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E-File

May 4, 2018

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

Re: En Banc Hearing on Implementation of Supplier Consolidated Billing
Docket No. M-2018-2645254

Dear Ms. Chiavetta:

Enclosed for filing on behalf of PPL Electric Utilities Corporation ("PPL Electric") is PPL Electric's Comments in the above-captioned proceeding. These Comments are being filed in accordance with the Secretarial Letter issued on March 27, 2018 at the above referenced docket.

Pursuant to 52 Pa. Code § 1.11, the enclosed document is to be deemed filed on May 4, 2018, which is the date it was filed electronically via the Commission's E-Filing System.

If you have any questions regarding these comments, please call me at (610) 774-4254 or Deborah Keiser, Manager-Billing Operations for PPL Electric Utilities at (484) 634-4196.

Very truly yours,

Amy E Hirakis

Amy E. Hirakis

Enclosures

BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION

En Banc Hearing on Implementation of	:	
Supplier Consolidated Billing	:	Docket No. M-2018-2645254

COMMENTS OF
PPL ELECTRIC UTILITIES CORPORATION

I. INTRODUCTION & BACKGROUND

In Pennsylvania, two billing methods are available to retail electric customers: (1) utility consolidated billing ("UCB"); and (2) dual billing. Under UCB, a customer receives one consolidated bill from the electric distribution company ("EDC") that includes both the EDC's charges and the electric generation supplier's ("EGS") charges. Under dual billing, a customer receives two separate bills for electric services, one from the EDC for its distribution charges and one from the EGS for its generation and transmission charges. On December 8, 2016, NRG Energy, Inc. ("NRG") filed a Petition requesting that the Pennsylvania Public Utility Commission ("Commission") issue an Order approving supplier consolidated billing ("SCB") as a third billing option available to customers being served by EGSs. *Petition of NRG Energy, Inc. for Implementation of Electric Generation Supplier Consolidated Billing*, Docket No. P-2016-2579249 (Petition filed December 8, 2016) ("NRG Petition"). Under SCB, a customer would receive one consolidated bill from their EGS, which would include both the EDC's charges and the EGS's charges.

Although NRG's petition was ultimately denied for legal and policy reasons,[1] at the Commission's January 18, 2018 Public Meeting, Chairman Gladys Brown and Commissioner Norman Kennard presented a Joint Motion that described a desire to continue the consideration of SCB through an *en banc* proceeding.[2] The Commission's January 31, 2018 Order denying the NRG petition incorporated the position of the Joint Motion. *January 31 Order* at 60-61. The January 31 Order stated that it was necessary to seek further information and comment regarding the implementation of SCB and other possible alternatives through an *en banc* hearing before the Commission. *Id.* at 60-61. On March 27, 2018, the Commission issued a Secretarial Letter scheduling the *en banc* hearing for June 14, 2018. The Secretarial Letter identified the purpose of the hearing as permitting participants to inform the Commission on the following issues: (1) whether SCB is legal under the Public Utility Code and Commission regulations; (2) whether SCB is appropriate and in the public's interest as a matter of policy; and (3) whether the benefits of implementing SCB outweigh any costs associated with implementation. The Secretarial Letter also identified specific question regarding the implementation of SCB and potential alternatives to SCB, and provided interested parties an opportunity to provide comments on those questions ahead of the *en banc* hearing.

PPL Electric Utilities Corporation ("PPL Electric" or the "Company") supports the Commission's effort to promote competition and the retail electric market. Since restructuring, PPL Electric has undertaken numerus efforts to support customer choice, including PPL Electric's Standard Offer Program ("SOP"), the Customer Assistance Program Standard Offer Program ("CAP-SOP"), accelerated switching, seamless move and instant connect, including shopping information and EGS logos on bills, and enhanced customer communications

[1] PPL Electric, along with other parties, filed comments objecting to NRG's petition seeking approval of SCB. The Company raised numerous legal, policy and implementation issues which, it submits, supports not implementing SCB in Pennsylvania. PPL Electric repeats many of these reasons in the instant comments.

[2] The Joint Motion was approved 5-0, with Commissioner Sweet concurring in result only.

regarding electric competition. The Company, however, does not support SCB nor does it believe that SCB is necessary to further the competitive market. PPL Electric submits that SCB is not authorized by the Public Utility Code, raises challenging implementation issues, can disrupt the retail market, and jeopardizes customer protections. Below, PPL Electric provides responses to the questions outlined in the Secretarial Letter, which it submits supports the position that SCB should not be implemented, but if it is, requires legislative changes.

In support thereof, PPL Electric states as follows:

II. COMMENTS

A. Legal Issues Identified by the Commission

1. *Is SCB permitted under Chapters 14 and 28 of the Public Utility Code, 66 Pa. C.S. §§ 1401-1419, 2801-2815? If so, what limits, if any, are imposed by the Public Utility Code? In particular, does the language in Section 2807(c) limit the Commission to only (1) dual billing and (2) EDC consolidated billing? Does the statutory language in Chapter 14 require that customer billing functions, especially those related to service connections, payment arrangements, terminations of service and reconnection of service, are functions that are to be performed solely by the EDC?*

SCB is not supported by Chapters 14 or 28 of the Public Utility Code. Chapter 14 of the Public Utility Code provides protection to consumers related to billing and payment issues. 66 Pa. C.S. §§ 1401-1419. Specifically, Chapter 14 addresses cash deposits to initiate service, payment arrangements to avoid termination of service, lawful grounds for termination of service, and standards for reconnection of service, and are applicable specifically to public utilities, i.e., EDCs. 66 Pa. C.S. §§ 1404, 1405, 1406 and 1407. The fact that these provisions are only binding on public utilities (i.e., EDCs and not EGSs) illustrates an intent by the General Assembly to keep these functions the responsibility of EDCs.

Chapter 28 of the Public Utility Code is the Electricity Generation Customer Choice and Competition Act ("Competition Act"). 66 Pa. C. S. §§ 2801- 2815. Pursuant to Section 2807(c) of the Competition Act, there are only two billing options: (1) UCB, or (2) dual billing by the

EDC and EGS. *See* 66 Pa. C.S. § 2807(c). Section 2807(c) states that the EDC "may be responsible for billing customers for all electric services," "[s]ubject to the right of an end-use customer to choose to receive separate bills from" the EGS. In other words, EDCs are required to offer UCB unless the customer opts to receive a separate bill from his or her EGS for generation and transmission charges. SCB is not an option. If the General Assembly desired SCBs to be a third billing option, it would have explicitly stated that in the Competition Act.

Further, Section 2807(d) requires EDCs to "continue to provide customer service functions," including "complaint resolution and collections." 66 Pa. C.S. § 2807(d). Under SCB, EGSs would assume those functions. Specifically, EGSs would be responsible for billing and collecting from the customer for the EGS's generation service and the EDC's distribution charges. Moreover, EGSs would be responsible for handling all customer billing inquiries and complaints. Stated otherwise, the EGSs would be responsible for resolving complaints with customers and collecting all of the charges for electric service. Because EDCs are required to perform those functions under Section 2807(d), SCB violates the Public Utility Code.

2. *Would a purchase of receivables (POR) program where the EGS purchases the EDC's receivables be permitted under the Public Utility Code and Commission regulations?*

The Public Utility Code and Commission regulations do not contemplate a POR program where the EGS purchases the EDC's receivables.

3. *Given that POR programs are voluntary and the Commission could not require an EGS to purchase an EDC's receivables, what effect would that have on the viability of SCB if an EGS does not include a POR program in its SCB plan?*

The scenario of an EGS offering SCB that does not include a POR program for EDCs creates additional risk of timely cost recovery for the EDCs and confusion for customers. Even with traditional billing, there is lag between when EDCs bill a customer and when the EDC receives the customer's payment. Without a POR program, this lag period increases, asthe customer's payment will be paid directly to an EGS, and then at some point, is transferred to the

EDC. This additional lag time would affect the EDC's cash management process. One such consequence of the additional lag time is that EDCs may have to take out additional short-term debt, increasing costs of services that will be passed on to customers. Further, without a POR program, EDCs incur the risk of an EGS failing to remit payment.

4. *If the Commission decides to explore these topics further, what are the preferred procedural methods for doing so?*

SCB should only be implemented through legislation adopted by the General Assembly. For the reasons set forth above in Section II.A.1, PPL Electric submits that SCB is not supported by the Public Utility Code and a change in legislation would be necessary before SCB could be implemented.

B. Commission's Questions Related to Market Impact

1. *How would implementation of SCB affect Pennsylvania's retail electric market?*

SCB could result in destructive competition in Pennsylvania's retail electric market. Although some EGSs may be able to implement SCB successfully, many EGSs do not have the personnel, customer service infrastructure, capital investment, and technical experience necessary to implement SCB. PPL Electric notes that Calpine Energy Solutions, LLC filed comments in the NRG proceeding raising concern about the impact SCB could have on EGSs not able to offer SCB. Smaller EGSs operating in Pennsylvania may be unable to compete with the larger EGSs and be forced out of the market. Thus, implementing SCB could negatively affect competition in Pennsylvania's retail electric market and, ultimately, consumers.

The Commission's accelerated switching procedures will complicate implementing SCB in Pennsylvania. With three-day switching, a customer can switch from his or her EDC to an EGS, and back and forth multiple times, in the same billing period. Under SCB, this would produce enormous amounts of confusion and complexity for the EDCs, EGSs, and customers about how to bill the customer for the services he or she received. For example, the EDC's charges would have to be prorated between the EGSs, including the EDC's monthly customer charge. Such complexity increases the risk that a customer will not be billed properly. Furthermore, if the customer switches multiple times in the same billing cycle, the customer would not have made payment yet, which leads to the question of whether customers would be restricted from switching until the customer's outstanding balance is paid in full to the participating EGS.

2. *What are the benefits to consumers associated with implementation of SCB?*

PPL Electric does not see a benefit to the implementation of SCB. An argument to implement SCB bill has been that SCB would permit EGSs to offer and bill for value-added services on a customer's normal monthly electric bill, which would encourage more EGSs to enter the market in Pennsylvania and offer a range of value-added services from which customers could choose. EGSs cannot bill for value-added services on a UCB bill, and it has been suggested that EGSs do not offer these services now because they cannot bill for them on a UCB bill. However, UCB is not the only billing option available to EGSs – dual billing is also available. Under dual billing, EGSs issue their own bills for their charges. EGSs that desire to offer value-added services can opt to bill their customer and include charges for other services. However, very few EGSs in PPL Electric's territory have taken advantage of dual billing. Indeed, since 2010, only 46 out of the 168 EGSs serving in PPL Electric's service territory have opted to use dual billing. However, further analysis shows that out of the 46, only 20 EGSs used dual billing for 10 or more customers. PPL Electric submits that the potential of dual billing should be explored before SCB is implemented as an alternative option.

3. *Is implementation of SCB necessary to facilitate the introduction of products and services to retail electric customers in Pennsylvania and to boost competition in the electric generation market? Is SCB needed to facilitate the provision of smart-meter related products like Time-of-Use (TOU)?*

There is no compelling need to implement SCB at this time. Pennsylvania has a robust and competitive retail electric market. PPL Electric's service territory contains a high number of shopping customers, with approximately 535,561 residential customers, 97,734 commercial customers, and 2,609 industrial customers shopping for electricity as of February 28, 2018. These figures equate to approximately 42.76% of residential customers, 54.53% of commercial customers, and 71.46% of industrial customers.

In regards to SCB being needed to facilitate the introduction of products and services to customers, as explained in II.B.3, dual billing is already available as a billing option for EGSs to offer additional product and services to their customers. With dual billing, EGSs are able to bill for value-added services on their separate EGS bill. Therefore, dual billing is a solution for EGSs that desire to offer value added services without EDCs, EGSs, and the Commission incurring substantial costs to accommodate SCB.

Regarding SCB being needed for smart-meter related products (e.g. TOU), TOU service already exists in the competitive market. In addition, demand-based products (e.g. demand response ("DR"), critical peak pricing ("CPP"), etc.) also already exist in various facets through the competitive market, as implemented in the Act 129 energy efficiency and conservation ("EE&C") programs and PJM DR Programs. Furthermore, EGSs have access to hourly interval data, and other information points to offer products and services to customers. SCB will not improve this process, or grant customers access to these programs beyond what is already available.

4. *What effect would implementation of SCB have on standard offer programs (SOP) and how would they interact, if at all?*

The SOP was developed as a mechanism to promote retail electric shopping. Under SOP, participating customers are randomly assigned to an EGS that will serve the customer for a 12-

month period at a rate that is seven percent lower than PPL Electric's price-to-compare. A key function of the SOP is that participating EGSs must provide identical products – i.e., same rate, same terms, and same billing method. In concept, implementation of the SCB should not impact the standardization of the SOP. To ensure uniformity of product, participating EGSs would either all have to offer SCB, or all be on UCB. Being that SCB would disadvantage EGSs not capable of offering SCB from participating in the SOP, PPL Electric submits that EGSs participating in SOP must be required to utilize UCB.

C. Commission's Questions Regarding the Mechanics of SCB

1. *Should an EGS be required to meet more stringent financial/bonding requirements, demonstrate that it possesses the technical expertise to perform billing and customer service functions, or make any other showing before being permitted to offer SCB? If so, what should those requirements be and what process should the Commission use to review an EGS's eligibility?*

If SCB is to be implemented, EGSs seeking to offer SCB should be subject to rigorous financial and technical requirements. The Commission should undertake a full and thorough investigation into the technical and financial fitness of the EGSs to provide these services, as well as require the EGS to post a substantial bond that is well in excess of the Commission's current requirements. *See* 52 Pa. Code § 54.40(c)-(d). This bond should be available to cover any harm caused to customers for wrongful termination, including consequential damages, as well as the EDCs' charges if the EGS fails to remit payment for the EDC's receivable. Moreover, the participating EGSs should be subject to fines, penalties, or suspension of its license for violating the Commission's rules for SCB. *See* 52 Pa. Code § 54.42(a)(7) (stating that the Commission may impose fines on an EGS or suspend the EGS's license for "[a] violation of applicable provisions of the code, this title and lawful Commission orders.")

Because SCB would shift many of the customer service responsibilities from the EDCs to participating EGSs, to qualify for SCB, EGSs should be required to demonstrate that they will provide customer service at the same level of the EDCs. EGS's personnel must be trained to answer all questions about utility service, including termination, EDC charges, budget billing, customer assistance programs, and EE&C programs. Because EGSs are likely to be operating in many service territories across Pennsylvania, EGSs would have to train its personnel to answer all of those questions for each applicable EDC. Considering each EDC has its own tariff and policies, such training would need to be particularly long and thorough, but should be required. If EDCs were to supply the training to EGSs' personnel, EGSs should be required to compensate the EDCs for such trainings. In the absence of such training, and perhaps notwithstanding the training, EGSs may need to refer many customer inquiries and questions to the EDC. This would not only confuse the customer, as he or she would not know whom to contact about a specific issue, but would require that EDCs have access to customers' bills. To the extent the EDCs must act as a backup to EGSs, EDCs should be compensated by the EGSs.

Further, EGSs should be subject to the Commission's billing and service metrics and should face consequences for performing poorly. Currently, the Commission has bill and service metrics for EDCs and requires EDCs to survey customers who have had interactions with the EDCs. *See* 52 Pa. Code §§ 54.153-.154. The Commission uses such information to prepare an annual summary report on the EDCs' performance. *See* 52 Pa. Code § 54.156. The Bureau of Consumer Services ("BCS") also: (1) prepares a report on the residential informal consumer complaints and payment arrangement requests filed with the Commission; and (2) calculates an "infraction rate" for each EDC. *See* 52 Pa. Code § 54.155. EGSs should be subject to any of these requirements or be subject to any consequences for failing to provide adequate customer service.

2. *Would a pilot program involving an EDC working with an EGS or group of EGSs to design and implement a SCB platform be appropriate?*

Due to the complexity of SCB and the multitude of outstanding legal and policy issues, SCB should not be explored through pilot programs. Further, for PPL Electric, costly system changes would be required before the Company could implement such a pilot.

3. *What steps would the Commission need to take to ensure that EDCs receive payment according to the terms of the POR program in a timely fashion?*

The Commission could revoke EGSs license and/or apply penalties. Whatever action the Commission determines is necessary, the steps must be firm and quick to prevent the payment lag discussed in II.A.3. In addition, or as an alternative to penalties, the Commission could require that EGSs offering SCB have a Letter of Credit in place that EDCs can immediately draw upon for any outstanding balances.

4. *What type of costs may be incurred by EDCs and EGSs when implementing SCB in Pennsylvania's retail electric market? Would the costs of implementation outweigh the potential benefits? Who should be responsible for paying those costs?*

PPL Electric estimates that $4 million will be spent to enhance its customer services system and interfaces to accommodate SCB. In addition, PPL Electric anticipates increased phone call volume due to customer confusion. Processes will need to be re-reviewed and training prepared and administered to various parties. Additional bill messaging would need to be developed as well as new customer communications.

Furthermore, the implementation of SCB would result in wasted costs and duplication of services. So long as PPL Electric is the default service provider for customers in its service territory, the Company would have to stand ready to serve and provide billing and collection services for all 1.4 million of its distribution customers. In case any of those customers switched back to default service, PPL Electric would have to assume all of the customer service and billing responsibilities. Consequently, PPL Electric likely would not reduce its staffing or otherwise reduce its operating expenses to provide these services. Thus, SCB proposal would produce wasted costs and duplication of services by EDCs and EGSs.

Costs would not just increase for EDCs if SCB is implemented; the Commission's cost would likely increase as well since the Commission would have to acquire the resources to oversee EGSs' participation. Currently, over 400 EGSs are licensed to operate in Pennsylvania,[3] and the Commission has limited authority over their conduct. SCB, however, would require the Commission to oversee all of the EDCs and any participating EGSs to ensure that they are complying with their duties regarding SCB. Therefore, instead of overseeing the customer service, billing, and service termination practices of a handful of EDCs, the Commission would have to oversee many more entities' conduct. PPL Electric submits that the costs to implement SCB should be borne by the EGSs that offer SCB.

5. *Is it feasible/appropriate to designate an EGS offering SCB as default service provider? See 66 Pa. C.S. §§ 2803 (definition of default service provider), 2807(e) (relating to obligation to serve) and 52 Pa. Code § 54.183 (relating to default service provider).*

Although the Commission has the authority to permit an EGS to serve in the default service provider (DSP) role per 66 Pa. C.S. § 2802(16), EGSs in Pennsylvania are not in a position to assume the role of DSP. First, the Public Utility Code provides a series of requirements that an EGS could not appropriately adhere to (e.g., conducting an energy auction soliciting competitive bids, being neutral to product selection and supplier, etc.). The EGS would have access to more competitive information than other EGSs in the market, creating an inappropriate competitive advantage. If an EGS would have to conduct energy auctions, it would have to recuse themselves from the auction itself – putting into question the reason for an EGS being the DSP in the first place (EDCs are already neutral and have no generation facilities). Even if an EGS recuses itself, it still gains a competitive advantage by knowing what competitor companies bid – likely resulting in a lack of wholesale supplier participation and failed auctions. In addition, EDCs would still need to be available as a back-up (a true provider of last resort),

[3] A list of all licensed EGSs is available on the Commission's website at the following address: http://www.puc.state.pa.us/consumer_info/electricity/suppliers_list.aspx.

which has its own costs as a back-up service. The only way to correct these issues would be through a comprehensive legislative change to the entire default service rules and requirements.

D. Commission's Questions Regarding Collections and Terminations

1. *Does an EGS offering SCB need the power to order termination of a customer's service?*

NRG argued in its SCB petition that EGSs will need the ability to order an EDC to terminate service or they will not be able to manage their bad debts and will not have a way to collect unpaid amounts from delinquent customers. *See NRG Petition* at ¶ 32. PPL Electric submits that EGSs have the ability to stop serving customers who do not pay their bills, and can initiate collection activities to collect unpaid amounts, and that this is the appropriate remedy for an EGS, not directing an EDC to terminate a customer's service.

2. *Would allowing an EGS to order an EDC to terminate a customer's service comply with Chapter 14 of the Public Utility Code, 66 Pa. C.S. §§ 1401-1419, and Chapter 56 of the Commission's regulations, 52 Pa. Code §§ 56.81-56.83, 56.91-56.101, 56.111-56.118?*

No. Chapter 14 places the billing and the related activities of collection and termination of service with the EDCs. 66 Pa. C.S. §§ 1404, 1405, 1406 and 140. Accordingly, the Commission's regulations at Chapter 56 are only applicable to EDCs. *See* 52 Pa. Code §§ 56.81 56.83, 56.91 56.101, 56.111 56.118.

3. *If an EGS purchases an EDC's receivables and the EDC is no longer owed any money, does the EDC (or EGS) have the authority under the Public Utility Code and Commission regulations to terminate service for nonpayment of distribution charges?*

Under UCB, the EDC is permitted to terminate service to nonpaying customers for nonpayment of a delinquent account. 66 Pa.C.S. § 1406. However, if the customer no longer has an "account" with the EDC which is delinquent, the EDC no longer has the legal authority to terminate service.

4. *What safeguards should an EGS employ to ensure proper termination and reconnection of service by the EDC (e.g., steps to ensure timely sharing of data with EDCs; use of termination checklists; steps to promote customer understanding regarding the functions*

handled by the EGS versus those handled by the EDC)? What role, responsibility, and discretion does the EDC have in executing the termination process?

Electric service is vital to the health and well-being of residents in Pennsylvania. *See* 66 Pa. C.S. § 2802(9). The General Assembly stressed that when moving to a more competitive market, electric service should remain reasonable, safe, and reliable. *See id.* § 2802(9), (11)-(12). Billing, collection, and termination of service are fundamental utility services that cannot be safely severed. Under SCB, EGSs would assume the responsibility of billing and collecting and, although the EDC would physically terminate service, participating EGSs would make the critical decision of whether to terminate service. These duties are fundamental to electric service and are best entrusted to a certificated utility that is legally required to provide adequate, efficient, safe, and reasonable service. *See* 66 Pa. C.S. § 1501.

Terminating electric service can have grave consequences, particularly in the winter months. As a result, EDCs utilize a termination checklist to help ensure that service is terminated only in proper circumstances. For winter terminations, PPL Electric manually checks the home's circumstances before terminating service. It is important that the entity deciding to terminate that service have detailed procedures in place that protect customers. Thus, if SCB is adopted, EGSs should utilize a checklist approved by the Commission or manually check a home circumstance's before being permitted to direct an EDC to terminate service. EGSs should also be required to provide verification (written or electronic) to the EDC attesting that it utilized the termination checklist or manually checked the home.

Ensuring adequate safeguards would be particularly important considering that EDCs could potentially be forced to terminate service even if they have concerns about terminating service to a customer. Depending on how SCB is designed, an EDC's failure to terminate service could also subject the EDC to non-payment of all delivery charges for subsequent service provided to that customer. If SCB were to be implemented, a process by which the EDC can consult with the EGS about the EGS's decision to terminate service would be necessary to help protect customers from improper terminations of service.

A process to address what would happen if an EGS improperly directs an EDC to terminate service would also be necessary. For example, would the EGS be required to indemnify the EDC should the customer or the Commission file a complaint against the EDC for the improper termination of service, or would the EGS face any consequences for failing to instruct the EDC to reconnect service in a timely manner?

Other issues related to the termination of service that need to be addressed if SCB is adopted include what should occur when the EDC receives a medical certification after terminating service (see 66 Pa. C.S. § 1407(b)(1) and 52 Pa. Code § 56.112), who will perform the three-day termination notice (see 52 Pa. Code § 56.93), or whom the customer will contact about the termination.

The termination procedures under SCB would be confusing to customers and subject to potential error. PPL Electric's understanding is that the EDC would provide notice of termination to the customer. The customer would then contact the EDC (as required by 52 Pa. Code § 56.91(b)(6)), who would direct the customer to the EGS about resolving the matter. Indeed, as a public utility, the EDC must inform the customer of where the customer can make payment to restore service. *See* 66 Pa. C.S. § 1407(c)(1). Conversely, the customer may contact the EGS first, provided that NRG obtains a waiver of Section 56.91(b)(6). If the customer and EGS resolve the issue, the EGS would then contact the EDC about reconnecting service. Finally, the EDC would direct its personnel to reconnect the service.

Customers may be confused about whom to contact about the termination, even if the termination notice directs the customers to contact the EGS first. It may be difficult to understand that the EGS ordered the termination and is the only entity that can authorize the reconnection of service, even though the EDC is the entity that physically terminated service. When dealing with terminating electric service, which can have substantial effects on a person's health and well-being, there should be no room for error or confusion.

For all of these reasons, the entity that is best entrusted with determining whether to terminate service is and should continue to be the EDC.

5. *Would a blocking mechanism to prevent switching by customers who have made payment arrangements with the EGS be permitted under the Public Utility Code and Commission regulations, and prudent from a public policy perspective?*

No. Furthermore, customers could be trapped in substantially higher rates, because they cannot switch to another EGS or back to default service before fully paying their past due bill to the participating EGS, and any proposal to prevent customers from switching to another EGS or back to default service before paying their account balance in full to the participating EGS would be highly inequitable. A participating EGS could effectively trap customers, including low-income customers, into remaining enrolled with the EGS, even if its rate is substantially higher than another EGS's offerings or the EDC's Price to Compare ("PTC").

This issue should be of great concern to the Commission, considering its experience during the Polar Vortex in 2014. Many residential and small commercial customers quickly saw their variable rates spike and ended up owing hundreds, sometimes thousands, of dollars to certain EGSs. The inability of these customers to quickly switch to another EGS or back to default service was the impetus for the Commission's accelerated switching regulations. However, use of a blocking mechanism would prevent a customer from switching until his or her entire balance is paid in full, resulting in an exorbitant amount of money owed to the participating EGS in such a situation.

If another extreme event like the Polar Vortex happens and any EGSs' variable rates spike, the Commission's measures to help insulate customers from being locked in to high rates will be of no help. All of those customers will be unable to switch to default service or another EGS while their rates skyrocket. Therefore, the ability of an EGS to block a customer from switching to another EGS or back to default service should be disallowed because it could trap customers in substantially higher rates.

6. *What consumer protections, if any, should be implemented by an EGS if a blocking mechanism is permitted?*

As stated above, PPL Electric opposes the ability of an EGS to use a blocking mechanism to prevent any customer from switching to another EGS or back to default service.

7. *What steps should EGSs take to ensure proper accounting for value-added service (VAS) charges pursuant to Chapter 56 of the Commission's regulations, 52 Pa. Code §§ 56.23, 56.24, including allocation of customer payments to accounts with past due balances? Does the Commission have authority under the Public Utility Code to require an EGS to follow these regulations with respect to accounting for VAS charges? Should procedures be put in place to ensure that nonpayment of VAS not lead to termination of service? If so, what procedures should be implemented?*

PPL Electric submits that to the extent that an EGS is a billing entity, the Commission's regulations on bill formatting apply. 52 Pa. Code § 54.4. This would ensure that customer payments are appropriately applied to charges for basic services[4] first, and would provide the customer with the necessary information to challenge any charges and application of payments. *See* 52 Pa. Code §§ 54.4,56.13, 56.23. If suppliers offer value-added services, charges for such services should be itemized on the customers' bills.

E. Commission Questions Regarding Low-income Customers/Assistance Programs

1. *Should EGSs offering SCB be permitted to include LIHEAP and CAP customers? If so, how would SCB and these programs interact, especially with regard to customer notification and education?*

PPL Electric's CAP customers are only permitted to shop through the Company's Commissioned-approved CAP-SOP program. It is PPL Electric's position that CAP-SOP should remain intact, with billing done solely by the Company. CAP-SOP was implemented to shield the Company's low-income customers participating in CAP from the risks of shopping in the open market. Permitting EGSs to offer CAP customers SCB through the CAP-SOP would disrupt the intent of CAP-SOP.

2. *If EGSs offering SCB are permitted to include LIHEAP and CAP customers, how would these programs interact and what changes (statutory, regulatory and programmatic) would be necessary?*

PPL Electric's CAP customers participate in shopping through the CAP-SOP program. This program allows CAP customers to take advantage of the benefits of shopping without the risk of paying fees or paying prices higher than the Company's PTC. Due to the design of the CAP-SOP program, the implementation of SCB would not impact the Company's CAP customers unless the CAP-SOP program is modified to incorporate SCB. However, as stated above, it is PPL Electric's position that billing for CAP-SOP should be done solely by the Company.

3. *How would EGSs ensure that programs to assist low-income customers remain in place in accordance with the policy established in 66 Pa. C.S. § 2802(17) (relating to declaration of policy)?*

As this question appears to be directed at EGSs, PPL Electric offers no position at this time.

4. *How would EGS-implementation of SCB affect existing universal service billing procedures?*

Subsidies for low-income programs such as LIHEAP and CAP are based on the customer's entire bill. As such, under SCB, either: (1) the EGS will have to provide its charges to the EDC so that the EDC can calculate the subsidies and/or discounts for the EGS to bill; or (2) the EGS must be able to calculate the appropriate subsidies and/or discounts based on an EDCs CAP-design. If it is the latter, the EGS must also then be able to track CAP-credits for each participating CAP customer and take responsibility for warning customers as they approach subsidy limits.

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[4] Basic services is defined as services necessary for the physical delivery of electricity service, including generation, transmission and distribution. 52 Pa.Code § 54.2.

5. *Would an EGS with SCB have an obligation to answer or refer to the EDC questions regarding low-income programs and to educate customers on the options and programs available?*

The majority of LIHEAP and OnTrack participants are referred by PPL Electric's customer service representatives. If SCB is adopted, EGSs should be required to refer customers to such programs if it believes that the customer may qualify.

F. Commission's Identified Possible Alternatives to SCB

1. *Changes to utility consolidated billing (UCB) to allow for additional flexibility needed to bill for smart-meter related services like Time-of-Use (TOU) and the addition of charges for EGS value-added services.*

As explained above in II.B.3, SCB is not needed for smart-meter related services. EGSs already have access to hourly data and can create rates accordingly. SCB will not improve this process or grant customers access to these programs beyond what is already available. Further, dual billing provides EGSs with the ability to offer customers value-added services, and thus there is no need to change UCB. PPL Electric submits that EGSs should be required to fully utilize the dual billing option before changes are made to the UCB option.

2. *Unbundling of billing services. Possible models include providing open, non-discriminatory access to the EDC's billing system to EGSs and other billing entities at tariffed prices. What other unbundling models are possible?*

PPL Electric is not in favor of providing EGSs access to its billing system. The Company's billing system was not designed in such a way to be able to expose just the billing portion of the process. The billing system is tightly integrated into the Company's overall process, dependent on metering, credit and collections, shopping activity, special programs (budget billing, payment agreements, etc.). It would be a considerable effort to try and allow external parties to rely strictly on the billing calculations and tariff set-up. The core system was not designed to accommodate isolating a single component. Providing an EGS open access would require a distinct process and create significant additional effort for the Company to maintain and support a billing engine for an external party in parallel to what PPL Electric currently uses. In addition, allowing an EGS access to the Company's billing system would require extensive actions to ensure the process could be conducted in a secure manner.

3. *Unbundling of other related and specified services.*

PPL Electric offers no position at this time.

4. *Allowance of third-party billing agents, such as EGSs, or an independent billing agent in place of UCB or SCB.*

PPL Electric submits that replacing UCB with third-party billing agents raises the same issues and concerns as SCB.

III. CONCLUSION

The primary goal of electric restructuring was to allow retail customers access to the competitive market for the generation of electricity. 66 Pa. C.S. §§ 2802(3) & (12), 2804(2). The purpose was to lower electricity costs while ensuring that customers received safe, affordable, and reliable electric service at the same levels they enjoyed prior to deregulation. 66 Pa. C.S. §§ 2802(6),(7),(11), & (12); 2804(1) & (14). PPL Electric has been, and continues to be, supportive of the competitive market. PPL Electric, however, does not support SCB for the reasons stated in these comments. PPL Electric appreciates the Commission providing it with the opportunity to provide comments on this important issue, and requests that the Commission take into consideration the issues raised herein when determining how to proceed in its exploration of SCB.

Respectfully submitted,

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Date: May 4, 2018

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