



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

IN REPLY PLEASE
REFER TO OUR FILE

July 1, 1998

R-00973953
P-00971265

All Parties
(see attached list)

Application of PECO ENERGY COMPANY for approval of its Restructuring Plan under Section 2806 of the Public Utility Code, et al

To Whom It May Concern:

This is to advise you that an Order Implementing Competitive Metering and Billing Arrangements was adopted by the Commission at public meeting held June 26, 1998 on the above entitled proceeding.

A copy of the Order is enclosed for your records.

DOCKETED

JUL 06 1998

Very truly yours,

James J. McNulty, Secretary

BTL

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PENNSYLVANIA PUBLIC UTILITY COMMISSION
Harrisburg, Pennsylvania 17105

**APPLICATION OF PECO ENERGY
COMPANY - COMPETITIVE METERING
AND BILLING SPECIFICATIONS**

**PUBLIC MEETING - JUNE 26, 1998
JUN-98-L-58*revised
DOCKET NO. R-00973953**

STATEMENT OF COMMISSIONER DAVID W. ROLKA

I have reviewed the recommendations of the staff and the proposed draft motions offered by the Chairman and conclude that I cannot fully support the motion.

With regard to the termination of distribution service for nonpayment of generation service charges, I am in agreement with both the motion and the staff recommendation. Customers may be suspended or terminated from distribution service on account of overdue or disputed distribution service charges or provider of last resort charges only in accordance with our regulations at Chapter 56. In no case may a customer be suspended or terminated from distribution service on account of overdue or disputed generation service charges. This proceeding is not the vehicle to begin the process of dismantling customer protections accumulated over the last twenty years.

With regard to the provision of metering and billing services by unrelated suppliers, I continue to endorse the original language of the settlement and not the interpretation advanced by the motion. The proposal advanced in the motion is the deregulation of the billing function in a manner similar to that currently available in the telecommunications industry. In my opinion, it is a premature initiative that has not been developed with deference to the likely onset of the issues of cramming and slamming that we are currently struggling with in the telecommunications industry. At least in the telecommunications industry there is an agency that has the authority to address problems that cross state boundaries; I am not sure that such is the case in the electric industry. Additionally, I fully support the conclusion of the Law Bureau's recommendation that the language of the settlement as submitted to us for approval does not support the suppliers' assertions. Part C, paragraph 22 of the Joint Petition provides in part and as more fully set forth in the staff report:

. . . Effective January 1, 1999, subject to the ability of an Electric Generation Supplier ("EGS") to comply with the terms and conditions of "Competitive Metering Service" as set forth in Appendix C to this Joint Petition, a Commission-licensed EGS may provide, finance, install, own, maintain, calibrate and remotely read advanced meters for service to its retail customers located in PECO service territory."

Finally, in my opinion the modification advanced in the motion is inconsistent with the recent action of both the Senate and House oversight committees as well as the

Independent Regulatory Review Commission in rejecting our proposed regulations to the extent that they would conform to the motion.

With respect to the third topic, EGS's financial responsibility for specific thefts of service, I do not find in favor of the motion but rather accept the recommendation of the Law Bureau. I wholeheartedly agree with the finding of the Chairman that it is in the self interest of all of the parties to work cooperatively to prevent and correct theft of service problems. However, an admonition without direction as to the principle responsible entity is an invitation to at least temporary relaxation of responsibility and an invitation to potential threat to health and safety that is always present with a theft of service. The financial responsibility for theft of service must rest with the entity with substantial control over metering. Advanced metering should also have advanced anti-theft capabilities, and carries the responsibility to the public safety that has always tracked with meter reading as a significant discovery and deterrent tool.

With respect to EGS's obligation to offer budget billing to all customers, I endorse the staff recommendation as a minimum set of requirements. Although the Chairman makes a valid point that we cannot address this new market as one size fits all, the deregulation of the generation aspect of the business is still limited to just the generation market. Although it may become a logical consequence of the legislative endorsement to deregulate the generation business, I have not taken the step of finding that it is in the public interest to deregulate the business of billing and collection in the electric industry. Our response to the petition is not the proper vehicle to make findings and conclusions that produce that effect. Nothing in this portion of my statement, however, should be construed to be a barrier to the development of billing options that can be offered to customers **IN ADDITION TO** the offer of a budget billing program.

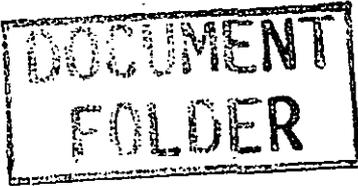
With respect to the consolidation of multiple location customers' demand for the basis of CTC calculation, I find this to be a proposal that does warrant consideration as an additional billing option but with appropriate consideration for the allocation of responsibility for the collection of the CTC. No billing option should be authorized that provides a specific vehicle for the avoidance of responsibility for the CTC.

With respect to Grandfathering of existing EDC for purposes of advanced meter certification, I am in agreement with both the motion and the staff and see no apparent conflict in the outcomes advocated by both.

Therefore, as more fully set forth above, I support the Law Bureau recommendation and the Motion to the extent that it is consistent with this statement but dissent with respect to several key aspects of the motion.

June 26, 1998
DATED

David W. Rolka
DAVID W. ROLKA, COMMISSIONER



PENNSYLVANIA PUBLIC UTILITY COMMISSION
Harrisburg, PA 17105-3265



APPLICATION OF PECO ENERGY
COMPANY - COMPETITIVE METERING
AND BILLING SPECIFICATIONS

PUBLIC MEETING-
JUNE 26, 1998
JUN-98-L-58
DOCKET NO. R-00973953

MOTION OF CHAIRMAN JOHN M. QUAIN

Before the Commission for consideration is a recommendation by the Law Bureau for implementation of the settlement of competitive metering and billing issues. I appreciate the significant effort by the parties that has resulted in substantial resolution of these issues. This Motion addresses a small number of remaining matters raised in comments.

1. **Termination of distribution service for nonpayment of generation service charges**

PECO asked to be able to terminate service to customers who receive a consolidated bill from PECO, but who fail to pay for generation services from other than the provider of last resort. The Office of Consumer Advocate (OCA) and Consumer Education and Protective Association (CEPA) opposed the PECO proposal as not in accord with the Settlement. The Suppliers also opposed the provision, contending that PECO is already compensated for this risk through the uncollectibles allowance in rates.

PECO alternatively proposed that after a 90 day period of nonpayment of EGS charges, that the consolidated billing option be ended by the EDC, with the customer moving to the two bill option and its attendant billing and collection mechanisms. The Law Bureau recommends PECO's alternative method. The Suppliers have also opposed this alternative which they believe is an abrogation of the customer's selection of the one bill option.

I agree with the Law Bureau's recommendation noting that the EGS is permitted, after the customer has not paid the EGS charges under the EDC plan, to offer the customer the one bill option and to accept the risk of further non-payment by the customer. This is an equitable remedy and a reasonable compromise. If the EGS wishes to assume the risk, it may. I would also note that this situation is

only applicable to a condition of partial payments. If the customer pays nothing towards their bill, they will be in arrears for transmission and distribution charges as well and will be subject to termination under Chapter 56.

2. Provision of metering and billing by unrelated suppliers

This issue involves an interpretation of the language of the Settlement regarding the opportunity of a supplier to provide only metering and billing services to a customer when that supplier is not the generation supplier of the customer. Can a supplier provide that metering and billing without the agreement of the supplying EGS? PECO and the OCA do not believe the Settlement provides that opportunity. The Suppliers believe that the Settlement language allows the provision of this category of service. The Law Bureau effectively agrees with PECO and the OCA.

At this juncture, I support the suppliers' position, for I find nothing in the Settlement that restricts the offering in the manner suggested by PECO and OCA. I therefore direct that PECO develop within fifteen (15) days from the entry of the Commission's order standards for implementing a third party billing option. Such standards should be developed in conjunction with representatives of the supplier community, OCA and our Bureau of Consumer Services (BCS). Notwithstanding my position on this issue today, I direct BCS to provide the Commission with quarterly reports with regard to complaints or issues arising from a third party billing option. In the event customer confusion or clear lines of responsibility to address customer concerns become an issue, I will not hesitate to revisit third party billing and take whatever steps necessary to resolve the problems. That solution may result in a more restrictive approach than the one adopted herein.

3. EGSs responsibility for specific thefts of service

The parties reached consensus that the metering party has a responsibility to monitor consumption and physical conditions to detect theft of service. However, the parties are unable to agree on financial responsibility when a theft is discovered. The Suppliers argue that the provision of losses includes compensation for theft of service as the loss factor, and that PECO is compensated for the theft of services through that loss factor. PECO disagrees and contends that responsibility rests with the party doing the metering. The Law Bureau agrees with PECO that the financial responsibility for theft of service must rest with the metering and billing entity.

I believe that it is in the self-interest of all of the parties to work cooperatively to prevent and to correct theft of service problems. Therefore, at this time, I recommend we not create an obligation of the metering and billing entity to compensate the EDC or EGS for past theft of service when found.

4. EGS's obligation to offer budget billing services for all customers

If a supplier offers budget billing service, must it offer that service to all similarly situated customers? The Suppliers argue that they should be permitted to differentiate among customers as to what rates they pay and what billing options customers are offered. The OCA and CEPA argue that suppliers may not discriminate among customers as to rates or billing options, and that budget billing services must be offered to all customers. PECO supports the OCA. The Law Bureau recommends an outcome consistent with our Order of June 18, 1998 at Docket R-00960890, F.0011, wherein we stated that suppliers which bill residential customers are subject to Chapter 56.12(7) and hence must offer budget billing. However, it is important to note that we will not require all suppliers to offer billing services.

Consistent with our prior Order, the Law Bureau has properly determined the budget billing aspect. Budget billing must be offered to all customers by those suppliers who offer billing. I believe, however, that further discourse on this issue is necessary. We cannot address this new market as one size fits all. Some suppliers will be more successful in meeting customer needs than others. Some will focus on niche markets either by location or by type of service. Blanket rulings on billing systems, billing options and rate options will only be adverse to the healthy development of this market. A significant benefit of competition is service, and the choice to offer that service must be the supplier's, just as it is the customer's choice to ask for and demand that service. If disadvantages are demonstrated as a result of our prior Order or the order that results from this Motion, I would be amenable to consider appropriate revisions.

5. Grandfathering of existing EDC for advanced metering certification

A consensus document for certification of advanced meter services provider qualifications has been submitted. An issue remains as to whether a Pennsylvania EDC, or an EGS certified by another state to offer such service, should be grandfathered. The Law Bureau recommended that we not apply a grandfathering provision, and that we not recognize certification by other states. I understand and agree with the Law Bureau's concern for the maintenance of a level playing field, though I think that concern is overstated when an EDC or EGS has prior experience or has been certified by another state.

We are opening the advanced metering market, and the public safety and welfare require a review of certification to assure that our responsibility to the public is met. That certification should not be onerous and should be subject to an appropriate grandfathering condition. If an EDC or licensed EGS is currently providing advanced metering here or elsewhere, there should be a presumption of fitness to provide that advanced metering service.

I also note that Law Bureau recommended the inclusion of an additional paragraph to the proposed application to address background and hiring reviews for employees in this area. I support the addition of that condition, particularly in the case of employees who may be in direct contact with the public installing advanced meters.

6. PECO's obligation to provide "customer characteristic" information to EGSs

This issue goes to the provision of customer information from PECO to a customer's EGS. PECO contends that the requested customer characteristic information is private, and that it should not be released. The Law Bureau recommendation would adopt the PECO position.

Again, I find this contention somewhat overstated. There is a method by which privacy interests can be balanced with the understandable request by a supplier for customer characteristic information. When a competitive supplier solicits a customer, the supplier must make it clear that customer characteristic information will be provided by PECO. PECO must provide the requested information. However, the supplier must clearly indicate to the potential customer that by signing up with that supplier the customer authorizes it to seek any and all relevant information from

PECO with respect to the customer's service, including customer characteristics and access requirements. If the customer declines to permit release of the information, then they may effectively forego their opportunity to obtain competitive metering and billing. Again there is no doubt in my mind that PECO must provide this information. I note, however, the customer chooses not to agree to the release of the information, then it is up to the supplier whether it wishes to accept the customer under those circumstances.

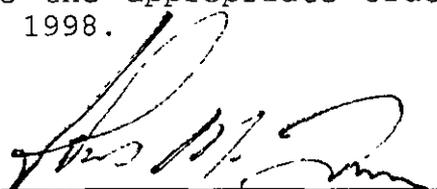
In all other aspects I support the Law Bureau recommendation.

THEREFORE, I MOVE THAT:

1. The Law Bureau recommendation be adopted as modified by this Motion and;
2. Law Bureau prepare the appropriate order no later than July 1, 1998.

6-26-98

DATE



JOHN M. QUAIN, CHAIRMAN

PENNSYLVANIA PUBLIC UTILITY COMMISSION
Harrisburg, Pennsylvania 17105

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APPLICATION OF PECO ENERGY
COMPANY - COMPETITIVE METERING
AND BILLING SPECIFICATIONS

PUBLIC MEETING - JUNE 26, 1998
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DOCKET NO. R-00973953

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With regard to the provision of metering and billing services by unrelated suppliers, I continue to endorse the original language of the settlement and not the interpretation advanced by the motion. The proposal advanced in the motion is the deregulation of the billing function in a manner similar to that currently available in the telecommunications industry. In my opinion, it is a premature initiative that has not been developed with deference to the likely onset of the issues of cramming and slamming that we are currently struggling with in the telecommunications industry. At least in the telecommunications industry there is an agency that has the authority to address problems that cross state boundaries; I am not sure that such is the case in the electric industry. Additionally, I fully support the conclusion of the Law Bureau's recommendation that the language of the settlement as submitted to us for approval does not support the suppliers' assertions. Part C, paragraph 22 of the Joint Petition provides in part and as more fully set forth in the staff report:

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Finally, in my opinion the modification advanced in the motion is inconsistent with the recent action of both the Senate and House oversight committees as well as the

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With respect to EGS's obligation to offer budget billing to all customers, I endorse the staff recommendation as a minimum set of requirements. Although the Chairman makes a valid point that we cannot address this new market as one size fits all, the deregulation of the generation aspect of the business is still limited to just the generation market. Although it may become a logical consequence of the legislative endorsement to deregulate the generation business, I have not taken the step of finding that it is in the public interest to deregulate the business of billing and collection in the electric industry. Our response to the petition is not the proper vehicle to make findings and conclusions that produce that effect. Nothing in this portion of my statement, however, should be construed to be a barrier to the development of billing options that can be offered to customers **IN ADDITION TO** the offer of a budget billing program.

With respect to the consolidation of multiple location customers' demand for the basis of CTC calculation, I find this to be a proposal that does warrant consideration as an additional billing option but with appropriate consideration for the allocation of responsibility for the collection of the CTC. No billing option should be authorized that provides a specific vehicle for the avoidance of responsibility for the CTC.

With respect to Grandfathering of existing EDC for purposes of advanced meter certification, I am in agreement with both the motion and the staff and see no apparent conflict in the outcomes advocated by both.

Therefore, as more fully set forth above, I support the Law Bureau recommendation and the Motion to the extent that it is consistent with this statement but dissent with respect to several key aspects of the motion.

June 26, 1998
DATED

David W. Rolka
DAVID W. ROLKA, COMMISSIONER

PENNSYLVANIA
PUBLIC UTILITY COMMISSION
Harrisburg, PA 17105-3265

Public Meeting held June 26, 1998

Commissioners Present:

John M. Quain, Chairman
Robert K. Bloom, Vice Chairman
David W. Rolka , Dissenting in part - Statement attached
Nora Mead Brownell
Aaron Wilson, Jr.

Application of PECO Energy Company for
Approval of its Restructuring Plan Under Section
2806 of the Public Utility Code, et al.

Docket Nos. R-00973953
and P-00971265

DOCKETED

**ORDER IMPLEMENTING COMPETITIVE
METERING AND BILLING ARRANGEMENTS**

JUL 06 1998

BY THE COMMISSION:

On April 29, 1998, parties to the above captioned matter filed a Joint Petition for Full Settlement of PECO Energy Company's Proposed Restructuring Plan and Application for a Qualified Rate Order and Application for Transfer of Generation Assets ("Joint Petition").¹ We approved the proposed settlement by order entered May 14, 1998.

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¹ / Joint petitioners included PECO Energy Company ("PECO" or the "Company"); Senator Vincent J. Pumo; the Office of Consumer Advocate ("OCA"); the Office of Small Business Advocate ("OSBA"); the Office of Trial Staff ("OTS"); the Philadelphia Area Industrial Energy Users Group ("PAIEUG"); Lance S. Haver; the Consumers Education and Protective Association, et al. ("CEPA") (which includes the Consumers Education and Protective Association, the Tenant Action Group, ACORN and John W. Long, Jr.); Community Legal Services; the Environmentalists; the Delaware Valley Energy Consortium; Pennsylvania Retailers' Association; U.S. Department of the Navy; Action Alliance of Senior Citizens of Greater Philadelphia; Pennsylvania Department of Aging; Enron Power Marketing, Inc. ("Enron"); NEV East LLC ("NEV"); Conectiv Energy; Mid-Atlantic Power Supply Assoc. ("MAPSA"); Skipping Stone; Pennsylvania Petroleum Association and Pennsylvania Association of Plumbing, Heating, Cooling Contractors, Inc.; Allegheny Power System, Inc. ("APS"); GPU Energy Inc. ("GPU"); PP&L, Inc.

Among the provisions we approved was a competitive billing/advanced metering option, in which competitive electric generation suppliers would be authorized on and after January 1, 1999, subject to guidelines to be issued by the Commission, to perform consolidated billing and to provide, install, maintain and read advanced technology electric meters capable of being remotely read.² An industry stakeholders working group met in May 1998 and submitted a set of consensus "Competitive Metering and Competitive Billing Specifications" to the Commission on June 1, 1998 and a consensus "Advanced Meter Services Provider Qualifications" document on June 9, 1998 (Attached as Appendices "A" and "B" to this order). The recommendations contain a number of technical and policy proposals which the parties urge the Commission to adopt in accordance with the terms of the PECO settlement which we approved on May 14, 1998. Some of the issues raised in the working group were not resolved and were therefore the subject of individual comments filed shortly after the consensus draft.

The June 1, 1998 "PECO Energy Company Competitive Billing Specifications" document contains detailed provisions, business arrangements and information exchange protocols dealing with the availability of competitive billing services, billing service options for consolidated EDC, EGS and split billing arrangements, budget billing,

("PP&L"); Pennsylvania Rural Electric Assoc. ("PREA") (all such parties collectively referred to as the "Joint Petitioners")

² / The settlement agreement provides that Commission shall establish metering and billing standards related to "competitive billing and collection service" and "competitive metering service" consistent with Appendix C of the joint settlement, as well as data exchange and billing format standards necessary for PECO-EGS interchange.

handling of customer disputes and informal complaints, collections and credit, and service terms and conditions. The June 1, 1998 "PECO Energy Company Competitive Metering Specifications" document contains definitions and terms, testing and calibrating provisions, meter installation requirements, meter credit terms, meter reading provisions, dispute resolution processes, service termination provisions, and detailed technical standards. The June 8, 1998 "Advanced Meter Services Provider Qualifications Document" contains proposed standards and an application process for those entities wishing to provide advanced metering services to customers.

In essence, the proposals provide that after January 1, 1999, end use customers may choose to have advanced technology remote reading meters installed and maintained by their chosen electric generation supplier, obtaining a meter credit on their distribution bill from PECO. Additionally, generation suppliers which wish to provide competitive metering would be required to adhere to technical standards and be certified by the Commission in accordance with recommendations submitted by the working group. The proposals further provide for technical and other standards regarding the provision of competitive billing services, that is, billing of consolidated electric service charges directly by electric generation suppliers.

SUMMARY OF COMMENTS

The Commission has received comments from ACORN/CEPA, CellNet Data Systems ("CellNet", a supplier of electric meter data collection and processing services), Enron (on issues not covered in the "Suppliers" comments), GPU, NEV, OCA, PECO and the "Suppliers"³, mainly with regard to issues that could not be resolved by the parties during the working group deliberations.

PECO raises the following issues: it notes that a material provision of the joint settlement was the requirement that the billing entity would pay the other party for all undisputed charges regardless of whether the customer has paid the EGS or PECO. As a result, PECO wishes the Commission to reexamine existing collection and termination processes, mainly by allowing PECO to terminate customers who fail to pay EGS obligations. In the alternative, PECO proposes that such customers either be designated as PLR customers or be disqualified from receiving consolidated billing, and be required to be billed separately by EGS and EDC. PECO opposes the proposal that any entity be permitted to offer advanced metering services, whether or not it has a relationship with an end use customer as an EGS or EDC. PECO urges that EGSs be obligated to offer consolidated EGS billing to all customers within a rate class, supporting OCA and CEPA. PECO urges the Commission to make it clear that an entity providing advanced metering

³ / The "Suppliers" include Enron Power Marketing, Inc. and Conectiv Energy.

has responsibility to detect theft of service, and assumes all responsibility for lost revenues resulting from such theft.

PECO opposed NEV's request that customers with multiple meters at different locations be permitted to aggregate demand for CTC calculation purposes, asserting that this issue was resolved by us in our February 5, 1998 Compliance Filing order at this docket. Finally, PECO wishes to be automatically qualified, or "grandfathered" as an advanced meter services provider on the basis of its long-standing existence as a distribution utility. It opposes the EGSs' request to be grandfathered on the basis of certification in another state.

The Suppliers raise the following issues: (1) metering and billing standards should make it clear that metering and billing may be provided by any electric generation supplier, whether or not the EGS has a relationship with the end-use customer; (2) EGSs should not be required to offer all billing options to all customers; (3) PECO should be required to take the risk of collection of all charges it bills, including EGS charges, if it renders a consolidated bill; (4) EGSs should not bear financial responsibility for specific thefts of service; (5) PECO should be obligated to provide "customer characteristic" information to EGSs engaged in installing advanced meters at a customer's premises; (6) PECO should be obligated to "use and support standard procedures and protocols for exchanging electronic data"; and (7) Enron objects to any bonding requirement for meter service providers in excess of \$100,000 or alternatively \$1 million in liability insurance,

as EGSs or agents acting for EGSs are already required to be bonded and provided financial guarantees (PECO, however, has dropped that proposal).

In other comments, ACORN urges us to declare that Chapter 56 applies to all EGS billing and metering functions, that “budget billing” be required to be offered by all EGSs, and that EGSs be obligated to offer all customers a variety of billing options. CellNet urges us to approve the proposed specifications for advanced metering.

Enron, in its separately filed comments, urges the Commission to resist PECO’s call for EDC meter certification “grandfathering”. It also urges the Commission to reject PECO’s call for a bonding requirement of \$1-2 million for any entity providing meter service functions for an EGS or EDC (PECO apparently decided against making such an argument, as evidenced by a reply letter to Enron’s comments).

GPU, which is not directly affected by the metering and billing settlement, urges the Commission to grandfather EDCs for advanced metering certification purposes, and urges the Commission not to grandfather EGSs which are already qualified in other states. It also urges us not to regard the advanced metering document as having either controlling or persuasive effect in other restructuring proceedings.

NEV, apparently dissenting from the proposed implementation schedule, urges us to shorten the provision requiring an EGS to give PECO six months notice prior to commencing consolidated EGS billing. It also urges us to grant the suppliers’ request for a waiver from any budget billing requirement. Finally, NEV seeks a clarification from us

as to whether, for purposes of CTC calculation, a customer may consolidate load taken at different points and through different meters. OCA opposes the grandfathering of EGSs for advanced billing certification purposes solely on the basis of certification in another state.

DISCUSSION

1. Termination of distribution service for nonpayment of generation service charges

We decline to adopt PECO's suggestion that it be permitted to suspend or terminate service for non-payment of EGS charges, which suggestion is in direct conflict with ¶22 of the joint settlement. Instead, we adopt PECO's suggestion that accounts which become seriously delinquent be reverted to split billing or supplier of last resort status. If an account is more than 90 days or three billing cycles overdue, whichever is shorter, the account will be considered seriously delinquent, and at the request of either the EGS or the EDC, the account will revert to split billing status. In no case may a customer be suspended or terminated from distribution service on account of overdue or disputed generation service charges. Customers may be suspended or terminated from distribution service on account of overdue or disputed distribution service charges or provider of last resort charges only in accordance with our regulations at Chapter 56.

2. Provision of metering and billing services by unrelated suppliers

We have reviewed the language of the settlement to determine whether it states that any competitive EGS may provide billing and metering service to an end user, whether or not it has a supplier relationship to the customer. Our review indicates that there is nothing in the settlement that restricts the offering in the manner suggested by PECO and OCA. The heart of the agreement between the parties was that competition was to be introduced into the provision of billing and metering services. Restricting the provision of billing services based solely upon whether the entity supplying those services also sells electricity is a departure from the intent of the parties and a return to the obsolete utility-based command and control model which the legislature and this Commission has eschewed. We therefore direct that PECO develop within fifteen (15) days from the entry of the Commission's order standards for implementing a third party billing option. Such standards should be developed in conjunction with representatives of the supplier community, OCA and our Bureau of Consumer Services (BCS). BCS is directed to provide the Commission with quarterly reports with regard to complaints or issues arising from a third party billing option. In the event customer confusion or clear lines of responsibility to address customer concerns become an issue, the Commission will not hesitate to revisit third party billing and take whatever steps necessary to resolve the problems. That solution may result in a more restrictive approach than the one adopted herein.

3. EGS's financial responsibility for specific thefts of service

The parties reached consensus that the metering party has a responsibility to monitor consumption and physical conditions to detect theft of service. However, the parties are unable to agree on financial responsibility when a theft is discovered. The Suppliers argue that the provision of losses includes compensation for theft of service as the loss factor, and that PECO is compensated for the theft of services through that loss factor. PECO disagrees and contends that responsibility rests with the party doing the metering.

It is in the self-interest of all of the parties to work cooperatively to prevent and to correct theft of service problems. Therefore, at this time, the Commission will not create an obligation of the metering and billing entity to compensate the EDC or EGS for past theft of service when found.

4. EGSs obligation to offer budget billing services to all customers

Enron and Conectiv argue that they should be permitted to offer whatever billing arrangements they wish, on a customer by customer basis. In other words, EGSs assert that they, not the customer, will determine whether customers are offered budget billing. Our recent order at M-00960890 F.0011 makes it clear that EGSs which provide billing services must offer budget billing arrangements. That order also provides directives regarding the allocation of budget payments between EGSs and EDCs⁴. We reaffirm that the budget billing provisions of Chapter 56.12(7) apply to EGSs.

⁴ / This assumes that the customer is in good standing. Customers breaching generation supply contracts for nonpayment may be required to be split billed at the option of either the EDC or the EGS. As noted below in this

Budget billing is not only a convenience for some customers; the budgeting advantage has come to be a necessity. While budget billing does impose some minor costs upon the billing company, those costs are fully recovered from customers under any analysis. It would also be contrary to the "level playing field" concept for us to require EDCs to follow Chapter 56 provisions, while excusing EGSs from identical provisions based upon nothing more than vague assertions of technical disadvantage. Should temporary technical difficulties arise, EGSs may seek a temporary exemption in accordance with our discussion at M-960890 F.0011. It is important to note that we do not require all suppliers to offer billing services. A significant benefit of competition is improved service and the choice to offer that service must be the supplier's, just as it is the customer's to ask for and demand that service. If disadvantages are demonstrated as a result of this order or our prior order on this issue, the Commission will be amenable to consider appropriate revisions.

On the related issue of whether EGSs who provide consolidated billing are obligated to offer that option to all customers within a rate class, we are not inclined at this time to impose a blanket requirement. Blanket rulings on billing systems, billing options and rate options will only be adverse to the healthy development of this market. We remain sensitive to the concerns expressed by OCA and CEPA about the potential for

order, we will not permit EDCs to suspend or terminate access to the distribution network for nonpayment of generation charges. However, customers failing to pay distribution charges are subject to distribution service termination according to the terms of Chapter 56.

unreasonable discriminatory treatment of customers by EGSs. Therefore, we caution EGSs against engaging in conduct that unreasonably discriminates against certain customers within specific rate classes, and we note the ability of customers to file complaints with the Commission alleging this type of activity. Further, we recognize the protocols established by the Memorandum of Understanding with the Office of Attorney General dated February 5, 1998, under which complaints of discriminatory conduct may be referred to the OAG for review and possible action.

5. Consolidation of multiple location customers' demand for the basis of CTC calculation

We decline NEV's invitation to revisit this issue. It was not the subject of consideration in the joint settlement agreement and is not rationally related to competitive metering and billing arrangements.

6. Grandfathering of existing EDC for purposes of advanced metering certification

PECO argues, not without some basis, that it has had considerable experience in its role as a supplier of distribution and generation services over the last century, and ought therefore to be exempt from the requirement that it apply for and receive certification as an advanced meter installer. Similarly, the generation suppliers argue that they are entitled to have evidence of certification in another state be considered as a basis for grandfathering in the advanced metering certification process.

We are opening the advanced metering market, and the public safety and welfare require a review of certification to assure that our responsibility to the public is met. That certification process should not be onerous and should be subject to an appropriate *grandfathering condition*. If an EDC or licensed EGS is currently providing advanced metering in this state or elsewhere, there will be a presumption of fitness to provide it in the Commonwealth. Accordingly, we accept the proposal for advanced meter service provider qualification proposed by the working group, as modified by this discussion and the requirement of employee background checks discussed below in paragraph 9.

7. *PECO obligation to provide “customer characteristic” information to EGSs engaged in installing advanced meters at a customer’s premises*

We do not assume that such “customer characteristic” information relates solely to demand and consumption history. As we have noted in a June 12, 1998 letter to all EGSs and EDCs, when a customer has successfully enrolled and chosen an EGS, their selected supplier will have access to the *customer’s telephone number and historical usage data*. The final rulemaking at L-970126 regarding customer information disclosure only relates to release of data to third parties.

There is a method by which privacy interests can be balanced with the understandable request by a supplier for customer characteristic information. When a competitive supplier solicits a customer, the supplier must make it clear that the customer’s characteristic information will be provided by PECO to the competitive

supplier. However, the supplier must clearly indicate to the potential customer that by signing up with that supplier the customer authorizes it to seek any and all relevant information from PECO with respect to the customer's service, including customer characteristics and access requirements. If the customer declines to permit release of the information, then it may effectively forego their opportunity to obtain competitive metering and billing. If the customer chooses not to agree to the release of the information, it is then up to the supplier whether it wishes to accept the customer under those circumstances. Upon request of the competitive supplier, PECO must provide the requested information with regard to customers who have not objected to such release. PECO may not demand proof of customer agreement as a condition for release of customer characteristic information. However, requests for customer characteristic information by a supplier made without prior customer notification and agreement will be viewed as serious violations of supplier obligations and may be grounds for action by the Commission, including license suspension or revocation.

8. PECO's obligation to "use and support standard procedures and protocols for exchanging electronic data"

The settlement agreement provides for use of either a "Value Added Network" or a "standard Internet EDM methodology" (Appendix C.2.A.a, C.2.B.a). The precise protocol is not listed, and the comments of the parties fail to disclose which protocol(s) are proposed for use. This issue has been resolved in the Commission order adopted June

18, 1998 at Docket No. M-00960890F:14 regarding electronic data exchange, and applies to PECO and EGSs with customers in the PECO distribution service area.

9. Required initial and continuing background review of meter installation and maintenance personnel who visit customer premises

Whether intentionally or through oversight, the consensus proposal for advanced meter service provider qualification proposal contains no express undertaking by advanced metering providers to properly screen and regularly review the medical history, job history and record of criminal convictions of any prospective or existing personnel who visit customer premises or property. We regard it as essential to public safety that all utility personnel who visit or enter onto customer premises for any reason be properly screened and periodically reviewed to exclude individuals with a history of criminal or violent behavior. No person who has any history of violent behavior towards people or property, or any conviction for any felony or a misdemeanor involving violence towards people or property shall be employed in any capacity which involves entry onto customer premises or property. Whether EGS or EDC, any entity applying for certification to supply advanced metering will be required to certify that it will appropriately screen personnel who visit or enter onto customer premises or property.

Accordingly, Paragraph 3 of the proposed procedures is hereby modified as follows (underlined material is new):

Please attach a detailed description of the Applicant's hiring and retention policies with regard to employees providing testing, installation, maintenance, repairing or removing of metering devices, especially with regard to the screening and periodic review of the medical history, job

history and record of criminal convictions of any prospective or existing personnel who enter onto customer premises or property. Additionally, attach a detailed description of training programs, procedures and policies regarding testing, installation, maintenance, repairing or removing of electrical meters or metering devices...

In conclusion, we thank the parties for the substantial time and effort necessary to prepare these consensus metering and billing proposals; we are impressed by the degree of cooperation evidenced by these detailed and useful standards, thereby reducing the number of issues that require resolution by formal Commission action; THEREFORE,

IT IS ORDERED:

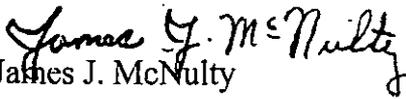
1. That PECO shall file tariffs or tariff supplements implementing the proposed Competitive Metering and Billing Services Specifications in a manner consistent with this opinion and order within five (5) days after entry of this order.

2. That this Commission herewith adopts the proposed Advanced Meter Services Qualification procedures for the PECO service area. Both PECO and any EGS desiring to supply advanced meter services shall comply with the procedures set forth in this opinion and order or in any subsequent orders.

3. That pursuant to 52 Pa. Code §1.2(c), the Commission hereby waives the requirements of its regulations at 52 Pa. Code as necessary and appropriate to implement this order.

4. That this order be served on all parties to PECO's restructuring proceeding at Docket Nos. R-00973953 and P-00971265.

BY-THE COMMISSION


James J. McNulty
Secretary

(SEAL)

ORDER ADOPTED: June 26, 1998

ORDER ENTERED: July 1, 1998