retail Electricity Market: End State of Default Service*, Docket No. I-2011-2237952, at 68 (Order entered February 15, 2013) ("*Final End State Order*").

forward with the evidence.²⁶ Accordingly, in any proceeding initiated by the Commission, NRG should present its case-in-chief before other parties are required to respond. To do otherwise would put PECO and other parties in the untenable position of having to give their views on a proposal so ill-defined in its most basic substantive elements as to be incapable of providing reasonable notice to affected parties as to the impacts of such elements.²⁷

NRG asserts that evidentiary hearings are not required because there are no material issues of fact presented by the Petition.²⁸ NRG goes on to say that any disputes over the factual assertions it makes can be addressed through comments and a stakeholder process.²⁹ While it is true that the Commission has utilized a comment-only process in prior proceedings *that it initiated*, comments are insufficient to support a decision on a complex issue with such far-reaching impacts.³⁰ This is especially true as there may be no one-size-fits-all solution across the Pennsylvania EDCs, even if smaller EDCs are exempted. Indeed, PECO is unique in that it has approximately 500,000 customers who receive both gas and electric service from PECO at the same location. In addition to the separation of premise-based billing, a number of issues relating to these dual service customers must be addressed – such as priority of payment, treatment of deposits, application of Low Income Home Energy Assistance Program (“LIHEAP”) grants, and dual payment plans. These issues are independent of analogous concerns that will be raised for electric-only customers. A one-size-fits-all approach also ignores how SCB will need to be tailored to each utility’s Customer Assistance Program (“CAP”) and all the permutations therein.

²⁶ 66 Pa.C.S. § 332(a); 52 Pa. Code § 5.242(a).

²⁷ Contrary to generally accepted practice, NRG’s Petition is not supported by the testimony of any witness on its behalf.

²⁸ Pet., ¶ 16.

²⁹ *Id.*

³⁰ PECO proposed a comment-only proceeding as part of its advanced payments program pilot. PECO’s pilot program is limited to 1,000 volunteers. In a very small volunteer-only pilot with limited impacts, the Commission rejected PECO’s comments-only procedure and has scheduled the matter for hearings in the OALJ. *PECO Energy Company Pilot Plan for Advance Payments Program*, Docket No. P-2016-2573023.

In this context, the submission of comments and reply comments alone fails to provide parties the required due process. In *Lehigh Valley Power Committee v. Pennsylvania Public Utility Commission*, the Commonwealth Court stated, “It is a fundamental proposition of law that a hearing or trial procedure is necessary...to resolve disputed questions of fact....”³¹ Contrary to NRG’s assertion, there are material facts in dispute in its Petition. NRG makes a number of blanket statements regarding both the state of the retail market and the use of SCB to solve the alleged market problems. These are the very statements upon which NRG relies to justify its Petition. For example, NRG states that retail electric competition is “stagnant” and that SCB is a “game-changer, propelling electric retail competition to the next level.”³² NRG also alleges that SCB would result in “new innovative product offerings” and “long-term relationships” between the EGS and customer.³³ While these statements are verified by NRG’s Director of Regulatory Affairs, no factual or empirical evidence was provided to support these assertions.³⁴

As was discussed in Section I above, the picture painted by NRG is in sharp contrast to the Commission’s own expressed view of the retail market and to the experience in PECO’s service territory. Additionally, what NRG fails to mention when addressing the state of the market is that it has not availed itself of all the options it has now to “forge relationships” with its customers.³⁵ For example, as part of the *Joint EDC/EGS Bill Order*, the Commission required all EDCs to provide draft bills to OCMO for its review and approval before the bills could be disseminated. PECO’s bills were found to be in accordance with the Order and were

³¹ 563 A.2d 548, 556 (Pa. Commw. Ct. 1989). See also *Chester Water Authority v. Pa. Pub. Util. Comm’n*, 581 Pa. 640, 868 A.2d 384, 392 (2005) (stating “[A]s a matter of constitutional due process, an evidentiary hearing is most often implicated where there are material facts in dispute. Here, since the Commission was able to accept the material factual allegations of the authority’s protest as true, a due process hearing was not essential, and the use of the procedure for judgment on the pleadings relative to the protest was not inappropriate.”); *Painter v. Pa. Pub. Util. Comm’n*, 116 A.3d 749, 755 (Pa. Commw. Ct. 2015).

³² Pet., ¶ 12, 22.

³³ Pet. at 2.

³⁴ Pet., ¶ 16, fn. 37.

³⁵ Pet., ¶ 9.

approved. Currently 53% of EGSs serving customers in PECO's territory utilize the functionality to provide their logo on the PECO bill. Curiously, none of the NRG companies³⁶ utilize this functionality. As it does not participate in this market-enhancing effort, NRG's statements regarding the efficacy of the joint bill initiative are speculative at best.

NRG also erroneously states that expanded bill messaging – which resulted from the *Joint EDC/EGS Bill Order* – is “essentially useless” because EGS messaging “must be the same for all customers” in the service territory.³⁷ This is untrue. PECO provides four lines of 80 characters each that a supplier can send electronically with their charges (via an EDI 810 transaction). These lines can be customized by the supplier for each customer, can be changed each bill, and are prominently placed on the first page of the bill in the message center.

In a similar vein, NRG references the retail market in Texas, which has an entirely different regulatory scheme than Pennsylvania, and notes that many customers there use prepaid plans.³⁸ Conveniently, NRG does not address the market in Illinois, which is more analogous to

³⁶ The NRG companies licensed to serve in PECO's service territory are Energy Plus Holdings LLC, Green Mountain Energy Company, Reliant Energy LLC d/b/a NRG Retail Solutions, and Independence Energy Group, LLC d/b/a Cirro Energy.

³⁷ Pet., ¶ 60.

³⁸ Pet., ¶ 49. In 1999, the Texas legislature enacted the Electric Restructuring Act (Senate Bill 7) to reregulate the electric industry. The statute required each utility in ERCOT to separate into three businesses: 1) a regulated transmission and distribution company, 2) a power generating company, and 3) an affiliated retail electric provider (AREP). An AREP or a competitive retail electric provider bills customers directly for all services. Texas legislation requires that a retail electric provider (REP) provide bills to its customers. This is in direct contrast to 66 Pa. C.S. Section 2807(c), which provides the *customer* the right to choose to receive a single, combined bill from his or her electric distribution company or a dual bill – one from his or her electric generation company *and* one from his or her electric generation company. The Texas model also provided that the AREP or REP was the customer's contact. The transmission and distribution company charges were billed to the REP or AREP.

The fact that the REP or AREP billed customers was only one difference in the Texas model. Importantly, the AREPs through 2006 had to charge a price to beat (PTB) that was significantly higher than market prices, which allowed the REPs to gain market share by offering significant discounts. This is a fundamental difference from the Pennsylvania model. The Pennsylvania model did not allow for any specific “headroom” in the price to compare. Furthermore, the AREPs were allowed to increase the PTB if fuel cost increased significantly and did not have to reduce the rate when costs went down. While this is not intended to be a detailed comparison of the models for Texas and Pennsylvania, the fundamental differences noted above make the experiences of the Texas market irrelevant for the purposes of discussing SCB.

Additionally, customers in Texas are subject to a variety of fees for customer service functions as well as minimum usage fees. For example, AREPs or REPs may charge for requesting to speak with a call center

Pennsylvania from a regulatory perspective. Illinois EDCs offer SCB, dual billing, and UCB.³⁹ In Illinois, EDCs initially offered only SCB and dual billing. EGSs requested that the EDCs provide UCB as a way to enhance the retail market in that state.⁴⁰ Indeed, in a proceeding before the Illinois Commerce Commission regarding the Implementation of combined UCB and POR – which are the programs used in Pennsylvania today – a prominent industry group representing EGSs stated that UCB is a “critical component” of an EGS’s decision whether to enter a market and an “aggressive step” to foster retail electric choice for residential and small commercial customers.⁴¹

The experience in Illinois confirms the Commission’s reservations regarding SCB. In its *Final End State Order*, the Commission stated, “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.”⁴²

Indeed, NRG does not participate in SCB in Illinois. NRG’s website discussing offers for residential utility customers states: “In addition to offering plans that fit your unique needs, you

representative, receiving a paper bill, not enrolling in auto pay, “priority” processing of service requests, and termination and reconnection fees in addition to the ones charged by the transmission and distribution companies. See <http://texasrose.org/wp-content/uploads/2013/08/Fees-Summary-2013-Report-by-Texas-ROSE.pdf>.

³⁹ For ease of reference, PECO uses Pennsylvania terminology when discussing the Illinois market. In Illinois, SCB is referred to as single bill option (SBO) and EGSs are called Retail Electric Suppliers (RESs).

⁴⁰ In 2007, the General Assembly of Illinois passed and the Governor of Illinois signed Senate Bill 1299 into law as Public Act 95-0700. “The new legal requirements of Public Act 95-0700 are designed to remove certain barriers to competition for residential and small commercial customers in Illinois.” *2008 Annual Report of the Office of Retail Market Development*, Illinois Commerce Commission, issued June 2008, available at: https://www.ilcpa.org/Documents/IL_Office_of_Retail_Market_Report0708.pdf.

⁴¹ Brief on Exceptions of the Retail Energy Supply Association, the Illinois Competitive Energy Association and Dominion Retail, Inc., *Proposal to Implement a Combined UCB and POR Service*, Illinois Commerce Commission Docket Nos. 08-0619, 08-0620, 08-0621 (Filed July 15, 2009).

⁴² *Final End State Order*, at 68.

won't have to do anything differently than what you're already used to. *Your local utility will continue to deliver your electricity, read your meter and send your bill.*"⁴³

NRG presents SCB as a panacea that will unleash a panoply of innovative products enabled by AMI information. NRG fails, however, to provide any actual evidence demonstrating why UCB presents a barrier to the EGS offering these products now. EGSs have access to customer usage information and can provide it using internet access to home and mobile devices. For example, Nest Labs, Inc. is an energy management company that is providing sophisticated information about customer energy usage and usage patterns using internet platforms and no bill.⁴⁴

Finally, the approval and implementation of SCB has far-reaching impacts on processes vital to the provision of electric distribution service. As discussed in depth below, implementation of SCB will require changes to call center procedures, complaint response and processing, scripting, bill inserts and Commission-required education, termination procedures, CAP enrollment, and collections. Additionally, many of the savings NRG purports will result from SCB are illusory, as PECO must stand ready to bill customers and provide associated customer support if an EGS using SCB exits the market or elects to discontinue SCB or if a shopping customer returns to default service. It is for all of these reasons, that the matter must be denied outright or, in the alternative, remanded to the Office of Administrative Law Judge ("OALJ") for the presentation of expert testimony from all interested parties.

B. Design, Implementation, and Consumer Protection Issues That Must Be Addressed if the Petition Is Remanded to the OALJ

In the *Final End State Order*, the Commission stated, "[w]e are also concerned that the extensive work and expense could result in a feature that will not be utilized sufficiently to

⁴³ Available at: <https://www.nrghomepower.com/company/service-areas/illinois/> (emphasis added).

⁴⁴ Information about Nest can be found at: www.nest.com.

justify the costs at this time.”⁴⁵ Below, PECO explains the multitude of changes that would be required to implement SCB, as well as important concerns regarding consumer protections.

i. Unique Issues for Dual Gas and Electric Customers

PECO is unique among EDCs in the Commonwealth as it has approximately 500,000 customers who take both electric and gas service at the same location. For these dual service customers, PECO bills for the gas and electric service at the same time. If one service is held from billing – due for example to failure to receive a meter reading – the bill for the other service is also automatically held until both services can be billed together. In its filing, NRG proposes that billing for these dual service customers be split, with the EDC separating out the electricity charges and forwarding them to the EGS providing SCB.⁴⁶

a. Bill Processing and Deposits

If SCB were implemented, PECO would need to create additional bill processing options for any dual service customer when services are being provided by multiple suppliers and the supplier opts for EGS consolidated billing. For any dual service customer in which one of their services has EGS consolidated billing, PECO would still be required to print and mail a bill to the customer. PECO would also need to review current payment posting processes along with collection and termination processes and procedures to ensure accuracy and compliance with current Commission regulations.

NRG also proposes that it be able to request deposits and that the EDC forward any previously collected deposit to the EGS.⁴⁷ These proposals could result in gas service customers being forced to pay two deposits in order to maintain service. This would have the effect of penalizing customers with little or troubled credit history.

⁴⁵ *Final End State Order*, at 68.

⁴⁶ Pet., Appendix A, Question 9.

⁴⁷ Pet., ¶ 37.b.; Appendix A, Question 1.

b. LIHEAP Impacts

The Low Income Home Energy Assistance Program ("LIHEAP") provides grants lessening the heating expense burden during winter months. PECO participates in the Pennsylvania LIHEAP program as a vendor and receives grants for customers. When PECO receives a LIHEAP grant, it is applied to the customer's account first to any past due balance and then to any current bill; any excess is applied as a credit to the customer's account. Customers receiving LIHEAP currently do not have their grant separated based on the commodity provided.

NRG has not adequately considered the impact of SCB on LIHEAP.⁴⁸ For customers with dual service, the grants would be applied to PECO at the customer account level. Customers with dual commodity service would require LIHEAP grants be applied to the EDC. Customers with electric-only accounts would have to have LIHEAP grants applied to the EGS. The EGS using SCB would need to become an authorized vendor of the Department of Human Services in order to receive LIHEAP grants for customers.

There can also be significant confusion for customers applying for LIHEAP grants. Low income customers applying for the grant would have to designate PECO or the EGS as the directed vendor to receive the grant. Massive outreach by the EGS would need to occur as customers typically apply for LIHEAP annually and often designate the same vendor to receive the grant. Additionally, a situation could arise if a customer applies for LIHEAP while with the SCB-participating entity and subsequently switches suppliers or returns to default service.

c. Bad Debt Risks

It is unclear what, if any, customer debt would be transferred from PECO to the EGS in dual service situations. Currently, past-due amounts attributable to gas service receive top payment posting priority. The Commission would need to determine what would happen in

⁴⁸ Pet., Appendix A, Question 8.

scenarios where a dual service customer pays one commodity in full, but not the other. PECO is concerned about the debt that could be transferred from the EGS to PECO in these instances. The practical implication of this issue is that it could result in higher charge-offs that other customers would eventually assume in the form of higher rates.

ii. Billing Issues

As previously described, Section 2807(c) of the Public Utility Code does not contemplate SCB and directs that the type of bill received by the customer is the choice of the customer.⁴⁹ It states: “Subject to the right of an end-use customer to choose to receive separate bills from its electric generation supplier, the electric distribution company may be responsible for billing customers for all electric services, consistent with the regulations of the commission, regardless of the identity of the provider of those services.” If the Commission orders implementation of SCB, the participating EGSs must maintain the ability of a customer to choose to participate in utility consolidated billing or dual billing.

a. NRG’s Proposal for Flat EDC Charges

In its Petition, NRG discusses using SCB as a vehicle to offer flat bill plans.⁵⁰ It states that EGSs should be permitted to display EDC charges on the SCB as a single, combined price.⁵¹ This proposal is contrary to the regulations and the Commission’s Policy Statement on Plain Language Guidelines⁵² and would impede the customer’s ability to make an apples-to-apples comparison of the portion of the bill attributable to delivery service when shopping for electric supply or to determine how the bill would be affected by a customer’s conservation. The Commission’s regulations require that the bill specify the amount due for basic service, the

⁴⁹ 66 Pa. C.S. § 2807(c).

⁵⁰ Pet., ¶¶ 37, 50

⁵¹ *Id.* at ¶ 37.

⁵² 52 Pa. Code §§ 56.15, 69.251(c)(1)(i).

energy or fuel adjustment charge, state tax adjustment surcharge, state sales tax (if applicable) and other similar charges.⁵³ For example, a PECO bill currently contains line items for the following: 1) Customer Charge (Fixed Distribution Charge), 2) Variable Distribution Charge - Total billed kWhs * Applicable Flat Price, 3) Energy Efficiency Charge-Peak Load Contribution kW * Applicable Flat Price, 4) High Voltage Discount - Total Registered kW * Applicable Flat Price, 5) State Tax Adjustment (if applicable), and 6) Sales Tax (if applicable).

b. EDC-Administered Programs

NRG states that EGSs participating in SCB should also be allowed to participate in EDC-sponsored programs that currently require the use of UCB, such as the Standard Offer Program ("SOP"). PECO's SOP is called PECO Smart Energy Choice ("PSEC").⁵⁴ Customers wishing to enroll in PSEC may choose to be assigned to a participating EGS of their choice or may choose to be randomly assigned to a supplier. If a customer accepts the SOP, a referral is issued to the EGS of the customer's choice.

At a minimum, PECO would need to modify its SOP script to account for EGSs that employ SCB. The customer would need to be informed that their billing would be provided by the EGS, but that they should contact their EDC for any emergency service requests. This could lead to customer confusion with whom to call and in which scenarios or to dissatisfaction in the SOP enrollment process as a whole.

The SOP poses another concern in the context of SCB. NRG proposes that the SCB-participating EGSs handle consumer inquiries.⁵⁵ PSEC information is provided to new and

⁵³ 52 Pa. Code § 56.15.

⁵⁴ PSEC allows eligible customers to sign up with a supplier participating in the program for a 12 month billing cycle at a fixed rate for those 12 billing cycles. This fixed Program price provides a 7% discount off of PECO's Price to Compare on the date the offer is made. EGSs are able to participate on a per class basis (residential v. small commercial) and can change their interest month to month (residential and/or commercial or not).

⁵⁵ Pet., ¶ 37.a.

moving customers, as well as to those customers who call and ask about the program. If the customer calls the EGS in these situations, the EGS should refer the customer to PECO. This is an important protection for customers. If the SCB-participating EGS is required to explain SOP and potential cost savings, the customer could potentially leave the current EGS for a different EGS. If the current SCB-participating EGS is a supplier in the SOP, a bias could be perceived with its referrals to the program. If a customer is with a SCB-participating EGS at a higher rate than PECO's PTC or the SOP rate, a conflict of interest could be perceived with offering customers ways to save or reduce their bill.

c. Bill Inserts

PECO delivers important customer account information through bill insert messaging because the method is reliable and effective. Some of these messages are required by the Commission and others, while not mandatory, provide important consumer information. These messages include: regulatory notices (such as notices of rate changes); safety notices; consumer protection information such as scam alerts; payment policy and billing updates and changes; information regarding low income assistance programs and LIHEAP/MEAF;⁵⁶ tips and solutions to save energy and money, including information on PECO's Act 129 Energy Efficiency and Conservation ("EE&C") Plan offerings; and information on website functionality, account access, and alert settings. The delivery time for bill insert messaging is critical. Many messages, *e.g.* rate case notices, must be delivered to PECO customers within Commission-mandated time frames. Other messages are carefully timed to leverage seasonality or upcoming events in order to maximize awareness. It is unclear how PECO could ensure that bill inserts are actually being sent or sent within the appropriate timeframes. PECO is also concerned about the customer

⁵⁶ MEAF is PECO's Matching Energy Assistance Fund. MEAF is an energy assistance program that assists low-income, residential customers in the PECO service territory with bill payment.

confusion that may result from receiving messages about PECO-sponsored programs from an EGS.

iii. Collections Concerns

SCB raises a number of concerns regarding collections. The first concern is regarding payment of unpaid charges owed to the EDC. NRG proposed in its responses to the EDEWG policy questions that customers with past-due EDC balances would qualify for SCB (with any unpaid charges following the customer to SCB).⁵⁷

If a customer has a past-due balance that was accrued while on SCB, NRG proposes conflicting treatments. In its Section on proposed Commission action, NRG lists an “Enrollment/Drop Block Mechanism” that will “prevent a customer from switching to another EGS or the EDC until that customer has paid his or her past due bill in full.”⁵⁸ Earlier in its filing, however, NRG states that customers “may choose on their own to return to default service.”⁵⁹ The legality of forcing a customer to take electric service from a largely unregulated entity at an unregulated price is unclear, at best. At a minimum, blocking customers from switching to another EGS or from returning to default service is contrary to the fundamental principles of customer choice.

iv. Termination of Service

a. Termination of Service Protocols

Some of the most difficult issues with regard to SCB from a consumer protection standpoint are termination of service procedures. NRG states that it should be allowed to pursue termination of service for unpaid charges. It proposes that SCB-participating EGSs would instruct the EDC to implement disconnection procedures consistent with Chapter 56 and to

⁵⁷ Pet., Appendix A, Question 1.

⁵⁸ Pet., ¶ 37.e.

⁵⁹ Pet., ¶ 31.

terminate customers for non-payment.⁶⁰ It is unclear, however, how the EDC will know if a payment has been made such that the termination process should be stopped. Similarly, if the EDC would be in charge of all aspects of termination, it would be challenging for PECO to make the required phone calls when it does not have access to the customer's billing information.⁶¹ It is also unclear how an EDC will ensure that termination is being requested only for failure to pay distribution, transmission, and generation charges and not for nonbasic/value-added services. These issues will be discussed in more detail below.

Currently termination costs are built into the rates and customers must pay restoration fees that vary depending on the way the service was terminated (*i.e.*, remote, at meter, at taps). PECO would have to inform the EGS of the cut location in real time following termination so that the appropriate fee can be collected from the customer before service is restored. Often customers call for restoration immediately after termination. Both PECO and the SCB-participating EGS's IT systems would need to support sending termination completion information to the EGS in real time. The SCB-participating EGS would need to reimburse PECO for the restoration after it is completed. The costs of terminations are included in rates, but the Commission would need to consider if they should be removed from rates and charged directly to the EGS because PECO will no longer control the efficiency of collection actions and the number of terminations required.

⁶⁰ Pet., Appendix A, Question 2.

⁶¹ If the EDC would only be responsible for the physical termination of service, and not for the required notices under Chapter 56 that lead up to service being cut, the EDC must be held harmless from any claims that service was terminated unlawfully.

b. Treatment of Nonbasic/Value-Added Services

Basic services are those necessary for the physical delivery of electricity service and include generation, transmission and distribution.⁶² Nonbasic services are defined as “[o]ptional recurring services which are distinctly separate and clearly not required for the physical delivery of public utility service or default service.”⁶³ The value-added services discussed by NRG in various portions of its Petition are nonbasic services. NRG provides no indication of how such nonbasic services will be accounted for from a billing perspective – especially in light of its proposal for flat billing. Chapter 56.83 of the Commission’s regulations prohibits termination of service for nonpayment, in whole or in part, of nonbasic services.⁶⁴ The SCB-participating EGSs must develop a mechanism to ensure that non-commodity services are excluded from the calculation of unpaid charges such that non-payment of these charges will not trigger customer termination.

c. Payment Processing

It is critical that customers’ payments are applied consistently whether billed by the EDC or EGS.⁶⁵ Guidelines for the order of payment posting and reconnection requirements are a part of Chapter 56.⁶⁶ In compliance with Chapter 56, PECO’s electric tariff lists the current primary

⁶² 52 Pa. Code §§ 54.2, 56.2.

⁶³ 52 Pa. Code § 56.2.

⁶⁴ 52 Pa. Code Section 56.83(3) addressing unauthorized termination of service states: “Unless expressly and specifically authorized by the Commission, service may not be terminated nor will a termination notice be sent for any of the following reasons:

...

(3) Nonpayment, in whole or in part, of nonbasic charges for leased or purchased merchandise, appliances or special services including, but not limited to, merchandise and appliance installation fees, rental and repair costs; meter testing fees; special construction charges; and other nonrecurring or recurring charges that are not essential to delivery or metering of service, except as provided in this chapter.”

⁶⁵ Likewise, termination and reconnection fees must be the same for all customers.

⁶⁶ The pertinent sections of Chapter 56 provide:

- Section 56.23: “Payments received by a public utility without written instructions that they be applied to... non-basic charges and which are insufficient to the balance due for the items plus amounts billed for basic utility service shall first be applied to the basic charges for residential public utility service.”

and secondary payment posting priorities. Charges are posted first by primary priority, then by age of debit, and then by secondary priority.⁶⁷ Generation supply charges are simply among the many prioritized charges for payment, for which the supplier would assume responsibility under SCB. A number of these prioritized charges relate to items for which cutting service is not a remedy and for which the supplier may not turn to the EDC for relief by way of termination.

v. Impacts on Low Income Customers and Consumer Protections

Preliminarily, PECO submits that if an EGS chooses SCB, it must do so for all customers in a class. It cannot cherry-pick customers based on credit rating, payment history, usage or any other criteria.⁶⁸ This is in keeping with PECO's existing Electric Generation Supplier Tariff, which states, "[f]or residential Customers only, any EGS utilizing EDC consolidated billing shall be required to utilize EDC consolidated billing for all of the EGS's residential Customers, and all such residential accounts shall be included in PECO's purchase of receivables program."⁶⁹

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- Section 56.24: "...payments received by a public utility which are insufficient to pay a balance due both for prior service and for service billed during the current billing period shall first be applied to the balance due for prior service."
 - Section 56.191: "When service to a dwelling has been terminated, the utility shall reconnect service ... after receiving one of the following: (1) Full payment of an outstanding charge plus a reasonable reconnection fee.... (2) Payment of amounts currently due according to a settlement or payment agreement, plus a reasonable reconnection fee...."

52 Pa. Code §§ 56.23, 56.24, 56.191.

⁶⁷ In summary, PECO's primary payment order is as follows:

1. *Past Due Reinstated Arrearages*
2. *Reconnect and Revenue Protection fees (except for reconnections for medical conditions)*
3. *Past Due Transfer Service Cut-able charges*
4. *Past Due Service Charges*
5. *Current Arrearages*
6. *Current Service Charges*
7. *Deposits*
8. *Past Due Non-Cutable Reinstatements and Transfers*
9. *Current Non-Cutable Reinstatements and Transfers*
10. *Other Miscellaneous/Non-basic service charges*

⁶⁸ NRG's proposal does prevent payment troubled customers from enrolling in SCB. NRG states that customers with past-due balances are eligible for SCB, however those customers with past-due balances who are currently on a payment plan must pay the EDC in full before being eligible to enroll in SCB. Pet., Appendix A, Questions 1, 14.

⁶⁹ PECO Electric Generation Supplier Tariff, Supplement No. 27 to Tariff Electric Pa. P.U.C. No. 1S at 96. As noted above, the requirement that all residential customers be forced to enroll in SCB if their EGS participates is directly contrary to the plain language of 66 Pa. C.S. § 2807(c), which states that the type of bill received is the choice of the customer.

a. Enrollment in CAP

One of the primary ways in which PECO determines if a customer is eligible for CAP is during billing calls. If a customer calls into PECO's call center and mentions that they are low income, the call center representative refers the customer (after addressing the underlying billing or payment concern) to the CAP call center to see if he or she would qualify for CAP. PECO has a dedicated CAP call center, which stands ready to address the need of PECO's approximately 138,000 CAP enrollees. If the EGS is responsible for all billing calls, the EDC will not be the primary point of contact such that CAP eligibility can be discussed.

b. Pre-Program Arrearages

In its one-size-fits-all proposal for SCB, NRG fails to consider that each EDC has a different CAP program and that some portions of those complex programs, such as the forgiveness of preprogram arrears, are dependent upon the EDC knowing if the CAP customer has made full and on-time payments.⁷⁰ Upon first time enrollment in PECO's CAP program, the customer's Pre-Program Arrears ("PPA") are frozen and set aside with the understanding that PECO will forgive this balance in exchange for on-time and in-full payments made by the customer. PECO forgives 1/12 of PPA every month a full and on-time payment is made. As NRG proposes to handle all billing and purchase PECO's receivables, PECO would not know if the CAP customer made a payment or if the payment was on-time or in-full such that the customer would be entitled to forgiveness of his or her PPA.

c. Payment Arrangements and Deposits

Payment Arrangements ("PARs") and Deposits are not limited to those customers who would qualify for PECO's CAP program, but they would be impacted by SCB nonetheless. In its filing, NRG proposes that the SCB-participating EGS be allowed to issue PARs to customers

⁷⁰ The issue of CAP shopping in PECO's territory is still under Commission review at Docket No. P-2012-2283641.

who become delinquent.⁷¹ It is unclear if the EGS-issued PARs would count for purposes of Chapter 14, which lists payment disputes and the setting of PARs as “between a public utility, applicants and customers.”⁷² It is also unclear what jurisdiction, if any, the Commission would have to set or adjudicate Complaints regarding EGS PARs.⁷³

As was discussed above, NRG’s proposals regarding deposits are murky, at best, and leave the utility financially vulnerable. As with PARs, Chapter 14 expressly contemplates deposits being paid only to public utilities.⁷⁴ It is not clear that an EDC that has properly collected a deposit can transfer that deposit to a SCB-participating EGS. Requiring the EDC to transfer the deposit to the EGS leaves the utility vulnerable for non-payment of its services, especially for its dual service customers.

vi. Chapter 56 Requirements

NRG states generally that it will preserve all existing protections enjoyed by Pennsylvania’s retail customers.⁷⁵ NRG fails to detail exactly what that would entail. In order to ensure that customers are actually receiving the protections of Chapter 56, PECO submits that the Commission must require any SCB-participating EGS to fulfill all of the mandates of the billing agent under Chapter 56.⁷⁶ As the Billing agent, an EGS would need to be responsible for all customer care processes, including all customer calls, inquiries, and disputes, collection activity including the notice process up to, but not including, the termination of service at the meter, and must comply with regulations.⁷⁷

⁷¹ Pet., Appendix A. Question 14.

⁷² 66 Pa. C.S. § 1405(a).

⁷³ *Id.*

⁷⁴ *Id.* at § 1404.

⁷⁵ Pet., ¶ 29.

⁷⁶ 52 Pa. Code § 56.1.

⁷⁷ PECO as the metering agent would complete processes such as turning service on and off at the meter and testing the accuracy of the meter.

Specifically, an EGS would need to comply with the monthly and annual reporting requirements to the Commission, including the winter survey, collection data, customer service performance, accounts with over \$10,000 balances, and number of received and processed medical certificates.⁷⁸ As the billing agent, an EGS's customer bill format would need to conform to the requirements of Section 56.15, including an explanation of all charges. An EGS would need to provide customers with bill explanation and address all billing inquires and disputes including completion of an investigation and providing the customer with enough information to make an informed decision.⁷⁹ An EGS would also need to comply with collection regulations addressing obtaining financial information, issuing payment terms, and restoring service; this would include accepting medical certificates to stop collection of charges for 30 days, as well as acceptance of two renewal medical certificates.⁸⁰

Finally, an EGS would need to complete all processes associated Informal and Formal Complaints filed at the Commission associated with any charges, billing issues, or termination for SCB customers. Reports must be submitted to the Commission within five days for accounts where service is off and within 30 days for all other complaints.⁸¹ An EGS would also need to participate in the Commission's Formal Complaint hearing process including the submission of all evidence for hearings.

vii. Call Center Impacts

Preliminarily, NRG's proposals regarding the use of an EGS call center to handle billing inquiries is contrary to the Public Utility Code. Section 2807(d) states that an EDC *shall*, regardless of bill type, continue to provide customer service functions including complaint

⁷⁸ 52 Pa. C.S. §§ 54.156, 56.100, 56.231, 54.156, 62.37.

⁷⁹ 52 Pa. Code § 56.151.

⁸⁰ 52 Pa. Code §§ 56.191, 56.114; 66 Pa. C.S. § 1405.

⁸¹ 52 Pa. Code § 56.163.

resolution and collections.⁸² The Public Utility Code, on its face, simply does not allow for NRG's proposals. Additionally, the Commission has discussed concerns surrounding the ability of supplier call centers to serve customer in times of bad weather. In its Natural Gas Supplier ("NGS") Standards Advances Notice of Proposed Rulemaking ("ANOPR"), the Commission stated, "[w]hile we agree that ideally a consumer should first contact their current NGS to drop their supplier service, we recognize that this may not always be possible. One of the lessons of the January 2014 Polar Vortex is that supplier call centers can be overwhelmed – making contacting them difficult if not impossible in some instances."⁸³

a. Data Concerns and Complaint Handling

Beyond the statutory prohibition, NRG's proposal to handle all billing issues and complaints raises a number of other concerns.⁸⁴ Billing issues and complaints cover a variety of topics including but not limited to usage, high bill, bill explanation, payments, CAP rate, EDC and EGS charges, budget plans, and past due charges. A majority of the information needed to resolve these issues resides with the EDC. NRG states that the EDC should provide "information as necessary to respond to those inquiries and complaints."⁸⁵ The simplicity of this proposal demonstrates NRG's fundamental misunderstanding of what is required to handle customer billing issues from a utility perspective.

For example, in high bill complaints the EGS would need to have customer and premise history available in order to provide a clear and precise explanation of meter readings and usage patterns. The EGS would further need to distinguish between a high balance (accumulated

⁸² 66 Pa. C.S. § 2807(d).

⁸³ *Rulemaking to Amend the Provisions of 52 Pa. Code, Chapter 59 Regulations Regarding Standards for Changing a Customer's Natural Gas Supplier*, Docket No. L-2016-2577413 (Advance Notice of Proposed Rulemaking entered December 22, 2016).

⁸⁴ Pet., ¶ 37.

⁸⁵ *Id.*

unpaid charges) and a high bill (high usage) complaint. Accumulated balances sometimes require a detailed bill explanation with changes in rates (*e.g.* CAP rate to Residential, quarterly change in PTC, change in supplier rate, etc.) and payments or lack thereof. On the other hand, a high bill requires more in depth analysis based on usage patterns (*e.g.* weather conditions, impacts from heating and cooling appliances, etc.).

If one party does not have all the data required to resolve the issue, it would not be able to adequately analyze the customer's account and the customer experience would be negatively impacted. This could easily result in an escalation in the number of customer complaints to the Commission.

b. Multiple Call Centers

NRG's proposal would result in customers needing to make contact with two different call centers. As discussed above, dual service customers will need to call PECO to address gas billing concerns and NRG to address electric billing concerns. Even electric-only customers would be required to call both the EGS and the EDC – the EGS for billing and the EDC for quality of service, outages, CAP, moving, etc. It will be difficult for the customer to understand which entity to call and in what situations to do so. As discussed above, a "billing complaint" could be a high bill matter, which would require information about the EGS's rates, as well as the EDC's meter information and possibly testing. So whom would the customer call? This could result in customer confusion and an increase in the time it takes to complete calls (average handling time) and resolve complaints.

NRG's proposal also has public safety implications. If the customer contacts the EGS for one of the issues it is not managing (*e.g.* emergency, meter repairs, etc.), PECO submits that the EGS must be required to perform a warm transfer to the EDC to avoid the loss of a call or any

delay in response to an emergency situation.⁸⁶ Emergency calls are the priority in PECO's routing system – with little to no wait time.

c. Increased Costs

As discussed below, NRG alleges that SCB will result in reduced EDC overhead costs and cause “overall lower rates for customers.”⁸⁷ NRG fails to consider that PECO would not only have to maintain its call center staffing in order to seamlessly serve all customers, including CAP customers, if an EGS decides to stop using SCB or exits the market, but also will likely have to hire additional personnel to coordinate billing complaints with the EGS. Given that the EDC will not be able to access the information on the EGS's system, *e.g.* supplier history and charges, the EDC will have to use multiple systems to review the data and provide analysis of the complaint – likely resulting in an increase to average handling time (AHT) to analyze the account. These costs would be in addition to those resulting from call center script changes.

viii. NRG's Purchase of Receivables Proposal

In its filing, NRG proposes a POR program where the SCB-participating EGS would purchase 100% of the EDC's receivables at no discount.⁸⁸ NRG proposes a receivables payment period of 30 days, stating that it is the midpoint of the Pennsylvania EDCs' periods. NRG acknowledges that there would be additional risk to the EDC and proposes that SCB-participating EGSs would be “obligated to meet more stringent financial requirements than are currently imposed on EGSs to maintain their licenses and to demonstrate the technical expertise

⁸⁶ All other transfers could be cold transfers, but the EGS must also be required to provide the customer with the EDC's direct dial number.

⁸⁷ Pet., ¶ 54.

⁸⁸ Pet., ¶ 39.

to perform billing and related functions.”⁸⁹ PECO will discuss its concerns with NRG’s proposals below.⁹⁰

PECO has previously experienced EGS defaults and is pleased to note NRG’s recommendation that extra financial thresholds must be met in order for an EGS to provide SCB than are currently imposed on EGSs to maintain their licenses and that technical expertise to perform billing and related functions, including maintaining a customer call center must be demonstrated.⁹¹ The assurances NRG proposes are insufficient, however, because the SCB-participating EGS would, at any period, be holding approximately one month of EDC charges earned but not paid. EDCs would need a high degree of confidence that 1) the EGS would actually pay the money owed; 2) in the unlikely event of an EGS default, EDC customers would be given “credit” for the amounts paid to the EGS for their EDC charges; and 3) EDC shareholders would not be adversely impacted by this mandatory SCB program.

PECO would note that even these unacceptable, lower standards would be difficult for smaller EGSs to meet. In a practical sense, only the largest EGSs would likely be able to provide the level of call center support and post the collateral required to participate in SCB. Indeed, in the RMI proceedings, the Pennsylvania Energy Marketers Coalition believed that retaining UCB was important, especially for smaller EGSs, that may not want, or be able, to perform SCB. *End State RMI Order*, at 68.

⁸⁹ Pet., ¶ 33. PECO agrees that that a demonstration of fitness to perform call center functions is important. This is especially true in light of the number of EGS call centers that were unable to answer customer calls during the Polar Vortex.

⁹⁰ It is important to note the practical implications of NRG’s proposal. Hypothetically speaking, under NRG’s proposal instead of 100,000 customers owing PECO \$10, one EGS would owe PECO \$1 million. As a default would be much more impactful, the Commission must ensure that the EDCs are sufficiently protected.

⁹¹ Pet., ¶¶ 33, 54. In its Petition NRG states such financial criteria could include: 1) pre-defined financial requirements or posting necessary minimum financial guarantees; 2) a minimum number of years of serving customers in Pennsylvania and other competitive electricity market; 3) no default on a power supply contract over a certain number of years; 4) documentation of an on-going risk management policy; a local office in Pennsylvania; 5) serving a minimum number of residential electric customers; and 6) experience with call center/complaint handling, billing/credit and collections. Pet., ¶ 54.

Finally, PECO submits that the proposed 30 day payment period for receivables must be rejected. PECO's payment periods are 20 days for non-residential accounts and 25 days for residential accounts. NRG's arbitrary and unsupported method of selecting the "mid-point" between all EDCs' existing payment periods is not defensible. The SCB-participating EGS should be required to follow each EDC's existing repayment schedule.

ix. Customer Education

In its filing, NRG states that EGSs who use SCB "bear responsibility" for customer education during the sales transaction and through disclosure documents and that the EGS must notify the customer that "they will begin to receive a consolidated bill from the EGS..."⁹² This is simply not enough notice or education regarding SCB. If the Commission were to adopt SCB, it would need to set forth specific notice requirements and customer education to be performed by the EGS and at the EGS' expense to explain the billing changes to customers.

C. Implementation Timeline and Costs

i. Proposed Implementation in Second Quarter of 2018

While PECO maintains that the NRG Petition must be dismissed, PECO also takes issue with NRG's unrealistic implementation timeline. The work required to implement Supplier Consolidated Billing would be considerable. NRG states that because extensive work has already been done to allow customers to receive their electric generation services from EGSs, "the remaining work left to be done to implement SCB pales in comparison."⁹³ NRG then states that EDEWG has already "done extensive work to implement SCB" in its report submitted to the Commission in 2010.⁹⁴ NRG maintains that these proposed changes can be "dusted off to

⁹² Pet., ¶ 35, Appendix A. Question 10.

⁹³ Pet., ¶ 68.

⁹⁴ *Final Report of the Supplier/EGS Consolidated Billing EDEWG Sub-Team*, released September 2010, available at: http://www.puc.state.pa.us/electric/pdf/OCMO/CHARGE-EGS_SCB_Rpt.pdf.

provide a solid foundation for moving forward.”⁹⁵ It also points to EDI processes used for SCB in Texas that “provide a solid roadmap for moving forward with SCB.”⁹⁶

First, even if true, the fact that SCB would require less work than it has taken to bring the market to where it was today simply does not make NRG’s proposed implementation plan “workable.”⁹⁷ The fact that such a significant amount of time and effort (and money) has already been expended on market enhancement measures supports PECO’s position that the Petition is untimely, at best, and that a full evidentiary proceeding is required to determine if SCB should be implemented. Next, while it is true that the EDEWG report – and to a much lesser extent the Texas EDI transactions – may provide a starting point for EDI modifications that would need to be made, it has no bearing on the significant changes that PECO would need to make to its systems and processes.⁹⁸

PECO implemented the SCB functionality in its previous billing system (CIS) in 1999. In 2006, the CIS system was replaced by a new billing system (CIMS). As not a single EGS had made use of the SCB functionality in the CIS system in seven years, it was not built into CIMS. Therefore, from a billing system perspective, PECO would be starting from scratch in implementing SCB. Wholesale changes also would be required in call center procedures, complaint response and processing, scripting, bill inserts and Commission-required education, termination procedures, CAP enrollment, and collections. Indeed, the Commission itself acknowledged that “SCB could only be implemented after extensive work and expense by many

⁹⁵ Pet., at ¶ 64-65; *Final Report of the Supplier/EGS Consolidated Billing EDEWG Sub-Team*, released September 2010, available at: http://www.puc.state.pa.us/electric/pdf/OCMO/CHARGE-EGS_SCB_Rpt.pdf.

⁹⁶ Pet., at ¶¶ 42, 64-65.

⁹⁷ Pet., at ¶ 15.

⁹⁸ NRG references the EDEWG report, but fails to disclose that some of its proposals are contrary to those adopted in the report. For example, Section C.3.3.05.05 states, “The EGS will not bundle EDC Basic Service Charges.” Pet., Appendix B, page 14.

entities.”⁹⁹ It is simply not feasible to implement all of these changes by the second quarter of 2018 as NRG is proposing. Indeed, PECO estimates that it would take a minimum of 18 months after all parameters are established by the Commission. To require the EDCs to implement SCB without first having approval for their specific plan (and the costs attendant thereto) is inefficient and could result in redundant programming or disallowance of cost recovery.

ii. Costs of SCB

The implementation of SCB, if approved, would not impact PECO’s statutory and regulatory obligations. As the default service provider, PECO must stand ready to serve customers in its service territory in the broadest sense. This means that regardless of the implementation of SCB, PECO would have to maintain its call center staffing, billing systems, complaint resolution personnel, etc. in such a manner that it can seamlessly serve all customers if an EGS decides to stop using SCB or exits the market. For this reason, SCB will not result in reduced EDC overhead costs and cause “overall lower rates for customers.”¹⁰⁰ As discussed above, PECO anticipates that SCB would actually result in increased costs.

NRG treats the cost of SCB implementation as an afterthought. In doing so, NRG is effectively arguing that SCB should be implemented regardless of cost. This is an imprudent proposition, especially in light of the total lack of evidence presented by NRG regarding the need for or impacts of SCB and the fact that its use would be limited, from a practical sense, to large EGSs alone

PECO estimates the cost of implementing SCB, from an IT perspective alone, would be \$4.5 million. This amount does not take into consideration the numerous other changes that would need to be made to call center procedures and scripting, complaint response and

⁹⁹ *Final End State Order*, at 67.

¹⁰⁰ *Pet.*, ¶ 54.

processing, termination procedures, and collections. PECO submits that the Commission must carefully consider the costs associated with SCB, as well as its potential benefits and potential customer use, before making any determinations regarding SCB implementation.

iii. Cost Recovery

With respect to the costs associated with implementing SCBs, NRG states that EDCs have already recovered any incremental costs of installation as part of restructuring.¹⁰¹ NRG argues that to the extent cost recovery is warranted, it should be handled as part of EDC compliance filings. As was required by its Commission-approved restructuring settlement, PECO built SCB into its then-existing billing system, and for seven years no EGS used it.¹⁰² When it came time to replace the billing system, PECO did not expend the additional cost to replicate the function because it had not been used by any suppliers in the seven years it was in place. It is important to note that even if an EDC billing system incorporating SCB were available, NRG's proposals would still require significant changes because the protocols are different than those included in particular restructuring agreements. PECO submits that the cost of implementing SCB should not be borne by customers. As discussed above, the customers have funded a majority of the market enhancements. As NRG is requesting changes that would require a significant rebuild of PECO's billing system, the costs of SCB are appropriated placed on NRG and any other EGSs that use the SCB option.

¹⁰¹ Pet., ¶ 67.

¹⁰² *Application of PECO Energy Company for Approval of Its Restructuring Plan*, Docket No. R-00973953 (Appendix C, Joint Petition for Full Settlement filed April 29, 1998).

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

1. Admitted in part and denied in part. It is admitted that NRG has accurately quoted portions of the Commission's Order. Since the Commission's Order speaks for itself, NRG's characterization of the Commission's purpose and intent is denied.

2. Admitted in part and denied in part. It is admitted that NRG has accurately quoted portions of the Commission's Order. Since the Commission's Order speaks for itself, NRG's summary and characterization of the Commission's Order are denied.

3. Denied. The Commission's Order speaks for itself, and NRG's summary and characterization of the Commission's Order are denied.

4. Admitted in part and denied in part. It is admitted that NRG has accurately quoted portions of the Commission's Order. Since the Commission's Order speaks for itself, NRG's summary and characterization of the Commission's Order are denied.

5. Admitted in part and denied in part. It is admitted that NRG has accurately quoted portions of the Commission's Order. Since the Commission's Order speaks for itself, NRG's summary and characterization of the Commission's Order are denied.

6. Admitted in part and denied in part. It is admitted that NRG has accurately quoted portions of the Commission's Order. Since the Commission's Order speaks for itself, NRG's summary and characterization of the Commission's Order are denied. In further answer, the Commission listed an entire series of matters – not just consolidated billing – that affects the relationship between the EGS and customer.

7. Admitted in part and denied in part. It is admitted that NRG has accurately quoted portions of the Commission's Order. Since the Commission's Order speaks for itself, NRG's summary and characterization of the Commission's Order are denied. In further answer,

in its discussion of the Commission's view on SCB, NRG omits the Commission's concerns about the use of SCB because POR programs are available in the Commonwealth. Indeed, as was discussed Sections I and II, *supra*, which are incorporated herein by reference as if set forth at length, when UCB and POR were implemented in Illinois, NRG abandoned SCB in favor of UCB.

8. Admitted in part and denied in part. It is admitted that NRG has accurately quoted portions of the Commission's Order. Since the Commission's Order speaks for itself, NRG's summary and characterization of the Commission's Order are denied.

9. Denied. Since the Commission's Order speaks for itself, NRG's summary and characterization of the Commission's Order are denied. As was discussed in Sections I, II, and III, *supra*, which are incorporated herein by reference as if set forth at length, it is specifically denied that the joint bill initiative has not "enabled EGSs" to "forge long-term relationships with," "engage in effective communications with," or "develop product offerings for" their customers. NRG has neither availed itself of the logo and customized bill-message features that resulted from the *Joint EDC/EGS Bill Order* nor demonstrated any impediments with UCB that prevent NRG from developing further product offerings. It is specifically denied that the joint bill has not moved "Pennsylvania toward a more robust and vibrant competitive market."

10. Denied. Since the Commission's Order speaks for itself, NRG's summary and characterization of the Commission's Order are denied. In further answer, PECO did implement SCB as a part of its restructuring plan.¹⁰³ As set forth in detail in Section III, *supra*, which is incorporated herein by reference as if set forth at length, the SCB functionality was built into PECO's then-existing CIS billing system in 1999.

¹⁰³ *Application of PECO Energy Company for Approval of Its Restructuring Plan*, Docket No. R-00973953 (Appendix C, Joint Petition for Full Settlement filed April 29, 1998).

11. Denied. The EDEWG Report and OCMO documents cited by NRG speak for themselves. It is specifically denied that the Commission considered SCB as part of RMI “due to the importance of this initiative to the development of a fully functioning competitive market.” As discussed in detail in Sections I and II, *supra*, which are incorporated herein by reference as if set forth at length, NRG’s characterization is contrary to the Commission’s statement in the *End State RMI Order* about the utility of SCB where POR programs are already available.

12. Denied. Since the Commission’s Order speaks for itself, NRG’s summary and characterization of the Commission’s Order are denied. It is specifically denied that “retail competition has remained stagnant.” The most recent shopping statistics demonstrate that almost twice as many customers are shopping today than were in April 2011 when the Commission’s first RMI order was issued.¹⁰⁴

13. Denied. Since the Commission’s Order speaks for itself, NRG’s summary and characterization of the Commission’s Order are denied. A causal link between SCB and the products offered by EGSs is specifically denied. PECO demands proof thereof at a hearing in this matter. It is further specifically denied the customers do not have access to energy consumption information such that they can enable usage control. First, the customer will have the exact same access to data regardless of who is doing the billing. Next, PECO provides energy consumption data to customers in several ways, most notably on the individual customer account section of its webpage. Therein, customer can view 13 months of usage data broken down by month, day, or hour, utilize weather comparison to help visualize how the weather impacts usage, participate in a customizable online audit, and enroll in High Usage Alerts, which are available by email, text, or automated phone message.

¹⁰⁴ In April 2011, 1,031,784 customers were shopping with an alternative supplier. As of October 2016, 2,070,044 customers were shopping with electric suppliers. Pennsylvania Electric Shopping Statistics, available at: <http://www.oca.state.pa.us/Industry/Electric/elecstats/ElectricStats.htm>

14. Admitted in part and denied in part. It is admitted that NRG has accurately quoted portions of the Commission's Order. For the reasons set forth in Sections I, II, and III, *supra*, which are incorporated herein by reference as if set forth at length, it is specifically denied that the current retail market "requires changes in order to bring about the robust competitive market envisioned by the General Assembly when it passed the Competition Act." As was discussed above, 105 EGSs currently serve the customers in the PECO service territory. Additionally, the Commission's October study indicated that 95% of homeowners and 93% of renters are aware of their ability to shop for electricity providers.¹⁰⁵

15. The averments of Paragraph No. 15, which outline NRG's proposed implementation timeline, constitute a prayer for relief to which an answer is not required. Nonetheless, a number of averments of fact embedded in NRG's request for relief are erroneous and, therefore, in addition to a blanket denial by PECO of Paragraph No. 15, PECO denies various specific averments for the reasons set forth in Sections I, II, and III, *supra*. Accordingly, the responses to NRG's proposal set forth in Sections I, II, and III are incorporated herein by reference as if set forth at length.

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

17. The averments of Paragraph No. 17, which outline NRG's request for expedited treatment, constitute a prayer for relief to which an answer is not required. Nonetheless, a number of averments of fact embedded in NRG's request for relief are erroneous and, therefore, in addition to a blanket denial by PECO of Paragraph No. 17, PECO denies various specific averments for the reasons set forth in Sections II and III, *supra*, which are incorporated herein by reference as if set forth at length. It is specifically denied that PECO's request for hearings is

¹⁰⁵ PUC PA PowerSwitch Attitudes and Usage Report. October 2016.

“merely intended to delay SCB implementation.” Hearings are necessary in this matter given the complexity of the issues, important customer protection concerns, and substantial implementation expense. For the same reason, as well as those in Section III relating to the timeliness of this Petition, it is specifically denied that the matter requires expedited treatment or a narrow scope.

18. The averments of Paragraph No. 18, which outline subsequent Paragraphs of the Petition, do not require an answer, but PECO offers a blanket denial for the reasons set forth in Sections II and III, *supra*, which are incorporated herein by reference as if set forth at length.

19. Admitted in part and denied in part. It is admitted that NRG is an EGS. The Company lacks knowledge or information sufficient to form a belief as to the truth of the remaining averments in Paragraph No. 19. Accordingly, those averments are denied and proof thereof requested at a hearing in this matter.

20. Denied. The Company lacks knowledge or information sufficient to form a belief as to the truth of the averments in Paragraph No. 20. Accordingly, those averments are denied and proof thereof requested at a hearing in this matter.

21. Denied. The Company lacks knowledge or information sufficient to form a belief as to the truth of the averments in Paragraph No. 21. Accordingly, those averments are denied and proof thereof requested at a hearing in this matter.

22. Denied. NRG has not demonstrated any structural impediments with UCB preventing it from developing product offerings. It is specifically denied that UCB prevents customers from “the opportunity to benefit from innovative new tools designed to help them be smarter energy consumers.” NRG has presented no evidence to support this claim, and its own

actions are contrary to this assertion. As noted in Section II above, which is incorporated herein by reference as if set forth at length, NRG does not participate in SCB in Illinois.

23. Denied. It is denied that having EDCs serve in the default service role “will continue to hinder the development of the market.” PECO denies the remainder of the averments in Paragraph No. 23 for the reasons set forth in Sections II and III, *supra*, which are incorporated herein by reference as if set forth at length.

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

25. Denied. NRG’s statements regarding the Commission’s view of the state of the retail market are both unsupported and contrary to the recent study released by the Commission and set forth in Section I, *supra*, which is incorporated herein by reference as if set forth in length. PECO denies the remainder of the averments in Paragraph No. 25 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 expedited treatment request, constitute a prayer for relief to which an answer is not required. Nonetheless, a number of averments of fact embedded in NRG’s request for relief are erroneous and, therefore, in addition to a blanket denial by PECO of Paragraph No. 26, PECO denies various specific averments for the reasons set forth in Sections II and III, *supra*, which are incorporated herein by reference as if set forth at length.

27. The averments of Paragraph No. 27, which describe SCB, constitute a prayer for relief to which an answer is not required. Nonetheless, a number of averments of fact embedded in NRG’s request for relief are erroneous and, therefore, in addition to a blanket denial by PECO

of Paragraph No. 27, PECO denies various specific averments for the reasons set forth in Sections II and III, *supra*, which are incorporated herein by reference as if set forth at length. NRG's characterization that there is a "normal practice" to the way a business bills for product and delivery is a gross oversimplification. The Company specifically denies that the delivery of regulated electricity to a customer's home is analogous to sale and delivery of light bulbs, which is patently absurd.

28. Admitted in part and denied in part. It is admitted that the PECO tariff page referenced by NRG details PECO's payment period. The remaining averments of Paragraph No. 28, which outline NRG's purchase of receivables proposal, constitute a prayer for relief to which an answer is not required. Nonetheless, a number of averments of fact embedded in NRG's request for relief are erroneous and, therefore, in addition to a blanket denial by PECO of the remaining portion of Paragraph No. 28, PECO denies various specific averments for the reasons set forth in Section III, *supra*, which is incorporated herein by reference as if set forth at length.

29. Admitted in part and denied in part. It is admitted that NRG has correctly cited Chapter 56 and a number of cases citing in turn to that provision. The Commission's Orders and Pennsylvania Supreme Court decisions cited by NRG speak for themselves. Accordingly, NRG's attempted summary and characterization to these decisions is denied. Some averments of Paragraph No. 29, which describe consumer protections under NRG's Plan, constitute a prayer for relief to which an answer is not required. Nonetheless, it is specifically denied that NRG's plan sets forth enough specificity to ensure that Pennsylvania consumers will, in fact, enjoy the same protections under SCB as they do under UCB. PECO denies the various averments in Paragraph No. 29 for the reasons set forth in Sections II and III, *supra*, which are incorporated herein by reference as if set forth at length.

30. Admitted in part and denied in part. It is admitted that NRG has cited Chapters 14 and 56. The remaining averments of Paragraph No. 30, which outline NRG's service termination proposals, constitute a prayer for relief to which an answer is not required. Nonetheless, a number of averments of fact embedded in NRG's request for relief are erroneous and, therefore, in addition to a blanket denial by PECO of the remaining portion of Paragraph No. 30, PECO denies various specific averments for the reasons set forth in Section III, *supra*, which is incorporated herein by reference as if set forth at length.

31. Denied. Since the Commission's Order speaks for itself, NRG's summary and characterization of the Commission's Order are denied. The remaining averments of Paragraph No. 31, which outline NRG's proposal to stop non-paying customers from switching to a different EGS or returning to default service, constitute a prayer for relief to which an answer is not required. Nonetheless, a number of averments of fact embedded in NRG's request for relief are erroneous and, therefore, in addition to a blanket denial by PECO of the remaining portion of Paragraph No. 31, PECO denies various specific averments for the reasons set forth in Section III, *supra*, which is incorporated herein by reference as if set forth at length. It is specifically denied that the Commission should allow a customer to be blocked from choosing an alternative supplier or returning to default service, as such treatment is counter to the principles of electric choice.

32. Admitted in part and denied in part. It is admitted that NRG has cited Chapter 14 of the Public Utility Code. NRG's summary and characterization of this provision is denied. In further answer, it is specifically denied for the reasons set forth in Paragraph No. 31 above and in Sections II and III, *supra*, which are incorporated herein by reference as if set forth at length.

33. Admitted in part and denied in part. It is admitted that were the Commission to approve SCB, the EGSs offering SCB would need to meet more stringent financial requirements than what are imposed on EGSs to maintain their licenses. It is denied the NRG's proposal contains sufficient financial requirements and consumer protections, as set forth in detail in Section III, *supra*, which is incorporated herein by reference as if set forth at length.

34. The averments of Paragraph No. 34 do not require an answer, but PECO offers a blanket denial for the reasons set forth in Section III, *supra*, which is incorporated herein by reference as if set forth at length. It is specifically denied that NRG should be permitted to display EDC charges on the SCB as a single combined price.

35. Admitted in part and denied in part. It is admitted that "participating EGSs offering SCB to customers should bear the responsibility for adequately explaining the billing options" to customers. It is denied that explaining billing to customers during a sales transaction and in disclosure documents provides adequate education for the reasons set forth in Section III, *supra*, which is incorporated herein by reference as if set forth at length. All education costs for SCB should be borne by participating EGSs.

36. The averments of Paragraph No. 36 do not require an answer.

37. Denied. It is denied that the Commission should resolve the operational issues cited by NRG in the manner in which NRG proposes for the reasons set forth in Section III, *supra*, which is incorporated herein by reference as if set forth at length. PECO specifically denies NRG's proposal in Paragraph No. 37.c. regarding Flat EDC charges. Such proposal is contrary to the Commission's Policy Statement on Plain Language Guidelines¹⁰⁶ and would impede the customer's ability to make an apples-to-apples comparison of the bill portion attributable to delivery service when shopping for electric supply or to calculate the impact of a

¹⁰⁶ 52 Pa. Code § 69.251(c)(1)(i).

customer's conservation on the bill. For the reasons set for in Paragraph No. 31 above, which are incorporated herein by reference as if set forth at length, it is also specifically denied that customers should be blocked from switching to another EGS or returning to default service. It should be noted that with respect to the block mechanism, NRG's Petition is inconsistent. In its proposals, NRG specifically states that block would prevent a customer with a past-due amount from returning to default service. However, in Paragraph No. 31, NRG states that customers "may choose on their own to return to default service."

38. The Public Utility Code and the Commission's regulations cited by NRG speak for themselves, and NRG's attempted summary and characterization are denied. It is specifically denied that Section 2807(c) allows for SCB. As may be seen plainly on its face, Section 2807(c) references only two types of bills – UCB and dual billing.

39. Denied for the reasons set forth in response to Paragraph No. 38 above, which are incorporated herein by reference as if set forth at length. NRG's attempted summary and characterization of the Commission's *End State Final Order* are specifically denied.

40. Admitted in part and denied in part. It is admitted that PECO's supplier tariff contains SCB provisions at the page cited by NRG. The Commission's Orders cited by NRG speak for themselves, and NRG's attempted summary and characterization of the Commission's Orders are denied.

41. Denied. Since the Commission's Orders speak for themselves, NRG's summary and characterization of the Commission's Orders are denied.

42. Denied. Since the Commission's Order and the EDEWG documents speak for themselves, NRG's attempted summary and characterization of such are denied.

43. Denied. Paragraph No. 43 is a summary of NRG's position in the preceding section of its Petition and is denied for the reasons set forth in Paragraph Nos. 26-42 above, which are incorporated herein by reference as if set forth at length.

44. Denied. The Commission's Order cited by NRG speaks for itself. PECO specifically denies NRG's statements regarding the impact of SCB on the electric market for the reasons set forth in Paragraph Nos. 7 and 9 above, and Sections I and III, *supra*, which are incorporated herein by reference as if set forth at length.

45. Denied. PECO does not have access to the full report cited by NRG, but denies NRG's characterization and summary of the findings. Per JDP's press release on the 2015 Retail Electric providers study results, both Texas and Pennsylvania had high satisfaction scores; however, the Billing & Payment factor was included *only for the Texas region* and not for any of the other regions of the study.¹⁰⁷ The press release clearly notes that because of the additional factor in the Texas study, comparisons to other regions may be not be accurate.

46. Denied. It is specifically denied that, absent SCB, an EGS lacks the ability to measure the billing and payment experience of its customers. UCB does not prevent a supplier for surveying its own generation customers or from making any other contact with them. NRG's statements regarding the state of the market and the focus of customers are denied for the reasons set forth in Paragraph Nos. 9, 11, and 13 above, and Sections I, II and III, *supra*, which are incorporated by reference herein as if set forth at length.

47. Denied for the reasons set forth in Paragraph No. 45 above, which are incorporated herein by reference as if set forth in length.

¹⁰⁷ *Satisfaction with Retail Electric Providers Is Highest in Texas and Pennsylvania for a Second Consecutive Year*, Press Release dated August 12, 2015, available at: <http://www.jdpower.com/press-releases/2015-retail-electric-provider-residential-customer-satisfaction-study>.

48. Denied for the reasons set forth in Paragraph Nos. 13 and 45 above, which are incorporated herein by reference as if set forth at length.

49. Denied. NRG's statements are denied for the reasons set forth in Paragraph No. 22 above, and Sections I, II and III, *supra*, which are incorporated by reference herein as if set forth at length. NRG's averments regarding product offerings are specifically denied, as NRG fails to detail any structural impediments under UCB that prevent suppliers from offering prepaid plans or to explain how SCB is the only way to eliminate those impediments.

50. Denied for the reasons set forth in Paragraph No. 37 above, which are incorporated herein by reference as if set forth at length.

51. Denied for the reasons set forth in Paragraph No. 22 above, which are incorporated herein by reference as if set forth at length. It is specifically denied that SCB will "ensure" that customers realize the full value of the AMI investment and will provide opportunities for enrollment in competitive demand reduction and energy efficiency programs. As is discussed in Section II, *supra*, which is incorporated herein by reference as if set forth at length, NRG has provided no factual or evidentiary support for its claims so its assertions are denied.

52. Denied for the reasons set forth in Paragraph Nos. 7 and 22 above, which are incorporated herein by reference as if set forth at length.

53. Denied for the reasons set forth in Paragraph No. 46 above, which are incorporated herein by reference as if set forth at length.

54. Admitted in part and denied in part. It is admitted that under NRG's SCB proposal, EGSs will assume at least some bad-debt risk – the specific amount of which remains to be seen. This issue is discussed in Section III, *supra*, which is incorporated herein by

reference as if set forth at length. It is specifically denied that the implementation of SCB will result in reduced EDC overhead costs and cause "overall lower rates for customers." PECO must stand ready to serve its customers in all aspects should the EGS decide to exit the market or stop utilizing SCB. As discussed in Section III, PECO will still have a responsibility to respond to the EGS in customer billing matters as it is the keeper of most of the data relevant to the resolution of such complaints.

55. Admitted in part and denied in part. It is admitted that UCB with POR is limited to commodity charges only. NRG's assertions regarding value-added services raise serious consumer protection issues about termination of service and are denied for the reasons set forth in Paragraph No. 13 above, and in Section III, *supra*, which are incorporated herein by reference as if set forth in length.

56. Admitted in part and denied in part. It is admitted that PECO filed a prepaid pilot program at the Docket referenced. PECO denies that its prepaid pilot constitutes a competitive service. The prepaid pilot allows the customer to choose their competitive supplier. The remaining assertions are denied for the reasons set forth in Paragraph No. 13 above, which are incorporated herein by reference as if set forth at length.

57. Denied for the reasons set forth in Paragraph No. 37 above, which are incorporated herein by reference as if set forth at length.

58. Admitted in part and denied it part. It is admitted that continuous changes to EDC billing systems are not economically feasible. The remaining assertions are denied for the reasons set forth in Paragraph No. 49 above, which are incorporated herein by reference as if set forth at length.

59. Denied for the reasons set forth in Paragraph No. 9 above, which are incorporated herein by reference as if set forth at length.

60. Denied for the reasons set forth in Section II, *supra*, and Paragraph No. 9 above, which are incorporated herein by reference as if set forth at length.

61. Denied for the reasons set forth in Section II, *supra*, and Paragraph No. 9 above, which are incorporated herein by reference as if set forth at length.

62. Denied for the reasons set forth in Section II, *supra*, and Paragraph No. 9 above, which are incorporated herein by reference as if set forth at length.

63. Denied for the reasons set forth in Sections I, II, and III, *supra*, which are incorporated herein by reference as if set forth at length. It is specifically denied that there is a "lack of any legitimate downsides" to the implementation of SCB.

64. Admitted in part and denied in part. It is admitted that EDEWG developed a proposal for a series of EDI changes. For the reasons set forth in Sections I, II, and III, *supra*, which are incorporated herein by reference as if set forth at length, it is denied that the proposed EDI transactions on their own provide a solid foundation on which to move forward given the many other systems and processes that would be affected.

65. Denied for the reasons set forth in Paragraph No. 64 above, which are incorporated herein by reference as if set forth at length.

66. Admitted in part and denied in part. It is admitted that EDEWG identified a set of policy questions. It is specifically denied that NRG's proposed answers to those questions or its statements regarding the position of the Commission are factual or correct.

67. Admitted in part and denied in part. It is admitted that PECO did not identify incremental costs as part of its restructuring settlement. NRG's averments regarding customer

payment of the incremental costs of SCB and PECO's cost concerns are denied for the reasons set forth in Sections I, III, and III, *supra*, which are incorporated herein by reference as if set forth at length.

68. Denied. It is specifically denied that the technical and policy issues that PECO presents herein are "red herrings that are designed to discourage the Commission from taking the competitive retail electric market to the next level." As noted in Sections I, II, and III above, which are incorporated herein by reference as if set forth at length, the Commission itself evidenced concerns about the use of SCB – given the cost and implementation issues – since POR programs are already available in the Commonwealth. Indeed, in Illinois, where SCB is offered in addition to UCB, NRG participates in UCB.

69. Denied. It is specifically denied that no issues of material fact warrant evidentiary hearings, for the reasons set forth in Sections I, II and III, *supra*, which are incorporated herein by reference as if set forth at length.

70. The averments of Paragraph No. 70, which outline NRG's proposed comment schedule, constitute a prayer for relief to which an answer is not required. It is specifically denied, for the reasons set forth in Sections II and III, *supra*, which are incorporated herein by reference as if set forth at length, that NRG's comments-only proposal is reasonable. If the matter is not dismissed outright by the Commission, it must be set for hearings.

71. Denied for the reasons set forth in Paragraph No. 70 above, which are incorporated herein by reference as if set forth at length.

72. Denied for the reasons set forth in Paragraph No. 70 above, which are incorporated herein by reference as if set forth at length.

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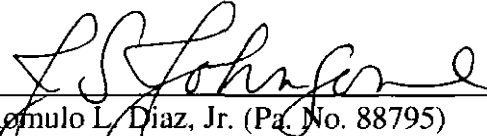
73. Denied for the reasons set forth in Paragraph No. 70 above, which are incorporated herein by reference as if set forth at length.

74. Denied for the reasons set forth in Paragraph No. 70 above, which are incorporated herein by reference as if set forth at length.

75. Denied for the reasons set forth in Paragraph No. 70 above, which are incorporated herein by reference as if set forth at length.

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

Respectfully submitted,



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craig.williams@exeloncorp.com
jennedy.johnson@exeloncorp.com

Dated: January 23, 2017
#4577951

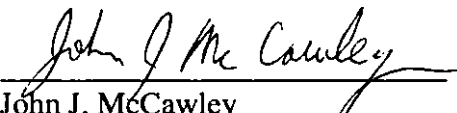
**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

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

VERIFICATION

I, John J. McCawley, hereby declare that I am the Director of Energy Acquisition for PECO Energy Company; that as such I am authorized to make this verification on its behalf; that the facts sets forth in the foregoing Pleadings are true to the best of my knowledge, information and belief, and that I make this verification subject to the penalties of 18 Pa. C.S. § 4904 pertaining to false statements to authorities.

Date: January 23, 2017


John J. McCawley
Director of Energy Acquisition

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PA PUBLIC UTILITY COMMISSION
SECRETARY'S BUREAU

CERTIFICATE OF SERVICE

I hereby certify and affirm that I have this day served a copy of the Answer and Comments of PECO Energy Company in Opposition to Petition of NRG, Inc. for Implementation of Electric Generation Supplier Consolidated Billing and the Petition to Intervene of PECO Energy Company, on the following persons in the matter specified in accordance with the requirements of 52 Pa. Code § 1.54:

via electronic mail and/or first class mail

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Regulatory Affairs
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Pittsburgh, PA 15219

Citizens' Electric Company
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Dated: January 23, 2017

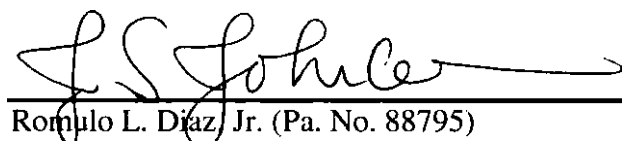
Legal Department, West Penn Power
d/b/a Allegheny Power
800 Cabin Hill Drive
Greensburg, PA 15601-1689

Legal Department
FirstEnergy
2800 Pottsville Pike
Reading, PA 19612

Director of Customer Energy Services
Orange and Rockland Company
390 West Route 59
Spring Valley, NY 10977-5300

UGI Utilities, Inc.
Attn: Rates Dept. – Choice Coordinator
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P.O. Box 12677
Reading, PA 19612-2677

Wellsboro Electric Company
Attn: EGS Coordination
33 Austin Street
P.O. Box 138
Wellsboro, PA 16901



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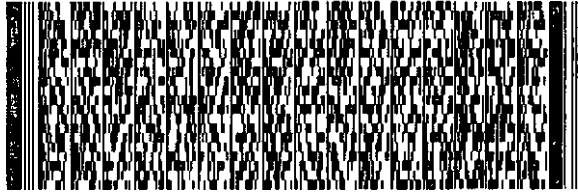
BILL SENDER

TO ROSEMARY CHIAVETTA, SECRETARY
PA PUBLIC UTILITY COMMISSION
400 NORTH ST FL 2
COMMONWEALTH KEYSTONE BUILDING
HARRISBURG PA 17120

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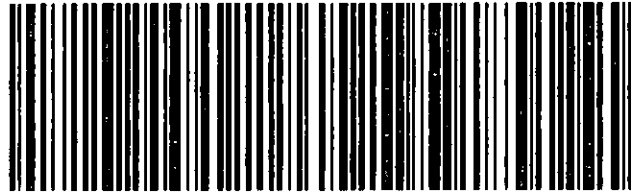


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