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February 22, 2017

VIA ELECTRONIC FILING

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

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

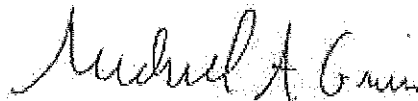
Dear Secretary Chiavetta:

Enclosed for filing please find the Reply Comments of WGL Energy Services, Inc. in the above-referenced matter.

If you have any questions, please feel free to contact me.

Best Regards,

STEVENS & LEE



Michael A. Gruin

Enclosure

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**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

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

REPLY COMMENTS OF WGL ENERGY SERVICES, INC.

WGL Energy Services, Inc. (“WGL Energy”) hereby files these Reply Comments in response to the Comments of various parties regarding the NRG Energy, Inc. (“NRG”) Petition to the Pennsylvania Public Utility Commission (“Commission”) for implementation of electric generation supplier consolidated billing (“SCB”).

WGL Energy submits the following points in response to the Comments filed in opposition to SCB Implementation:

1. It is important to remember that SCB will not be imposed on any customer, and that customers will need to actively choose to be served by a supplier that offers SCB. In other words, SCB will be voluntary for customers, and this fact should serve to mitigate many of the commenter’s concerns with SCB.
2. While the Comments of some parties raise legitimate process issues regarding SCB implementation for certain subsets of residential customers, a substantial majority of residential and commercial customers are not on Customer Assistance Programs or LIHEAP, are not on EDC or Commission-ordered payment plans, and do not have deposits with their EDC.

3. All of the SCB issues regarding CAP, LIHEAP, budget billing, payment arrangements and deposits will require additional evaluation and consideration, but that can be done during the stakeholder process proposed by NRG; therefore, it is not necessary to prohibit voluntary SCB for the vast majority of other residential and commercial customers for whom these issues do not apply.
4. Implementation of SCB should be combined with robust consumer education and customer service, and suppliers interested in SCB are willing and capable of providing that customer education and customer service on their own or in concert with the Commission and other suitable organizations.
5. Many of the commenting parties mischaracterize and/or overlook the very real consumer benefits that SCB can provide.

1. CHOOSING TO ENROLL WITH AN EGS THAT PROVIDES CONSOLIDATED BILLING WILL BE A VOLUNTARY CUSTOMER CHOICE

Many of the objections to SCB by the commenting parties overlook the fact that SCB will not be imposed on customers. Customers will retain the power to choose whether to enroll with a supplier that offers SCB, and if a customer is uncomfortable with SCB, that customer can simply choose not to enroll with a supplier that offers SCB. Furthermore, existing customers of suppliers that switch to SCB will receive notice of the change to SCB and can choose to end their enrollment. A suppliers' switch to SCB would require a change in contract terms with its customers, and the Commission's regulations require EGSs to provide two written notices to customers whenever an EGS proposes to change contract terms. See 52 Pa. Code §54.10. When providing notices of the proposed contract changes to its customers, an EGS must provide the

customer with options, and again, if the customer is not comfortable with SCB, the customer can choose not to continue receiving service from that EGS.

SCB is simply another potential feature of competitive markets and electricity choice that will provide interested customers with a different framework for engaging with their energy supplier. Some suppliers may offer SCB, while others will not. Some customers may be interested in SCB and some may not. But it should not be assumed the customers are incapable of understanding the implications of SCB, or that they are ill-equipped to make informed choices about the pros and cons of SCB. The fact is that households and businesses have become accustomed to new models for purchasing traditional service offerings in recent years. Whereas in the past most households had one choice for cable television, customers now are customizing their own packages of video services, using a combination of cable television, high speed internet, satellite services, and streaming video services under a variety of billing platforms. In the past 20 years, hundreds of millions of customers have moved from being passive ratepayers of monopoly landline telephone service to become savvy purchasers of complicated wireless and internet voice and data services. Customers now receive telephone service –including critical emergency 911 service - from a wide variety of telephone, cable, internet, and wireless providers under a myriad of billing arrangements. With continued education, these same residential and commercial customers will be able to make informed decisions about a new type of billing relationship with their energy supplier and distribution utility. SCB may not be the best choice for every customer, and those customers who are not comfortable with SCB will be free to choose another supplier or remain with their default service provider. But just because SCB is

not the right choice for some customers does not justify prohibiting suppliers from offering SCB to those customers who may be interested in SCB.

2. MOST RESIDENTIAL AND COMMERCIAL CUSTOMERS DO NOT HAVE THE COMPLEX BILLING ISSUES HIGHLIGHTED BY THE OBJECTING COMMENTERS.

Many of the parties who submitted comments noted the billing and customer service complexities involved with administering CAP programs, LIHEAP, deposits, and payment agreements, and argued that these complexities should preclude the implementation of Supplier Consolidated Billing.¹ While the proper handling of Customer Assistance Programs, LIHEAP, payment plans and deposits is critically important, it is important to note that these issues will not come into play for the vast majority of residential and commercial customers.

By way of example, PPL had approximately 1.25 million residential customers and 181,000 commercial (non-industrial) customers in 2015, according to the Commission's 2015 Retail Choice Activity Report. Approximately 46,936 residential customers participated in PPL's CAP program in 2015.² According to the Commission's 4th quarter 2015 UCAREs report, 12,786 PPL customers filed complaints with the Bureau of Consumer Services to seek a payment arrangement in 2015. PPL had 173,806 low income customers according to the Commission's 2015 Report on Universal Service Programs (which represents approximately 14.3% of its residential customer base) and a total of 5,149 payment troubled customers. Clearly, issues regarding CAP, LIHEAP, payment plans, deposits, and budget billing are critically important

¹ See, e.g., Comments of the Office of Consumer Advocate, at pp. 18-19, , Comments of CAUSE-PA, at p. 2, Comments of PPL, at pp. 16-17, and Comments and Answer of PECO Energy Company, at pp.23-24.

² See *Commission's 2015 Report on Universal Service Programs and Collections Performance*.

and take on a higher priority for the categories of customers described above. And the details of SCB would need to be carefully crafted to ensure proper protections for these categories of customers who might choose a supplier that offers SCB. However, these statistics demonstrate that well over one million residential PPL customers will very likely not require any special billing or customer service related to CAP, LIHEAP, payment plans or deposits. Furthermore, PPL has approximately 181,000 commercial customers to whom these issues do not apply because they are not eligible for CAP or LIHEAP. The other EDCs have similar proportions of customers for whom CAP, LIHEAP, payment plans, and deposits are not an issue.

WGL Energy does not intend to minimize the critical importance of universal service and low-income customer protections. But the need to work through the important billing and customer service issues for a particular subset of residential customers should not be used as a justification to prevent millions of other residential and commercial customers from having the option to choose a supplier that offers SCB. Again –SCB will be a voluntary choice for customers. If a customer’s particular circumstances do not lend themselves to SCB, that customer will be free to remain with utility default service or choose a supplier that utilizes EDC consolidated billing.

3. THE STAKEHOLDER PROCESS CAN EFFECTIVELY RESOLVE SCB ISSUES RELATED TO CAP, LIHEAP, BUDGET BILLING, PAYMENT ARRANGEMENTS AND DEPOSITS

WGL Energy agrees with the commenters who point out the complex billing and customer service issues involved with administering CAP, LIHEAP, budget billing, payment arrangements, and deposits. However, WGL strongly opposes the suggestion that the need to develop solutions to these complex issues justifies the wholesale rejection of a voluntary SCB

option for customers. Solutions to these issues can be developed during the stakeholder process proposed by NRG, and it is not necessary to prohibit voluntary SCB for the vast majority of other residential and commercial customers for whom these issues do not apply on the grounds that solutions to these issues will need to be finalized before SCB is permitted.

NRG's proposal provides for a six month period for the development of solutions to these issues, and an additional three to six months for the EDCs to implement the solutions.

Furthermore, even after SCB is ultimately approved by the Commission, there will likely not be a widespread flash-cut to SCB immediately upon Commission approval. Suppliers will need have their own billing processes in place and ensure that the proper coordination with the EDCs will occur before they can begin offering SCB to customers in Pennsylvania. The Commission should look to the recent implementation of three-day switching as a blueprint for how SCB can be implemented. Objections to three-day switching were raised by numerous stakeholders, but once the Commission mandated three-day switching and established a firm but reasonable timeline to implement, the EDCs were able to fully adopt three- day switching within the required timeline. This achievement has been hugely beneficial to consumers and the competitive marketplace, but it never would have happened if the Commission had focused on the difficulties of implementation rather than the benefits of implementation. The same is true of SCB. While there are complex issues that need to be resolved, if stakeholders are directed to develop those solutions within a firm but reasonable timeframe, the issues can be resolved, and customers and the competitive market will benefit.

4. SUPPLIERS ARE WILLING AND CAPABLE OF PROVIDING THE CUSTOMER EDUCATION THAT WILL BE A CRITICAL COMPONENT OF SCB.

Several commenters noted the importance of providing customer education in conjunction with SCB, and criticized NRG's proposal as lacking in details regarding customer education.³ WGL Energy certainly agrees that customer education will be critically important to the success of SCB. The notion of receiving a consolidated electricity bill from a supplier is still a novel concept for most residential customers in Pennsylvania. It will take time for customers to become educated about consolidated billing and the benefits that it can provide.

WGL Energy strongly believes that suppliers who are interested in SCB have the tools and motivation to fully educate prospective customers about consolidated billing. It would make no sense for a supplier to invest considerable resources in taking on the billing and customer services functions required by SCB, not to mention the purchase of EDC receivables, without ensuring that its customers were fully informed about SCB. Again, enrolling with an EGS that offers SCB will be a voluntary choice for customers – suppliers cannot impose SCB on customers. Suppliers will need to obtain customers' consent to receive a supplier consolidated bill, and no rational supplier would attempt to undertake consolidated billing without the knowledge that its customers were fully on board with the concept. Suppliers interested in offering SCB will need to directly engage with their existing customers to educate them about any switch to SCB, and will likewise need to incorporate an SCB educational component in all sales presentations to prospective new customers.

³ See, e.g., Comments of the Office of Consumer Advocate, at p. 22, Comments of CAUSE-PA, and Comments and Answer of PECO Energy Company, at p. 30

In addition to direct communication to their existing and prospective customers about SCB, suppliers could engage in public education about SCB through trade organizations such as the American Coalition of Competitive Energy Suppliers (ACCES). This organization of competitive retail natural gas and electricity suppliers is solely devoted to consumer education and media outreach in order to help consumers better understand and take advantage of energy choice. ACCES has experience working with state commissions to develop effective customer education programs on energy choice issues, and is well-suited to developing public education tools to explain how SCB works and address the questions that consumers can expect to have about SCB.

WGL Energy also takes issue with the comments of some parties who allege that suppliers are ill-equipped to satisfactorily handle customer billing and service inquiries, and therefore customers will be frustrated and confused by SCB.⁴ Suppliers operate in a highly competitive market in which customers have dozens of suppliers from whom to choose.⁵ In this environment, suppliers, even more than utilities, must provide high levels of customer service to customers to ensure a positive experience - or else risk losing customers. In WGL Energy's experience, customers who have exercised their right to choose a competitive supplier expect a high level of customer service from their supplier. Dissatisfied or confused customers will vote with their feet by choosing a new supplier or returning to utility service. Responsiveness to

⁴ See, e.g. Comments and Answer of Peco Energy Company, at pp. 27-29; Comments of the Office of Consumer Advocate, at pp. 13-16, Comments of TURN, at p. 5, and Comments of PPL, at pp. 14-15,

⁵ For instance, PECO's Comments note that there were 105 suppliers serving customers in PECO territory as of January 2017. See Comments and Answer of PECO Energy Company, at p. 3.

customer needs and customer satisfaction is a key to success as a supplier, which makes suppliers ideally suited to perform the billing and customer service functions for their customers.

WGL Energy closely tracks customer satisfaction for all of its customer service functions. In the quarter ending December 31, 2016, WGL's Energy's customer surveys revealed an overall satisfaction rating of 91.2%. In January 2017 WGL Energy's customer service representatives achieved an overall customer satisfaction rating of 96.8%, and in a recent survey less than 4% of customers surveyed would not recommend WGL Energy to friends and family. WGL Energy's customer service statistics compare very favorably to the EDC's customer satisfaction scores as reported in the Commission's 2015 Customer Service Performance Report for Pennsylvania Electric and Natural Gas Distribution Companies.

Whereas WGL Energy's customer satisfaction surveys show an overall satisfaction percentage of 91.2%, no EDC had a percentage of "very or somewhat satisfied" customers in excess of 91% in 2015.

5. MANY OF THE COMMENTING PARTIES MISCHARACTERIZE AND/OR OVERLOOK THE VERY REAL CONSUMER BENEFITS THAT SCB CAN PROVIDE.

Many of the commenting parties highlight potential negative impacts of SCB and downplay or question the benefits of SCB. The Office of Consumer Advocate, for example, argues that SCB could actually constrain the competitive market and distort prices, while others argue that SCB will results in customer confusion and frustration.⁷ WGL Energy strongly disagrees with these positions. As a supplier that operates in numerous markets with significantly different rules for supplier billing, WGL Energy can unequivocally state that SCB

⁷ See Comments of the Office of Consumer Advocate, at pp. 9-13, Comments and Answer of PECO Energy Company, at pp. 26-28, and Comments of PPL, at pp. 18-20.

will be a tremendous improvement to the competitive market and will improve the customer experience in Pennsylvania. The lack of SCB has prevented Pennsylvania consumers from realizing the full benefits of electricity choice. If suppliers are able to serve as the direct billing entity for their customers, they would have a much greater incentive to develop products, services, and communication tools to enhance the customer's experience, resulting in higher enrollment and retention of customers. Monopoly utilities have no such incentives. The following list provides just a few examples of the potential customer benefits of SCB:

- SCB will allow suppliers to develop and customize more versatile and customer-friendly billing systems than the monopoly utilities are able to provide, while still ensuring that the billing processes satisfy all of the customer protection requirements of the Public Utility Code and the Commission's regulations.
- SCB will allow suppliers to offer and bill for a variety of value-added services beyond electricity, such as appliance or service maintenance protection plans, security service, energy efficiency products, and improved analytical tools.
- SCB would improve communication between EGSs and their customers, and allow customers to better differentiate between suppliers on issues beyond commodity prices
- SCB's direct billing and payment relationship will allow suppliers to better respond to customer preferences and identify unmet customer needs
- SCB's direct billing and payment relationship will enable EGSs to obtain feedback to better understand customer concerns (for example, with customer service issues, desired products and services, budget issues, and payment issues).

- SCB will enable suppliers to present customers with more personalized information about beneficial rate plans (such as time of use), value-added services (such as energy efficiency programs) , and other service offerings (such as home protection) on a more accurate and granular level than is possible with utility billing
- SCB will incentivize the development of supplier tools to help customers manage their energy consumption and identify plans and produces to help control costs.
- SCB will make it possible for suppliers to provide bill credits (for refund or promotional purposes) directly to customers, which is currently not possible with utility consolidated billing

Conclusion

As the Commission evaluates NRG's proposal for Supplier Consolidated Billing, it is important to keep in mind that SCB is a voluntary program for customers, and will not be imposed on customers without their consent. This fact should mitigate many of the concerns raised by the various commenting parties. While there clearly are important issues that need to be addressed before SCB can be fully implemented, the need to work through the important billing and customer service issues for a subset of residential customers should not be used as a justification to prevent millions of other residential and commercial customers from having the option to choose a supplier that offers SCB. Because many residential and commercial customers will be able to receive substantial benefits from SCB, the Commission should approve

NRG's Petition, and begin the process for allowing voluntary SCB by directing the stakeholders to resolve the billing and customer service issues associated with SCB via a stakeholder process with firm but reasonable deadlines.

WGL Energy looks forward to continued engagement with the Commission and other stakeholders on this matter.

Respectfully submitted,

February 22, 2017

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CERTIFICATE OF SERVICE

And now, this 22nd day of February, 2017, I do hereby certify that I have served a true and correct copy of the foregoing Reply Comments upon the persons listed below at their respective address, via first-class mail, postage prepaid:

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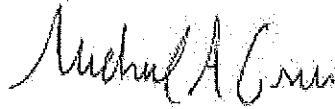
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