

November 9<sup>th</sup>, 2009

James McNulty, Secretary  
Pennsylvania Public Utility Commission  
Commonwealth Keystone Building  
400 North Street  
Harrisburg, Pennsylvania 17120

Dear Mr. McNulty:

As per order of the Pennsylvania Public Utility Commission Docket Number M-2009-2104271, find within the report on the implementation of Rate Ready Billing in Pennsylvania from the Electronic Data Exchange Working Group ["EDEWG"] and the EDEWG sub-team consisting of both Electric Distribution Companies ["EDCs"] and Electric Generation Suppliers ["EGS"] and led by PPL.

As EDEWG leadership, we would like to highlight several things about this report:

- **Aggressive Timeline.** The 90-day deadline for this report was aggressive, and getting consensus of the parties on issues was only possible because of PPL's cooperation and leadership, the contributions of the other EDC's, and the significant commitment and cooperation from the participating EGS's and their representatives. Most notably, Bruce Bolbat at PPL is to be commended for his leadership.
- **Policy and Business Practices.** EDEWG is best known for its technical products, forged originally with 'Phase-In Committee' guidance on policy and business practices. This Rate Ready effort and report focus primarily on policy and business practices. If the Commission is going to continue to request and require policy and business practice products like this from EDEWG, then EDEWG's technically-oriented mission may need to be adjusted.

EDEWG has publicly posted this document and a prior draft on the EDEWG List Server.

EDEWG appreciates the support and commitment of its members and the Commission in developing and maintaining data exchange standards in the Commonwealth.

Sincerely,

*George M. Behr*

George M. Behr  
EDEWG EGS Co-chair  
Energy Services Group, Inc

*Patti Weiss*

Patti Weiss  
EDEWG EDC Co-chair  
Duquesne Light Company

*Brandon Siegel*

Brandon Siegel  
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 a new division of 

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## **EDEWG Sub Team Report Regarding Rate Ready Billing**

### **I. INTRODUCTION**

The Pennsylvania Public Utility Commission (“Commission”), on August 6, 2009 issued the Retail Markets Order (“Order”) directing PPL Electric Utilities (“PPL Electric” or “the Company”) to take certain actions to remove barriers to the development of retail competition for Electric Generation Suppliers (“EGS”) (Docket No. M-2009-2104271). In its Order, the Commission determined that Rate Ready Billing should be adopted throughout the state of Pennsylvania as a means to reducing barriers to retail electricity competition for EGSs and the Commission required PPL Electric, through its participation in the Electronic Data Exchange Working Group (“EDEWG”), to lead a subteam (“Team”) consisting of both Electric Distribution Companies (“EDCs”) and EGSs dealing with the topic of Rate Ready Billing. The Team was directed to use a collaborative approach to create both a process and timeline for EDCs that need to implement a Rate Ready Billing structure. PPL Electric and PECO are the two EDCs in Pennsylvania initially impacted by this decision, as all other EDCs in Pennsylvania already offer a form of Rate Ready Billing to EGSs. The PUC requested receipt of the EDEWG subteam’s recommendations no later than 90 days from the entry date of the final Order.

“Rate Ready”, as defined in the Pennsylvania Electronic Data Exchange Standards for Electric Deregulation (Revised Plan v2.6), refers to the practice in which the Non-Billing Party provides rate information to the Billing Party sufficient to calculate the Non-Billing Party’s charges. To state this another way, the EGS provides rate information to the EDC, and the EDC uses that information to calculate EGS charges to the EGS’s affected customers and places those charges separately on an EDC consolidated bill. Rate Ready differs from Bill Ready in that the EDC, rather than the EGS, calculates EGS charges and also in that the EDC is required to send the EGS the charges billed to the EGS’s affected customers. Under Bill Ready billing, the EGS calculates and sends the EDC the charges to be billed.

This document outlines the high level business practices and system functionality required to implement Rate Ready Billing based on consensus decisions reached by the Consensus Group (“CG”). The CG consisted of PPL Electric, participating EGSs and participating EDI Service Providers. As agreed to by the Team, some detail contained in this document would become part of each EDC’s supplier agreement or coordination tariff as appropriate. EDCs will determine, on a case by case basis, which aspects of the group’s findings to implement depending on EDC system capabilities and pre-existing business practices. It is **not** the intent of this document to serve as a final requirements document that outlines every action required to support a Rate Ready model for every EDC.

The Team met through a series of teleconference and face-to-face meetings. PPL Electric documented attendance prior to all Team discussions. Companies participating as Team members during this effort included the following:

- **EDCs:** Allegheny Power, Duquesne Light, FirstEnergy, PECO, and PPL Electric
- **EGSs and EDI Service Providers:** ConEd Solutions, Direct Energy, Dominion Retail, e:SO, ESG, FirstEnergy Solutions, Liberty Power, MX Energy, PPLSolutions, SJ Industries, Exelon Energy, Systrends and UGI Energy Services. (Note that EDI Service Providers, represented various EGSs simultaneously and coordinated separate calls with EGSs prior to Team discussions.)

On Page 2 of the Order, the Commission stated that, while the Order’s directives “can form a template used by the other EDCs in the Commonwealth, [the Commission] was not mandating such use...” In addition, the Commission correctly recognized “that each EDC is unique and may require different operating directives [and the Commission does] not believe a one size fits all regulation is appropriate at this time.” Accordingly, the EDCs in Pennsylvania interpreted this Order as applying directly to PPL Electric. Therefore, other than PPL Electric, the EDCs do not assume the existence of an obligation to

implement or modify Rate Ready Billing as a result of either the Order or the submission of this plan. The EDCs understand that the Commission has an ultimate goal of commonality of choice rules for Pennsylvania and participated in this discussion with that goal in mind.

Given the differences between EDC system capabilities, the Commission should consider the Rate Ready solution requirements proposed for PPL Electric and PECO to be completely independent of one another, consisting of different solutions, enabled by different implementation capabilities, and adhering to different implementation timelines. This plan does not represent an obligation on the part of other EDCs with existing Rate Ready programs to modify those programs as outlined below. Those EDCs participated on the Team in an advisory capacity only and had no input to consensus.

Unless otherwise noted, the "Discussion" portion of this document describes the activities and decisions of the CG in detail.

- Part A, "Intake Meetings", describes the Team's initial meetings, the purpose of which was for all stakeholders to have a consistent understanding of existing Rate Ready Billing implementations by Pennsylvania EDCs as well as the associated EGS requirements for these Rate Ready Billing programs.
- Parts B through L outline the various positions of the CG on the standard business practices and associated implementations of those practices. In instances where the CG did not reach consensus, this document outlines those differences of opinion which prevented the CG from reaching consensus.
- Part M and Part N outline the estimated implementation costs and associated implementation timelines for PPL Electric and PECO respectively.

All business processes and procedures concerning payments to EGS, customer disconnects for non-payment, bankruptcies, and purchase of receivables programs are outside the scope of this Team's recommendations.

## II. DISCUSSION

### **A. INTAKE MEETINGS**

1. PPL Electric convened the Team as directed by the Commission. The Team held its first meeting on September 8, 2009 and held regularly scheduled teleconference meetings three times per week as well as three face-to-face meetings in September and October of 2009. Three of the Pennsylvania EDCs currently offering Rate Ready solutions explained the details of their Rate Ready programs and associated system implementations. Duquesne Light, Allegheny Power and FirstEnergy each presented information to the Team separately using a combination of process flow diagrams and written presentation materials. The Team spent significant time discussing and evaluating the existing EDCs' programs. The Team asked general and probing questions to identify crucial issues sufficient for the Team to understand the functionality of the existing EDC Rate Ready programs.

2. During this time, some of the participating EGS representatives met separately and compiled a list of desirable Rate Ready business requirements which was presented to the Team subsequent to the EDC's presentations referenced above. The Team assembled a comparison matrix that was used to capture the key issues, to address areas of concurrence in business practices utilized by different EDCs, to compare existing EDC programs with the requirements submitted by the EGSs, and to identify areas where the CG could not come to total agreement on solutions.

### **B. RATE CODE VS. PRICE DRIVEN MODEL REQUIREMENTS**

1. Two suggested Rate Ready models were identified by the EGSs. A "Rate Code-driven" model and a "Price-driven" model. The Rate Code-driven model utilizes a minimum of three (3)

alphanumeric characters to define an EGS rate code. The Price-driven model does not utilize a Rate Code, rather it depends only upon the price(s) specific to each customer account.

2. PPL Electric and PECO both concluded that implementing both the Rate Code-driven model and the Price-driven model would unreasonably extend the implementation time frame and would significantly increase the associated cost. The assessments of both companies concluded that the models contained enough differences such that both companies would need to design and implement each model separately from a systems perspective.

3. The EDCs reviewed their system capabilities and reached consensus on their preference for the Rate Code-driven model over the Price-driven Model.

4. The CG was able to reach full consensus on the use of the Rate Code-driven model for the initial implementation at PPL Electric.

5. EGSs that preferred the Price-driven model may want to revisit the Price-driven model in the future.

### **C. DESIGN REQUIREMENTS FOR RATE CODE-DRIVEN MODEL**

1. The Team agreed that EGS charges on the bill for a particular customer's account will be based upon the rate code provided by the EGS on either the EDI 814 Enrollment transaction or the most recent EDI 814 Change transaction (see Part F) associated with the customer's account.

2. The Rate Code-driven model requires an EGS to formulate its price and assign a rate code which would be included on the EDI 814 Enrollment/Change transactions. Having reviewed the EGSs' needs for rate codes and the capability to implement the rate codes by EDCs, the CG agreed to use rate designs with a limited number of pricing components, including:

- Usage (kWh) charge only (No Proration)
- Demand (kW) charge only (No Proration)
- Flat fixed monthly charge (No Proration)
- Any combination of Usage, Demand, and Flat fixed monthly charge.
- % of default service rate (Must be flat POLR rate; % could be either a premium or discount to the POLR rate)
- Flat fixed monthly charge, plus % of default service rate (Must be flat POLR rate)

3. The intent with these permitted rate designs is to mimic simple fixed rate structures using standard pricing components. Structures relating to blocking or to any complex rates that vary based on other parameters will not be offered. The CG came to consensus that EGSs who wanted to implement more complicated rate designs should exercise their option to utilize either Bill Ready EDC Consolidated billing or Dual billing.

4. The CG agreed that the EDC will provide the EGS with a minimum of a three (3) character alphanumeric rate code which will allow for a substantial number of distinct and separate rates with up to five (5) decimal place precision on each pricing component. EGS rate codes will not be EDC rate class specific. The EDCs will not remove unused rate codes without consent of the EGS.

#### **D. ENROLLING ACCOUNTS ON RATE READY BILLING**

1. The CG agreed that similar to Bill Ready today, PPL Electric and PECO would allow the EGS to enroll an account by submitting an EDI 814 Enrollment Request. The same switching rules that apply for existing enrollments will continue to apply to Rate Ready Billing. The EDC will reject enrollments for EGS rate codes not previously established in the EDC's systems.

2. The CG agreed that EDCs will provide the EGS the capability to switch between Bill Ready, Rate Ready and Dual Bill billing options by submitting changes via EDI 814 Change transactions, exactly the same way as switches are done today between Bill Ready and Dual Billing. EDCs differ on how they handle the effective date of the Change transaction. Because not all EDCs treat this process identically, further discussion may be required as to whether there should be a statewide standard to address the handling of the effective date on bill option changes.

3. The Team agreed that the EDC will use the tax exemption percentage provided by the EGS on the 814 Enrollment/Change transaction to calculate Sales Tax for the EGS portion of the bill. Each tax calculated by the EDC will be included separately on the Rate Ready 810 transaction sent to the EGS.

#### **E. CREATING NEW EGS RATES**

1. The CG agreed that, as preferred by the represented EGSs, the EDCs will implement an automated approach to rate code creation and maintenance. PPL Electric will explore providing a website interface for the EGS to use to establish new rate codes or to update price information on existing rate codes. PECO will explore the use of EDI to fulfill this same task, analyzing both EDI and website system approaches. Regardless of which method is used, the EDC will provide confirmation informing the EGS that the EGS rate code was added to the EDC's system. The electronic confirmation will echo to the EGS the rate code, pricing components and date the rate code or price changes related to the rate code will go into effect as submitted to the EDC by the EGS.

2. The CG agreed that the number of rate codes an EGS will be able to add to those retained by a given EDC at a particular point in time, will depend on the solution that the EDC will use to implement new rates. PPL Electric is currently reviewing system approaches to support a Rate Ready Billing option. Depending on level of automation under each approach, timing could vary. If PPL Electric is unable to fully automate its solution within the timeframe in which it is expected to comply, PPL Electric may need up to 14 calendar days to establish the rate codes and confirm the results with the supplier. An automated solution would meet the EGS' desired 7 calendar day turnaround with no manual intervention to implement new rates. PECO indicates that the lead time would vary, depending on both the system approach taken for Rate Ready Billing implementation and on the impacts to the business process that PECO employs to test new or modified rates and prices in compliance with existing required Sarbanes-Oxley (SOX) controls. The EDCs agree to maximize the number of requests to the fullest extent possible within the functionality of the systems and processes used by the EDC.

#### **F. CHANGING EGS RATE CODES ON ACCOUNTS**

1. The CG agreed that requests to change the EGS rate code on a particular account must be processed in 14 calendar days or preferably less. The last EGS rate change processed must serve as the EGS rate change of record. The scheduled effective date of the change is provided on the 814 Change Response. The EDC will reject the Change request if the EGS fails to provide a valid EGS rate code in the 814 Change transaction. The rate code must be validated in the EDC's system prior to the Change request being submitted.

2. EDCs will not limit the number of EGS rate code changes. The last change processed will be the effective rate code.

## **G. CHANGING PRICES ASSOCIATED WITH EXISTING EGS RATE CODES**

1. The CG agreed that requests to change the pricing components associated with an existing EGS rate code on a particular account must be processed in 14 calendar days or preferably less.
2. The CG agreed that the EDC will provide the EGS the ability to change any pricing component associated with an existing EGS rate code. The EDC will provide confirmation that the EGS pricing component(s) have been modified in the EDC's systems.
3. The CG agreed that the confirmation will echo back in electronic format to the EGS the pricing components modified within the selected EGS rate code and the effective dates of the prices as submitted by the EGS.
4. EGSs will not be able to add or remove pricing components of an established rate code. A new rate code will be required if an EGS desires to offer a product with a different pricing component.
5. If a price change to an existing rate code is received by PPL Electric by the agreed-upon lead time, then that price would be effective for the current service period ending with the next meter read.
6. EDCs will not limit the number of EGS price changes on a rate code. The last change processed will be the effective price.

## **H. BILLING AND ASSOCIATED EDI IMPACTS**

1. The CG agreed that the EDC will calculate the EGS charges for the period being billed based on the pricing components of the EGS rate code for the customer's account and will place the associated EGS charges on the customer's bill. The EDC will base charges on the identical billed usage and demand for both EDC and EGS charges (as opposed to measured or registered usage and demand). As with Bill Ready today, the EDC will ensure that EGSs receive an EDI 867 Monthly Usage transaction for all accounts that they serve within one business day of the meter read, regardless of billing option selected for that account. In parallel with issuing the bill for a Rate Ready account, the EDC will send an EDI 810 transaction to the EGS serving that account which will indicate the EGS portion of charges billed to the customer.
2. The Team agreed that the EDI 810 transaction will display the price, quantity, unit of measure and total amount for each pricing component. For example, a kWh charge will include the number of kWh, the price per kWh, and the total amount of kWh charges billed.
3. The Team agreed that the EDI 810 transaction will display actual current EGS charges in all cases.

## **I. CANCEL-REBILL PROCESSING**

1. The CG agreed that a cancel-rebill for a prior billing period must use the EGS billing parameters associated with that period, including the EGS rate code, the pricing components of that rate code, the tax exemption percentage, and the billing option associated with that period.
2. Cancel-rebills can be processed as long as the EGS of record is active with the EDC. The Team agreed that when an EGS is no longer active with the EDC and a cancel-rebill is necessary, the EDC will handle such cancel-rebills on a case by case basis.
3. The Team agreed that when a bill period for a Rate Ready account is cancelled, the EDC will submit an EDI 867 Monthly Usage Cancel transaction and an EDI 810 cancellation transaction to the EGS of record for that billing period. These transactions will indicate the cancelled usage and charges respectively.
4. The Team agreed that when a bill period for a Rate Ready account is rebilled, the EDC will submit an EDI 867 Monthly Usage transaction and an EDI 810 rebill transaction to the EGS of record for that billing period. These transactions must indicate the usage and rebilled charges respectively.

## **J. BILL PRINT**

1. The CG agreed that the EDC will list each pricing component associated with the EGS charges for a particular bill period on the bill as a separate line item with a total and the associated breakdown. For instance, if an EGS rate code includes a fixed monthly charge, a kWh price for usage, and a kW price for demand, then the bill for that account will contain three (3) separate line items, one for each component, and the kWh and kW line items will indicate the equation used to calculate the associated charge with both price and usage units (Example: 0.22356 cents/kWh X 50 kWh).

2. The CG agreed that the EDC will list taxes calculated by the EDC associated with the EGS charges, for a particular bill period on the bill as a separate line item. See Part K for additional information on taxes calculated by the EDC.

3. The Team agreed that the bill will include a summary line item totaling all components listed for EGS charges.

4. The CG agreed that the bill will include the EGS Rate Code and/or, if available, the literal/text name associated with that rate code.

5. The CG agreed that EDCs who support alternative forms of billing outside of sending a physical bill to the customer (for instance, electronic billing using EDI transactions) will modify such billing methods to accommodate the bill print impacts outlined above.

## **K. TAXES**

1. The EGS is responsible to hold tax exemption certificates for its own charges. An EGS is not required to submit tax exemption certificates to the EDC. When calculating taxes, the EDC will use the last tax exemption percentage submitted by the EGS on an 814 Enrollment/Change transaction.

2. The Team agreed that the EDC will provide the capability for an EGS to change the existing tax exemption percentage on a Rate Ready account that it serves. The trigger for the tax exemption percentage change will be an EDI 814 Change Request from the EGS. The change on the account will be effective for the entire current billing cycle during which the EGS's request is received.

3. The CG agreed that in the Supplier Agreement, the EDC will specify which taxes are calculated by the EDC.

4. The Team agreed that the last EGS tax exemption change processed will serve as the EGS tax exemption percentage of record. The tax exemption change on the account will be effective for the entire current billing cycle during which the EGS's request is received.

## **L. PRORATION**

1. The CG agreed that the EDCs will not be responsible for prorating the following rate designs identified in C2 above:

- EGS usage (KWs charges)
- Demand (KW charges)
- Flat fixed monthly charges

## **M. BUDGET BILLING**

PPL Electric will perform budget billing for both the EDC's and EGS's charges.

## **N. PPL ELECTRIC COST AND IMPLEMENTATION TIMELINE**

1. PPL Electric has estimated the cost of a fully automated Rate Ready Billing system at approximately \$1.3MM. PPL Electric expects a software development effort that fully automates the implementation of Rate Ready as outlined in this document by the EGSs and concurred by the CG could be completed by the end of the third quarter 2010. PPL Electric will assume that the shortest implementation of the Rate Ready system as agreed to by the CG is most desirable. The CG acknowledges that meeting the shortest implementation will require PPL Electric to begin this effort prior to Commission approval in order to complete it by the end of September 2010.

2. Should PPL Electric be required to meet a shorter deadline than our proposed end of the third quarter 2010, PPL Electric will attempt to rollout a program that will have significantly limited capabilities compared to the CG solution. This temporary solution will not include all of the components such as a web interface and automated "hands off" rate code creation and change procedures as identified in this filing. PPL Electric may recognize an increased cost due to potential short term disposable software development and higher operating costs to support the manual operations. Furthermore, installing a short term Rate Ready Billing solution could add additional risk due to the accelerated delivery, a potential second deployment and a change in existing business processes.

## **O. PECO BUDGETARY ESTIMATE AND IMPLEMENTATION SCHEDULE**

PECO does not read the Order to reject the retail competition provisions of PECO's default service case settlement – which were negotiated and agreed to with the Retail Energy Supply Association and other EGSs and parties to PECO's Default Service Plan ("DSP") case – and which were approved by the Commission in April. These approved provisions address PECO's electric choice commitments following the expiration of its rate caps on January 1, 2011 through the end of its default service plan on May 31, 2013, and PECO is currently working to implement these commitments. As such, PECO does not interpret the Order as a mandate for PECO to implement a Rate Ready program. PECO has participated in Team discussions and joins in submission of this plan with that consideration, and the schedule provided below provides associated effort necessary to implement Rate Ready Billing as opposed to specific implementation dates.

PECO expects that the budgetary estimate and high-level implementation schedule provided in this plan is subject to change, as eventual realization of both would require a significantly more detailed analysis of business process and system requirements. PECO also would look to more precisely determine the associated cost estimates and implementation schedules, taking into account all changes that have happened since the initial high-level analysis captured in this plan was conducted and presented to the Commission.

PECO has initially estimated the system implementation cost of a fully automated Rate Ready Billing solution meeting the requirements outlined above to be approximately \$3.3 million. This estimate assumes that PECO would implement a website interface (rather than EDI) for the EGSs to use to establish new rate codes or to update price information on existing rate codes. In accordance with this cost, PECO estimates an 18-month implementation timeline outlined as follows:

- Two months for detailed business process analysis and requirements gathering
- Three months for solution's detailed technical design
- Four months for solution system build / development
- Five months for solution pre-deployment testing
- One month for deployment
- Three months for updating and initial execution of supplier certification testing processes for Rate Ready Billing (includes full testing cycle between PECO and the first EGS(s) electing Rate Ready Billing)

PECO continues to examine alternative implementation approaches to fulfilling these same Rate Ready Billing requirements, any of which could result in modifications to the cost and implementation schedule estimates outlined above.

The cost estimate provided above represents system implementation costs only. It does not consider additional costs associated with business process changes such as additional SOX controls, modified rate and price testing processes, back office impacts resulting from associated supplier Rate Ready Billing disputes or additional call volumes, or other business impacts not necessarily defined in this plan. The proposed implementation timeline above includes two months of detailed business requirements definition and analysis. PECO would anticipate using this time in part to fully capture ongoing business costs necessary to manage a Rate Ready Billing program on an ongoing basis.

On Page 19 of the Order under the "Resolution" section, the Commission "disagrees there would be significant incremental costs associated with PPL's management of both Rate Ready and Bill Ready processing." While PECO cannot comment on PPL Electric's implementation or management costs associated with Rate Ready Billing, the results of PECO's own analysis indicate that PECO's potential implementation and management of Rate Ready Billing would in fact be a significant incremental cost, both in implementation and ongoing management. As such, any future submittal of a proposed Rate Ready plan by PECO will include a proposed mechanism for full and current cost recovery.

### III. CONCLUSION

In consideration of PPL Electric's response to the Rate Ready Billing requirements of the Order, the CG requests that the EDEWG accept these findings and support the Company's effort to proceed with program implementation of the Rate Ready Billing Rate Code-driven model.

PPL Electric will continue to develop adequate procedures and to collaborate with EGSs interested in the ongoing development and implementation of a successful Rate Ready Billing program. PECO will continue to participate in these discussions as appropriate, with an appreciation for the Commission's ultimate goal of commonality of choice rules for Pennsylvania.