



COMMONWEALTH OF PENNSYLVANIA
PENNSYLVANIA PUBLIC UTILITY COMMISSION
P.O. BOX 3265, HARRISBURG, PA 17105-3265

IN REPLY PLEASE
REFER TO OUR FILE

M-2011-2196342

May 20, 2011

Rosemary Chiavetta, Secretary
PA Public Utility Commission
P.O. Box 3265
Harrisburg, PA 17105-3265

**Re: Pennsylvania Public Utility Commission, Law Bureau
Prosecutory Staff v. PPL Electric Utilities Corporation
Docket Number M-2011-2196342**

Dear Secretary Chiavetta:

Enclosed please find an original and three copies each of the Settlement Agreement and Statements in Support to be filed in the above-captioned proceeding.

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

Sincerely,

Michael L. Swindler
Assistant Counsel

Enclosures

cc: Per Certificate of Service

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**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

**PENNSYLVANIA PUBLIC UTILITY :
COMMISSION LAW BUREAU :
PROSECUTORY STAFF :**

v. :

Docket No. M-2011-2196342

**PPL ELECTRIC UTILITIES :
CORPORATION :**

SETTLEMENT AGREEMENT

I. Introduction

1. The parties to this Settlement Agreement (“Settlement Agreement”) are the Pennsylvania Public Utility Commission Law Bureau Prosecutory Staff (“Prosecutory Staff”), P.O. Box 3265, Harrisburg, PA 17105-3265, and PPL Electric Utilities Corporation (“PPL” or “Company”), Two North Ninth Street, Allentown, PA 18101-1179.

2. Prosecutory Staff is the entity established by statute to prosecute complaints against public utilities pursuant to 66 Pa.C.S. § 308(b). The Commission has delegated its authority to initiate proceedings that are prosecutory in nature to Prosecutory Staff and other bureaus with enforcement responsibilities. *Delegation of Prosecutory Authority to Bureaus with Enforcement Responsibilities*, Docket No. M-00940593 (Order entered September 2, 1994).

3. PPL is a jurisdictional electric utility headquartered in Allentown, Pennsylvania. PPL is a public utility as defined by 66 Pa.C.S. § 102 and is engaged in, *inter alia*, the provision of public utility service for compensation as an electric distribution company.

4. The Pennsylvania Public Utility Commission (“Commission”) is a duly constituted agency of the Commonwealth of Pennsylvania empowered to regulate utilities within this Commonwealth pursuant to the Public Utility Code (“Code”), 66 Pa.C.S. §§ 101, *et seq.*

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5. Section 501(a) of the Code, 66 Pa.C.S. § 501(a), authorizes and obligates the Commission to execute and enforce the provisions of the Code.

6. Section 3301 of the Code, 66 Pa.C.S. § 3301, authorizes the Commission to impose civil penalties on any public utility or on any other person or corporation subject to the Commission's authority for violations of the Code or Commission regulations or both. Section 3301 further allows for the imposition of a separate fine for each violation and each day's continuance of such violation(s).

7. Pursuant to Sections 331(a) and 506 of the Public Utility Code, 66 Pa.C.S. §§ 331(a) and 506 and Section 3.113 of the Commission's Practice and Procedure ("Regulations"), 52 Pa. Code § 3.113, the Commission's Bureau of Consumer Services ("BCS") has the authority to conduct informal investigations or informal proceedings in order to gather data and/or to substantiate allegations of potential violations of the Commission's regulations.

8. This matter concerns an informal investigation initiated by the Commission's BCS upon the submission by PPL on July 1, 2010, of a report pursuant to the January 16, 2009, Secretarial Letter re: *Interim Reporting Requirements For Regulated Electric and Gas Utilities To File Reports Regarding Any Incidents Involving Death At Locations Where Residential Utility Service Has Benn Terminated*, at Docket No. M-2009-2084013. The Prosecutory Staff's investigation was conducted to examine PPL's treatment of an account that had been terminated for non-payment on June 10, 2010. PPL was informed by the customer's daughter that the customer passed away at his residence on June 25, 2010. Thus, electric service to the residence had been terminated prior to the customer's death. BCS determined that PPL may have violated Chapter 56 provisions during contacts with the customer-of-record prior to termination of electric service to the residence. As a result of negotiations between Prosecutory Staff and PPL

(hereinafter “Parties”), the Parties have agreed to resolve their differences as encouraged by the Commission’s policy to promote settlements. (See 52 Pa. Code § 5.231.) The duly authorized Parties executing this Settlement Agreement agree to the settlement terms set forth herein and urge the Commission to approve the Settlement Agreement as submitted as being in the public interest.

II. Background

9. The account in question was in the name of Warren Candler with service having been furnished to his residence at 304 West 5th Street, Unit C, Quarryville, Pennsylvania. Mr. Candler was an 85-year old disabled veteran. On June 10, 2010, electric service to Mr. Candler’s residence was disconnected for non-payment with an amount due in excess of \$1,300.00. On June 28, 2010, PPL was advised telephonically by Mr. Candler’s daughter that Mr. Candler had died.

10. A notice of overdue balance was sent to the customer from PPL on February 18, 2010. On March 12, 2010, Mr. Candler initiated telephone contact with a PPL Customer Service Representative (“CSR”) and stated “I owe a ton of money.” Rather than discuss a payment arrangement at that time, the CSR advised Mr. Candler that someone would call him back to set up a payment arrangement. The Company made an unsuccessful attempt to reach Mr. Candler by telephone on March 15, 2010.

11. On March 31, 2010, Mr. Candler initiated telephone contact with a CSR requesting information to make a payment. Using Mr. Candler’s check routing number, a \$420.00 payment was made on the account.

12. A termination notice was sent to Mr. Candler on April 19, 2010. On April 26, 2010, Mr. Candler initiated telephone contact with a CSR requesting information to make a payment. Payment arrangement terms were discussed and using Mr. Candler's check routing number, a \$354.00 payment was made on the account. Mr. Candler agreed to re-establish a payment agreement for his current bill plus \$18.00 toward his arrearage beginning May 12, 2010. The CSR asked if a medical condition existed and the customer answered no. When asked by the CSR if he was satisfied, Mr. Candler indicated that he was satisfied.

13. A termination notice was sent to Mr. Candler on May 19, 2010. On May 25, 2010, Mr. Candler initiated telephone contact with a CSR and advised that he was "broke." The CSR provided a telephone number for what was only described as a "community action program" and payment arrangement terms were discussed. At the conclusion of this call, while Mr. Candler indicated that he understood and accepted the requirements of the payment agreement, the CSR did not expressly assess the satisfaction of the caller with the outcome of the contact.

14. On June 6, 2010, a call was placed to PPL by a representative of the Lancaster Office on Aging inquiring about the status of Mr. Candler's account. The CSR refused to discuss the details of the account with the Office on Aging representative.

15. On June 10, 2010, electric service to Mr. Candler's residence was disconnected for non-payment with an amount due in excess of \$1,300.00.

16. On June 28, 2010, Mr. Candler's daughter called PPL and advised the Company that Mr. Candler had passed away on June 25, 2010.

17. Upon completing the initial review, the Commission's BCS determined that PPL representatives may have violated Chapter 56 provisions concerning dispute and termination

procedures, including, *inter alia*, failure to provide reasonable and adequate service, failure to advise the customer of his opportunity to contact the Commission, failure to diligently attempt to negotiate a payment arrangement, failure to refer the customer to available customer assistance programs, failure to discuss the customer's account with his protective services program representative and failure to properly determine satisfaction at the conclusion of the customer contacts.

18. Based on these findings, the Commission's BCS requested that the Commission's Law Bureau initiate an informal investigation to determine whether the Company violated its tariff, the Public Utility Code or applicable statutes.

19. Pursuant to this request, on October 4, 2010, the Law Bureau initiated an informal investigation. The Law Bureau and the BCS formed an investigative team, identified as Prosecutory Staff, for the purpose of conducting this investigation.

20. Prosecutory Staff requested that PPL provide further background information related to the above-described telephone contacts, to which the Company complied.

III. Law Bureau Prosecutory Staff Investigation

21. As a result of the Prosecutory Staff investigation, it was found that during telephone contacts between the customer and CSRs as well as between a representative of the local office of aging and a CSR from March through June 2010, the Company may have violated Chapter 56 provisions concerning dispute and termination procedures leading up to the termination of service at the customer's residence. It was further determined that during the course of these customer contacts made between Company CSRs and the customer of record, that PPL representatives failed to determine satisfaction at the conclusion of all of the customer

contacts. In the one instance where the CSR failed to assess satisfaction, the CSR did assess understanding regarding the requirements of a payment agreement, which the customer acknowledged and accepted.

22. Had this matter been litigated, Prosecutory Staff would have alleged that PPL violated provisions of the Public Utility Code and of Title 52, Chapter 56 of the Pennsylvania Code.

23. Had this matter been litigated, PPL would have denied or answered and defended against the above-stated allegations.

IV. Alleged Violations

24. The Prosecutory Staff has reviewed the actions and business practices of PPL with respect to this investigation. If this matter had been litigated, the Prosecutory Staff would have alleged that PPL violated certain provisions of the Public Utility Code and Pennsylvania Code, in that:

- a. The Company failed to advise the customer of available assistance programs despite his clear dissemination to CSRs on more than one telephone contact that he was experiencing a financial hardship and was a disabled veteran. If proven, this would have violated 66 Pa.C.S. § 1501.
- b. The Company failed to determine satisfaction at the conclusion of some of the customer contacts made between March and June 2010, prior to termination of electric service at the customer's residence. While the colloquies evidenced that the CSRs treated the caller in a courteous manner, the Prosecutory Staff concluded that the CSRs nevertheless failed in some instances to determine

whether the caller was satisfied at the conclusion of the contact with the resolution of the matter at hand. Such inaction renders difficult the task of determining whether a “dispute” exists as that term is defined at 52 Pa.Code § 56.2.¹ If proven, this would have violated 66 Pa.C.S. § 1501.

- c. The Company failed to initiate utility company dispute procedures pursuant to 52 Pa.Code § 56.151 upon receipt of telephone contacts from customer prior to termination of service.

If proven, this would have violated 52 Pa.Code §§ 56.141 and 56.151.

- d. The Company failed to make a diligent attempt to negotiate a reasonable payment arrangement after the customer advised the Company of his inability to pay.

If proven, this would have violated 52 Pa.Code §§ 56.97(b)(1) and 56.151(3).

- e. The Company failed to discuss the customer’s account with a representative of the local Area Agency on Aging (“AAA”) who called the Company on the customer’s behalf, despite the fact that such communication would have been consistent with and not prohibited by the Company’s policy regarding disclosure of customer information.

If proven, this would have violated 66 Pa.C.S. § 1501.

25. Throughout the entire investigatory process, the Prosecutory Staff and PPL remained active in informal discovery and continued to explore the possibility of resolving this investigation, which ultimately culminated in this Settlement Agreement. During the discovery

¹ “Dispute” is defined as a grievance of an applicant, ratepayer or occupant about a utility’s application of a provision covered by this chapter, including subjects such as credit determinations, deposit requirements, the accuracy of meter readings or bill amounts or the proper party to be charged. If at the conclusion of an initial contact or, when applicable, a follow-up response, the applicant, ratepayer or occupant indicates satisfaction with the resulting resolution or explanation, the contact will not be considered a dispute.

process, PPL complied with Prosecutory Staff requests for information and documentation. Throughout the investigation, PPL and Prosecutory Staff maintained ongoing communications.

26. Prosecutory Staff acknowledges that PPL has fully cooperated with this investigation.

27. PPL does not admit to any allegations contained herein. Although PPL disputes some or all of the assertions and allegations above, PPL recognizes the seriousness of the allegations and acknowledges that the acts alleged, if committed, may constitute violations of certain legal requirements. PPL asserts, however, that any possible violations stemming from its alleged conduct were unintentional and inadvertent.

28. PPL notes that the above-referenced contentions are made without the benefit of a formal hearing and that Prosecutory Staff's contentions may or may not have been accepted by the Commission if the matter had been fully litigated.

V. Settlement Terms

29. PPL and Prosecutory Staff desire to settle this matter fully and completely without resorting to litigation in a formal proceeding.

30. Although PPL may dispute and/or disagree with some or all of the allegations above, the Company fully acknowledges the seriousness of such allegations. PPL also recognizes the need to prevent violations of this Commission's regulations. Moreover, PPL recognizes the benefits of amicably resolving these issues.

31. PPL and Prosecutory Staff, intending to be legally bound and for consideration given, desire to conclude this informal investigation and agree to stipulate as to the following terms solely for the purposes of this Settlement Agreement:

- a. PPL will deliver targeted training to its call center personnel, including its CSRs, in March 2011 to review its customer confidentiality policy regarding exceptions for customers with special circumstances. The training will reinforce the Company's existing procedures recognizing that there are certain circumstances when disclosing customer information is acceptable in the interest of assisting a vulnerable household.

PPL will provide written proof to BCS that the training of its Company representatives regarding the above-referenced matter has been conducted within ten (10) days of the completion of said training. The written proof provided to BCS shall contain, at minimum, the date(s) and time(s) of the training session(s), including the duration of the session(s), an agenda of topics covered, identification of the audience trained (i.e., the name(s) of group or units trained, not names of individuals) and a general description or brief summary of the training provided.

In April 2010, the Company also communicated to Customer Contact Center ("CCC") supervisors and CSRs a change in practice to more efficiently utilize the Company's web-based system called the Customer Transition Program ("CTP"). CTP was initiated in March 2009 in order to automatically generate a referral directly to the community-based organization that administers the program in the area where the customer lives.

In this instance, the Company determined that the CTP had failed to refer Mr. Candler to the OnTrack program because the CSR had entered a household income of “zero” in PPL’s information system when the CSR was unable to reach Mr. Candler to discuss the overdue balance. By indicating an income of zero, the customer was inadvertently eliminated from consideration in OnTrack, because the program qualifications require that the participant have some amount of household income. To remedy this, CSRs are now advised to not indicate “zero” as household income merely due to the CSR’s inability to contact the customer so as not to remove the customer from potential referral to OnTrack.

- b. Through its call monitoring efforts for compliance and customer satisfaction, PPL has given additional attention to CSRs’ responsibilities to assess customer satisfaction and to identify disputes. The Company now prepares a call monitoring report based on results that assess teams of CSRs. The Company’s Quality Assurance group shares these reports with CCC management who then follow-up with individual CSRs as necessary.

PPL will revise its call monitoring reports to include only the number of calls evaluated to assess “satisfaction.” Of the number of calls evaluated to assess satisfaction, the report will indicate the number of evaluated calls where satisfaction was assessed by the CSR. Taking the number of calls evaluated and the number of evaluated calls where satisfaction was properly assessed, the report will also indicate the percentage of evaluated calls that successfully

assessed satisfaction. The call monitoring report to BCS will include only data relative to the number of calls evaluated for the purpose of assessing “satisfaction.”

PPL agrees to provide to BCS copies of its monthly call monitoring reports, as revised, for a period of six consecutive months beginning with the first full month following the entry of the Commission’s final Order in this matter. Should such reports indicate a deterioration of performance over time, or should BCS otherwise direct, the Company agrees to provide its monthly call monitoring reports for an additional six consecutive months. Moreover, for a CSR team that shows a downturn in performance from one month to the next (i.e., an average call monitoring score below 90) based on a particular month’s call monitoring report, PPL will double the number of calls monitored for the responsible CSR(s) and maintain that level of review until the downturn is corrected. PPL’s monthly call monitoring reports will include the evaluation of no less than 60% of all CSR teams.

- c. PPL will implement a new voice analytics system by July 2011. The Company anticipates that the new system will significantly enhance its ability to monitor customer telephone calls to ensure adherence to internal procedures by CSRs, strengthen compliance with Commission regulations and improve customer satisfaction.

PPL has also conducted a series of “situational workshops” for CCC supervisors beginning in February 2011. The purpose of the workshops was to present and discuss the issue of customer disputes, provide an opportunity to promote interaction and learning and offer coaching and guidance regarding dispute recognition and handling. The Company also developed an electronic job aid to assist CSRs in identifying customer disputes and in responding appropriately.

- d. PPL has revised its procedures so that a residential customer with a high balance is no longer expected to wait for a call back from PPL to discuss payment arrangements. Rather than the CSR advising a customer during a telephone contact that another CSR will contact him or her at another time to discuss possible payment arrangement terms, a residential customer with a high overdue balance (i.e., \$2,000 or greater) is now immediately transferred by the CSR to a special team that works exclusively with customers of accounts with high balances so that payment arrangement terms may be immediately discussed.
- e. PPL will meet with various Area Agency on Aging (AAA) offices located throughout its service territory to discuss its customer confidentiality policy, low income programs and services, collection procedures, and billing and payment options. With regard to confidentiality, PPL will stress that telephone contacts made by AAA representatives to CSRs on behalf of an elderly PPL customer qualify as an exception to the Company’s general

prohibition of releasing customer information to third parties. The Company will complete these meetings by the end of August 2011.

PPL will provide written proof to BCS that the meetings regarding the above-referenced matter have been conducted within ten (10) days of the completion of said meetings. The written proof provided to BCS shall contain, at minimum, the date(s) and time(s) of the meetings, including the duration of the meetings, an agenda of topics covered, identification of the audience (not names of individuals) and a general description or brief summary of the meetings.

PPL will also clarify its internal policy with its CSRs regarding their ability to speak with AAA representatives about account information of elderly customers who have overdue bills or have received termination notices. The Company will conduct training for its CCC supervisors and CSRs in March 2011. The training will address topics such as payment assistance philosophy, reconnection process, payment assistance reminders, referrals to low income programs, and the policy regarding the sharing of account information with AAA representatives.

PPL will provide written proof to BCS that the training of its Company representatives regarding the above-referenced matter has been conducted within ten (10) days of the completion of said training. The written proof

provided to BCS shall contain, at minimum, the date(s) and time(s) of the training session(s), including the duration of the session(s), an agenda of topics covered, identification of the audience trained (i.e., the name(s) of group or units trained, not names of individuals) and a general description or brief summary of the training provided.

- f. PPL will file a report(s) with the Commission Secretary pursuant to 52 Pa. Code § 5.591 which specifies the Company's compliance with the terms of the Settlement Agreement.
- g. PPL will pay a civil settlement amount of five thousand dollars (\$5,000) to resolve the alleged violations uncovered by this informal investigation. Said payment shall be made by certified check to "Commonwealth of Pennsylvania" and presented to the Commission within thirty (30) days of the date of the Order approving this settlement. In addition, PPL will make a contribution in the amount of ten thousand dollars (\$10,000) to its Operation HELP hardship fund to resolve the alleged violations uncovered by this informal investigation. Said contribution shall be made by PPL within thirty (30) days of the date of the Order approving this settlement.

32. In consideration of the Company's payment of a civil settlement amount and monetary contribution to Operation HELP, as specified herein, Prosecutory Staff agrees to forebear the institution of any formal complaint that relates to the Company's conduct as described in the Settlement Agreement. Nothing contained in this Settlement Agreement shall adversely affect the Commission's authority to receive and resolve any informal or formal

complaints filed by any affected party with respect to the incident, except that no further sanctions may be imposed by the Commission for any actions identified herein.

VI. Conclusion

33. With the Commission's approval that the terms and conditions in this Settlement Agreement are in the public interest and cannot be used against PPL in any future proceeding relating to this matter, PPL agrees to, among other terms set forth above, pay a civil settlement amount of five thousand dollars (\$5,000) and make a contribution to Operation HELP of ten thousand dollars (\$10,000) within thirty (30) days of the date of the Order approving this settlement in order to resolve through this Settlement Agreement the allegations raised by the Prosecutory Staff's investigation. Moreover, PPL agrees not to seek recovery of any portion of this payment in a future ratemaking proceeding.

34. This Settlement Agreement is a full and final resolution of the Commission investigation, related in any way to PPL's alleged actions described in this Settlement Agreement, up to and including the date this Settlement Agreement is signed by the parties.

35. PPL and Prosecutory Staff have agreed to this amicable settlement in the interest of avoiding formal litigation and moving forward in the conduct of business in Pennsylvania. The Prosecutory Staff agrees not to institute any formal complaint relating to PPL's alleged actions that are the subject of this settlement.

36. PPL and Prosecutory Staff have entered into and seek the Commission's approval of the Settlement Agreement pursuant to 52 Pa Code § 3.113. This Settlement Agreement is subject to all applicable administrative and common law treatments of settlements, settlement offers, and/or negotiations. The validity of this Settlement Agreement is expressly conditioned

upon the Commission's approval under applicable public interest standards without modification, addition, or deletion of any term or condition herein. Accordingly, this Settlement Agreement is made without any admission against or prejudice to any position which any party might adopt during litigation of this case if this settlement is rejected by the Commission or withdrawn by any of the parties as provided below. This Settlement Agreement is, therefore, a compromise and is conditioned upon the Commission's approval of any of the terms and conditions contained herein without modification or amendment.

37. If the Commission fails to approve this Settlement Agreement by tentative or final order, or any of the terms or conditions set forth herein, without modification, addition or deletion, then either Party may elect to withdraw from this Settlement Agreement by filing a response to the tentative or final order within twenty (20) days of the date the tentative or final order is entered. None of the provisions of this Settlement Agreement shall be considered binding upon the Parties if such a response is filed.

38. This document represents the Settlement Agreement in its entirety. No changes to obligations set forth herein may be made unless they are in writing and are expressly accepted by the parties involved. This Settlement Agreement shall be construed and interpreted under Pennsylvania law.

39. None of the provisions of the Settlement Agreement or statements herein shall be considered an admission of any fact or culpability. The Prosecutory Staff acknowledges that this Settlement Agreement is entered into with the express purpose of settling the asserted claims regarding the specific alleged violations of the Public Utility Code, Pennsylvania Code and the regulations promulgated thereunder against, or prejudice to, any position which any Party may adopt during any subsequent proceeding of whatever nature.

40. The Settlement resolves with prejudice all issues related to the Informal Investigation. This Settlement is made without admission against, or prejudice to, any factual or legal positions which any of the Joint Petitioners may assert in subsequent litigation of this proceeding before the Commission in the event that the Commission does not issue a final, non-appealable Order approving this Settlement without modification. This Settlement is determinative and conclusive of all the issues addressed herein and constitutes a final settlement of the matters thereof as among the parties to the Settlement and the Commission. Provided, however, that this Settlement makes no findings of fact or conclusions of law, and therefore, it is the intent of the parties that this document and the related Statements in Support not be admitted as evidence in any potential civil proceeding involving this matter. It is further understood that by entering into this Settlement and agreeing to pay a civil settlement amount and to contribute to Operation HELP, PPL has made no admission of fact or law and disputes all issues of fact and law for all purposes in all proceedings, including but not limited to any civil proceedings, that may arise as a result of the circumstances described in the Settlement documents.

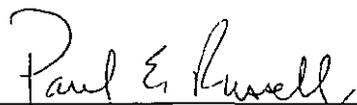
WHEREFORE, PPL and the Prosecutory Staff respectfully request that the Commission adopt an order approving the terms and conditions of this Settlement Agreement as being in the public interest.

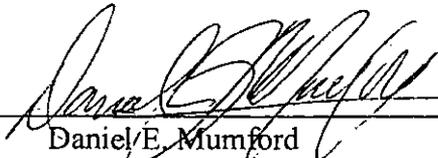
Respectfully submitted,

Pennsylvania Public Utility Commission
Law Bureau Prosecutory Staff

PPL Electric Utilities Corporation

By: 
Michael L. Swindler
Prosecuting Attorney

By: 
Paul E. Russell ^{AK}
Associate General Counsel

By: 
Daniel E. Mumford
Bureau of Consumer Services

Date: 5/20/11

Date: 20 MAY 11

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1. The proposed Agreement stipulates as to the following terms:
 - a. PPL will deliver targeted training to its call center personnel, including its CSRs, in March 2011 to review its customer confidentiality policy regarding exceptions for customers with special circumstances. The training will reinforce the Company's existing procedures recognizing that there are certain circumstances when disclosing customer information is acceptable in the interest of assisting a vulnerable household.

PPL will provide written proof to BCS that the training of its Company representatives regarding the above-referenced matter has been conducted within ten (10) days of the completion of said training. The written proof provided to BCS shall contain, at minimum, the date(s) and time(s) of the training session(s), including the duration of the session(s), an agenda of topics covered, identification of the audience trained (i.e., the name(s) of group or units trained, not names of individuals) and a general description or brief summary of the training provided.

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In this instance, the Company determined that the CTP had failed to refer Mr. Candler to the OnTrack program because the CSR had entered a household income of “zero” in PPL’s information system when the CSR was unable to reach Mr. Candler to discuss the overdue balance. By indicating an income of zero, the customer was inadvertently eliminated from consideration in OnTrack, because the program qualifications require that the participant have some amount of household income. To remedy this, CSRs are now advised to not indicate “zero” as household income merely due to the CSR’s inability to contact the customer so as not to remove the customer from potential referral to OnTrack.

- b. Through its call monitoring efforts for compliance and customer satisfaction, PPL has given additional attention to CSRs’ responsibilities to assess customer satisfaction and to identify disputes. The Company now prepares a call monitoring report based on results that assess teams of CSRs. The Company’s Quality Assurance group shares these reports with CCC management who then follow-up with individual CSRs as necessary.

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PPL agrees to provide to BCS copies of its monthly call monitoring reports, as revised, for a period of six consecutive months beginning with the first full month following the entry of the Commission's final Order in this matter. Should such reports indicate a deterioration of performance over time, or should BCS otherwise direct, the Company agrees to provide its monthly call monitoring reports for an additional six consecutive months. Moreover, for a CSR team that shows a downturn in performance from one month to the next (i.e., an average call monitoring score below 90) based on a particular month's call monitoring report, PPL will double the number of calls monitored for the responsible CSR(s) and maintain that level of review until the downturn is corrected. PPL's monthly call monitoring reports will include the evaluation of no less than 60% of all CSR teams.

- c. PPL will implement a new voice analytics system by July 2011. The Company anticipates that the new system will significantly enhance its ability to monitor customer telephone calls to ensure adherence to internal procedures by CSRs, strengthen compliance with Commission regulations and improve customer satisfaction.

PPL has also conducted a series of "situational workshops" for CCC supervisors beginning in February 2011. The purpose of the workshops was to present and discuss the issue of customer disputes, provide an opportunity to promote interaction and learning and offer coaching and guidance regarding dispute recognition and handling. The Company also developed an electronic job aid to assist CSRs in identifying customer disputes and in responding appropriately.

- d. PPL has revised its procedures so that a residential customer with a high balance is no longer expected to wait for a call back from PPL to discuss payment arrangements. Rather than the CSR advising a customer during a telephone contact that another CSR will contact him or her at another time to discuss possible payment arrangement terms, a residential customer with a high overdue balance (i.e., \$2,000 or greater) is now immediately transferred by the CSR to a special team that works exclusively with customers of accounts with high balances so that payment arrangement terms may be immediately discussed.

- e. PPL will meet with various Area Agency on Aging (AAA) offices located throughout its service territory to discuss its customer confidentiality policy, low income programs and services, collection procedures, and billing and payment options. With regard to confidentiality, PPL will stress that telephone contacts made by AAA representatives to CSRs on behalf of an elderly PPL customer qualify as an exception to the Company's general prohibition of releasing customer information to third parties. The Company will complete these meetings by the end of August 2011.

PPL will provide written proof to BCS that the meetings regarding the above-referenced matter have been conducted within ten (10) days of the completion of said meetings. The written proof provided to BCS shall contain, at minimum, the date(s) and time(s) of the meetings, including the duration of the meetings, an agenda of topics covered, identification of the audience (not names of individuals) and a general description or brief summary of the meetings.

PPL will also clarify its internal policy with its CSRs regarding their ability to speak with AAA representatives about account information of

elderly customers who have overdue bills or have received termination notices. The Company will conduct training for its CCC supervisors and CSRs in March 2011. The training will address topics such as payment assistance philosophy, reconnection process, payment assistance reminders, referrals to low income programs, and the policy regarding the sharing of account information with AAA representatives.

PPL will provide written proof to BCS that the training of its Company representatives regarding the above-referenced matter has been conducted within ten (10) days of the completion of said training. The written proof provided to BCS shall contain, at minimum, the date(s) and time(s) of the training session(s), including the duration of the session(s), an agenda of topics covered, identification of the audience trained (i.e., the name(s) of group or units trained, not names of individuals) and a general description or brief summary of the training provided.

- f. PPL will file a report(s) with the Commission Secretary pursuant to 52 Pa. Code § 5.591 which specifies the Company's compliance with the terms of the Settlement Agreement.
- g. PPL will pay a civil settlement amount of five thousand dollars (\$5,000) to resolve the alleged violations uncovered by this informal investigation. Said payment shall be made by certified check to "Commonwealth of Pennsylvania" and presented to the Commission within thirty (30) days of the date of the Order approving this settlement. In addition, PPL will make a contribution in the amount of ten thousand dollars (\$10,000) to its Operation HELP hardship fund to resolve the alleged violations uncovered by this informal investigation.

Said contribution shall be made by PPL within thirty (30) days of the date of the Order approving this settlement.

2. PPL has, as stated above, agreed to pay a fair and equitable civil settlement amount and make a contribution to its Operation HELP hardship fund.

3. The agreement of Prosecutory Staff to settle this case is made without any admission or prejudice to any position that Prosecutory Staff might adopt during subsequent litigation in the event that this settlement is rejected by the Commission or otherwise properly withdrawn by any of the parties.

4. Had this matter proceeded to hearing, Prosecutory Staff would have alleged that the Company committed numerous violations of the Public Utility Code and the Company would have contested these allegations. Specifically, Prosecutory Staff would have alleged in its case-in-chief as follows:

- a. The Company failed to advise the customer of available assistance programs despite his clear dissemination to CSRs on more than one telephone contact that he was experiencing a financial hardship and was a disabled veteran. If proven, this would have violated 66 Pa.C.S. § 1501.
- b. The Company failed to determine satisfaction at the conclusion of some of the customer contacts made between March and June 2010, prior to termination of electric service at the customer's residence. While the colloquies evidenced that the CSRs treated the caller in a courteous manner, the Prosecutory Staff concluded that the CSRs nevertheless failed in some instances to determine whether the caller was satisfied at

the conclusion of the contact with the resolution of the matter at hand. Such inaction renders difficult the task of determining whether a

“dispute” exists as that term is defined at 52 Pa.Code § 56.2.¹ If proven, this would have violated 66 Pa.C.S. § 1501.

- c. The Company failed to initiate utility company dispute procedures pursuant to 52 Pa.Code § 56.151 upon receipt of telephone contacts from customer prior to termination of service. If proven, this would have violated 52 Pa.Code §§ 56.141 and 56.151.
- d. The Company failed to make a diligent attempt to negotiate a reasonable payment arrangement after the customer advised the Company of his inability to pay. If proven, this would have violated 52 Pa.Code §§ 56.97(b)(1) and 56.151(3).
- e. The Company failed to discuss the customer’s account with a representative of the local Area Agency on Aging (“AAA”) who called the Company on the customer’s behalf, despite the fact that such communication would have been consistent with and not prohibited by the Company’s policy regarding disclosure of customer information. If proven, this would have violated 66 Pa.C.S. § 1501.

5. In *Rosi v. Bell Atlantic Pennsylvania Inc., et al.*, 94 PA PUC 103, Docket No. C-00992409 (Order entered March 16, 2000), as set forth in *Pennsylvania Public*

¹ “Dispute” is defined as a grievance of an applicant, ratepayer or occupant about a utility’s application of a provision covered by this chapter, including subjects such as credit determinations, deposit requirements, the accuracy of meter readings or bill amounts or the proper party to be charged. If at the conclusion of an initial contact or, when applicable, a follow-up response, the applicant, ratepayer or occupant indicates satisfaction with the resulting resolution or explanation, the contact will not be considered a dispute.

Utility Commission v. NCIC Operator Services, Docket No. M-00001440 (December 20, 2000), the Commission adopted and utilized standards for determining whether a particular enforcement outcome is in the public interest. The standards set forth in *Rosi* were reviewed by Prosecutory Staff. Prosecutory Staff submits that this Settlement Agreement does not violate the requirements for settlements found in *Rosi* and that the terms of the Settlement Agreement are in the public interest.

6. Prosecutory Staff further asserts that approval of this Settlement Agreement is consistent with the Commission's Policy Statement, *Factors and standards for evaluating litigated and settled proceedings involving violations of the Public Utility Code and Commission regulations – statement of policy*, at 52 Pa. Code § 69.1201 ("Policy Statement"). Under the Policy Statement, while many of the *Rosi* standards may still be applied, the Commission specifically recognized that in settled cases the parties "will be afforded flexibility in reaching amicable resolutions to complaints and other matters so long as the settlement is in the public interest." 52 Pa. Code § 69.1201(b). The Commission's Policy Statement provides for ten (10) factors and standards to be considered by the Commission. The application of these standards and support for the instant settlement are set forth below.

7. The first standard addresses whether the conduct at issue was of a serious nature. 52 Pa. Code § 69.1201(c)(1). While the conduct here does not appear to involve willful fraud or misrepresentation, the Commission deems any termination of essential utility service to be a serious concern. The failure of the CSRs to confirm satisfaction, diligently attempt payment arrangements, make references to all available assistance

programs, and/or discuss the customer's troubled account with a representative of this elderly customer's AAA are lapses in the Company's duty to furnish and maintain adequate, efficient, safe and reasonable service. With regard to dispute resolution, it is imperative that the company representative expressly ask the caller if the purpose of the call has been resolved to the caller's satisfaction.

8. The second standard addresses whether the resulting consequences of the conduct in question were of a serious nature. 52 Pa. Code § 69.1201(c)(2). The Commission deems the ultimate termination of electric service to this residential customer to be a serious event, especially given the Company's ability to possibly avoid said termination of service had a discussion regarding the details of the customer's account been held with the AAA representative who contacted PPL on the customer's behalf.

9. The third standard addresses whether the conduct was intentional or unintentional. This standard is to be applied to litigated matters. Although there is no indication that the Company intentionally violated Company procedure or Commission regulations, this matter is being resolved by settlement of the parties and, as such, this standard is not relevant here.

10. The fourth standard addresses whether the Company made efforts to modify internal practices and procedures to address the conduct at issue and prevent similar conduct in the future. 52 Pa. Code § 69.1201(c)(4). This has been addressed in the affirmative in the terms of settlement. The Company has already complied with Prosecutory Staff's requests to review and, where necessary, modify its procedures

and/or retrain its workforce. The Company has organized and held training sessions with CSRs, held meetings with AAA offices in its service territory and implemented new reports and systems to assist the Company in improving compliance with internal procedures and Commission regulations. PPL has also increased CSR awareness to the need for every CSR to inquire at or near the conclusion of every customer call whether the matter at hand has been resolved to the customer's satisfaction.

11. In the process of negotiating this Settlement Agreement, all of the other factors in the Policy Statement were considered. Specifically, Prosecutory Staff reviewed the number of customers affected, the compliance history of the Company, the Company's cooperation with the Commission, and the amount necessary not only to deter future violations but to recognize possible violations in the past. This Settlement Agreement was amicably negotiated and recognizes PPL's good faith efforts to comply with the regulations.

12. Prosecutory Staff submits that a settlement avoids the necessity for the prosecuting agency to prove elements of each violation. In return, the opposing party in a settlement avoids the possibility of a greater fine or penalty. Both parties negotiate from their initial litigation positions. The fines and penalties in a litigated proceeding, such as *Rosi*, have always been different from those that result from a settlement. Prosecutory Staff submits that this is the reason that *Rosi* listed whether penalties arise from a settlement or a litigated proceeding as one of its tests.

13. Prosecutory Staff submits that the Settlement Agreement is in the public interest because it effectively addresses the issues identified by the Commission's Bureau

of Consumer Services, avoids the time and expense of litigation which entails hearings, filings of briefs, exceptions, reply exceptions, and possible appeals. The Company has also agreed to pay a fair and equitable civil settlement amount, make a contribution to its Operation HELP hardship fund and to improve its customer call response procedures. Moreover the Settlement Agreement clearly meets the standards set forth in the Commission's Policy Statement at 52 Pa. Code § 69.1201.

14. Commission Rules and Regulations encourage the settlement of proceedings and, consequently, Prosecutory Staff and PPL convened frequent and extensive conferences and discussions during the course of this proceeding. These discussions ultimately resulted in the foregoing Agreement and the Agreement is a full and final resolution of the Commission's investigation. Prosecutory Staff asserts that approval of this settlement is consistent with the Commission's Policy Statement at 52 Pa.Code § 69.1201, *Factors and standards for evaluating litigated and settled proceedings involving violations of the Public Utility Code and Commission regulations – statement of policy.*

15. In addition to the foregoing reasons, based upon Prosecutory Staff's analysis of these matters, acceptance of this proposed settlement is in the public interest because resolution of this case by settlement rather than litigation will avoid the substantial time and expense involved in continuing to formally pursue all issues in this proceeding. Moreover, acceptance of the Agreement at this time will ensure that the Company will immediately implement the important changes in their policies enumerated in the Agreement, including training staff and revising internal management procedures, instead of at the end of what could be protracted litigation.

WHEREFORE, the Law Bureau Prosecutory Staff represents that it supports the settlement of this matter as memorialized by the Agreement as being in the public interest and respectfully requests that the Commission approve the foregoing Settlement Agreement, including all terms and conditions contained therein.

Respectfully submitted,



Wayne T. Scott, First Deputy Chief Counsel
Michael L. Swindler, Assistant Counsel
Law Bureau Prosecutory Staff

May 20, 2011

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BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION

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PENNSYLVANIA PUBLIC UTILITY :
COMMISSION LAW BUREAU :
PROSECUTORY STAFF :

PA PUC
SECRETARY'S BUREAU

v. :

Docket No. M-2011-2196342

PPL ELECTRIC UTILITIES :
CORPORATION :

STATEMENT IN SUPPORT OF PPL ELECTRIC UTILITIES CORPORATION

PPL Electric Utilities Corporation ("PPL Electric") hereby submits its Statement in Support of the Joint Petition for Settlement ("Settlement) of the above-referenced informal investigation of the Law Bureau Prosecutory Staff ("Prosecutory Staff") of the Pennsylvania Public Utility Commission ("Commission"). Initially, PPL Electric acknowledges the appropriateness of Prosecutory Staff, conducting an informal investigation of this matter. PPL Electric has fully cooperated with the investigation and conducted its own internal investigation of this matter. In addition, PPL Electric would like to acknowledge the thoroughness and professionalism of Prosecutory Staff in its handling of this matter. For the reasons set forth below, PPL Electric believes that the Settlement is in the public interest and should be approved.

Based on the above-referenced investigation, PPL Electric believes that its conduct in this matter was lawful and appropriate and in compliance with the Public Utility Code, Commission regulations and applicable Commission orders. The Company recognizes, however, that all aspects of its operations, including customer service, are subject to potential and continued improvement. As a result of the investigation, PPL Electric, with the assistance of Prosecutory Staff, has identified certain areas of its customer service operations and procedures that can be

improved, and as part of this Settlement, PPL Electric has committed to undertake those improvements. These activities may improve PPL Electric's quality of customer service and, therefore, are in the public interest.

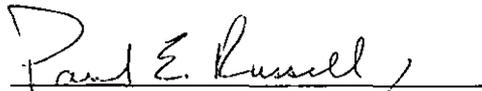
The Settlement provides that PPL Electric will make a \$10,000 contribution to Operation Help and pay a civil settlement amount of \$5,000, which will not be recovered in rates. Operation Help is a hardship fund supported by donations from PPL Electric, its employees, retirees and customers. The program targets low-income customers who have overdue balances and an inability to pay the full amount of their energy bills. The \$10,000 in additional funding will increase PPL Electric's ability to help those customers in greatest need maintain access to electric service at a reasonable cost, and therefore is in the public interest.

The Settlement also clearly provides that it makes no factual findings or conclusions of law, nor does it make any finding that PPL Electric violated any provision of the Public Utility Code or Commission regulations. These provisions of the Settlement appropriately reflect the fact that this matter has been resolved amicably and without any final adjudication of the issues raised in this proceeding

Finally, the Settlement allows this investigation to be completed without the need for a formal proceeding and the associated time and cost of fully litigating this matter. This is in the public interest because it will conserve both PPL Electric and Commission resources to focus attention on their responsibilities of assuring safe, adequate and reliable electric service to the citizens of the Commonwealth.

PPL Electric therefore believes that the Joint Petition for Settlement is in the public interest and should be approved by the Commission.

Respectfully submitted,



Paul E. Russell (ID #21643) *per*

Associate General Counsel

PPL Services Corporation

Office of General Counsel

Two North Ninth Street

Allentown, PA 18106

Phone: 610-774-4254

Fax: 610-774-6726

E-mail: perussell@pplweb.com

Dated: May 20, 2011

For PPL Electric Utilities Corporation

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CERTIFICATE OF SERVICE

I hereby certify that I am this day servicing the foregoing document, Settlement Agreement and Statements in Support, upon the persons listed and in the manner indicated below:

Notification by first-class mail addressed as follows:

Paul E. Russell
Associate General Counsel
PPL Electric Utilities Corporation
Two North Ninth Street
Allentown, PA 18101-1179



Michael L. Swindler
Assistant Counsel
Attorney ID # 43319
(Counsel for the Pennsylvania Public
Utility Commission)

P.O. Box 3265
Harrisburg, PA 17105-3265
(717) 787-5000

Dated: May 20, 2011

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