

**STEVENS & LEE**  
**LAWYERS & CONSULTANTS**

17 North Second Street  
16th Floor  
Harrisburg, PA 17101  
(717) 234-1090 Fax (717) 234-1099  
www.stevenslee.com

Direct Dial: (717) 255-7365  
Email: mag@stevenslee.com

August 24, 2018

**VIA ELECTRONIC FILING**

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

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

Dear Secretary Chiavetta:

Enclosed for filing are the Reply Comments of WGL Energy Services, Inc. in the above-referend matter.

If you have any questions, please do not hesitate to contact me.

Best Regards,

STEVENS & LEE



Michael A. Gruin

Encl.

cc: Dan Mumford, OCMO (via email)  
Matt Hrivnak, BCS (via email)  
Kriss Brown, Law Bureau (via email)

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A PROFESSIONAL CORPORATION

**BEFORE THE  
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

Hearing on Implementation of  
Supplier Consolidated Billing

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Docket No. M-2018-2645254

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**REPLY COMMENTS OF WGL ENERGY SERVICES, INC.**

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WGL Energy Services, Inc. (“WGL Energy”) hereby files these Reply Comments in response to the Secretarial Letter issued on May 14, 2018 in this matter, regarding the legality and appropriateness of implementing electric generation supplier consolidated billing (“SCB”).

WGL Energy filed initial Comments in this docket, and also presented testimony from Bernice K. McIntyre, Director of Regulatory Strategy for Non-utility Operations, at the June 14, 2018 En Banc Hearing, and from Phil Woodyard, Chief Operating Officer, at the July 12, 2018 En Banc Hearing. WGL Energy appreciates this opportunity to respond to the Comments filed by other parties as well as to questions posed by the Chairman and Commissioners at the July 12, 2018 Second En Banc hearing in order to further elaborate on why SCB can be successfully implemented in Pennsylvania.

WGL Energy’s initial Comments explained why the Commission has the legal authority to permit SCB, and why SCB will provide substantial benefits to the competitive retail electricity market in Pennsylvania. These Reply Comments will address the concerns with SCB that were raised by several of the commenting parties and the Commission and explain why those concerns can be adequately addressed in a way that will permit SCB to be voluntarily offered by EGSs in Pennsylvania while still preserving customer protections.

**I. Low Income and Customer Assistance Program Issues**

Several parties expressed concern that SCB would undermine utility assistance programs and argued that the complexities in having EGSs administer these programs should preclude the implementation of Supplier Consolidated Billing.<sup>1</sup> Vice -Chairman Place at the July 12, 2018 Second En Banc Hearing also expressed concern as it pertains to customers who are moving back and forth between CAP status and whether this presents a challenge under SCB service. WGL Energy recognizes the complexity of administering the assistance programs in an SCB context, but does not believe that this should prohibit the implementation of SCB for the millions of other residential and commercial customers who are not on utility assistance programs.

As stated in WGL Energy's initial Comments, the appropriate solution to this issue is not to universally prohibit the implementation of SCB; rather, the appropriate solution is to authorize SCB to be implemented with a staggered roll out such that the customers that are not on assistance programs are eligible immediately, and then CAP customers in territories where CAP shopping is permitted would become eligible 6 months later. This phased-in approach will enable all suppliers and related stakeholders to better apply their experiences, resources, and tools that they will have further gained under the first phase of the SCB implementation, and use the additional time to apply them to customers under utility assistance programs in the next stage. It should be noted that CAP customers are currently prohibited from freely shopping in

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<sup>1</sup> See, e.g., Comments of CAUSE-PA and TURN, at pp 24-34, Comments of OCA at pp. 19-20, and Comments of First Energy Companies, at pp. 22-25.

PPL's,<sup>2</sup> PECO's and Duquesne's service territories. Suppliers in these territories are informed when a customer has CAP status, and therefore suppliers will have the ability to know which customers are on CAP and therefore ineligible for SCB. Furthermore, CAP customers located in the above referenced utility service territories who attempt to enroll with a supplier that offers SCB would simply have their enrollment rejected by that utility.

In summary, WGL Energy recommends the following: (1) immediate authorization of SCB for all eligible customers, with a phased roll out that delays SCB enrollment for CAP customers for 6 months; and (2) in utility territories where CAP customers currently cannot shop, SCB would be implemented for those customers only when and if they are eventually allowed to shop.

## **II. Cost and Oversight Issues**

The Comments of several parties speculated that SCB would increase costs for utilities and for the Commission.<sup>3</sup> Respectfully, WGL Energy believes these concerns are greatly overblown and do not take into consideration the costs savings that could be realized by allowing SCB. If, for example, two-hundred thousand customers choose a supplier that offers SCB, the EDCs would need to issue and process two-hundred thousand fewer bills each month, which will clearly result in monthly cost savings for the EDCs. Also, if those same customers will be

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<sup>2</sup> It is noted that effective June 1, 2017, in PPL's service territory, the Customer Assistance Program Standard Offer Program ("CAP-SOP") is the only vehicle that a CAP customer may use to shop and receive supply from a supplier. Among other rules, suppliers participating in the CAP-SOP must agree to serve customers at a 7% discount off the price-to-compare ("PTC") at the time of enrollment. This price must remain fixed for the 12-month CAP-SOP contract unless terminated earlier by the customer. Docket: P-2016-2526627, Order & Opinion, 10/27/16.

<sup>3</sup> See, e.g., Comments of OCA at pp. 21-24, and Comments of CAUSE-PA and TURN, at pp 36-37.

contacting their supplier rather than their EDC for billing questions, that will reduce the call volumes that EDCs experience. In short, while there can be expected to be some initial implementation costs for SCB, it must be recognized that EDCs will have lower monthly billing and customer services costs as more and more customers choose suppliers that offer SCB.

With respect to alleged increased costs for Commission oversight of SCB, WGL Energy believes these alleged costs are speculative at best. Permitting SCB will not increase the total number of electricity customers in Pennsylvania, or the total number of suppliers operating in Pennsylvania, and therefore there should be no significant increase in Commission costs related to SCB oversight. Permitting SCB should have no impact on the number of informal or formal customer complaints that require disposition by the Commission. While some staff training might be required in conjunction with the rollout of SCB, it is unlikely that any additional Commission staff would need to be added solely as a result of SCB. In any event, to the extent that SCB oversight increases Commission costs, those costs would be recovered through the annual fees that are assessed to suppliers under Act 155 of 2014 and the Commission's April 24, 2015 Implementation Order in Docket No. M-2014-2448825. As such, the allegation that SCB would increase the Commission's costs is not a legitimate basis for prohibiting SCB from being implemented.

Lastly, as it relates to covering the program funding for low-income customers under SCB, at the July 12, 2018 Second En Banc Hearing, Commissioner Sweet expressed concern regarding the continued financial support of the state's existing programs for low-income customers under an SCB construct. WGL Energy submits that the funding available for those programs would never be in jeopardy. Under SCB, the utilities will recover their costs through

distribution charges that are placed on the supplier bill, and regardless of whether the customer pays the supplier, the supplier will be paying the utility those charges. Therefore, SCB would not affect the CAP programs. The dynamics of the program would not change. SCB is a billing mechanism, with the billing function only being moved to the supplier rather than the utility. As a reminder, SCB would be optional, not mandatory. Suppliers would be able to choose to offer SCB, but not all suppliers would offer it.

### **III. Collection and Termination Issues**

Several Commenters argued that suppliers who offer SCB would result in loss of customer protections in the context of collections and terminations.<sup>4</sup> But while these Commenters highlight the negative consequences that can result from failure to properly implement consumer protection rules, they fail to explain why suppliers are incapable of adhering to the consumer protection rules to the same extent that EDCs do. Again, SCB would be an option that suppliers can choose to offer, but not all suppliers would offer it. The Commission could place higher qualification requirements on suppliers that want to offer SCB, including demonstration that the supplier is able to adhere to all of the Chapter 14/Chapter 56 customer protections. Suppliers who are interested in SCB have the tools and motivation to take all necessary steps and devote all necessary resources to ensuring compliance with customer protection requirements. It would make no sense for a supplier to invest considerable resources in taking on the billing and customer services functions required by SCB, not to mention the purchase of EDC receivables, without ensuring that all customer protections were followed.

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<sup>4</sup> See, e.g., Comments of CAUSE-PA and TURN, at pp 32-35, Comments of the Energy Association of Pennsylvania at pp. 15-16, Comments of OCA at pp. 16-18, and Comments of First Energy Companies, at pp. 18-19.

As explained in NRG's revised proposal for Supplier Consolidated Billing as outlined in its Reply Comments in Docket No. P-2016-2579249, terminations and restorations in an SCB environment would not be done by suppliers in isolation. All terminations and restorations would involve ongoing communication and collaboration between suppliers and utilities. Additional safeguards would be in place to protect against improper terminations and to ensure that all consumer protections were followed. Many suppliers have extensive experience operating in jurisdictions where SCB is the norm, and as a result have developed systems and policies to ensure consumer protections are followed with respect to inquiries, disputes, terminations and restorations. These systems and processes would need to be customized to fit Pennsylvania's specific statutory and regulatory requirements, but it should not be assumed that suppliers who make the commitment to offer SCB are incapable of adhering to all applicable customer protection requirements to the same extent as the EDCs.

#### **IV. Supplier customer service under SCB**

At the July 12, 2018 Second En Banc Hearing, Chairman Brown expressed concerns about the potential customer confusion that could surface, as to which entity (i.e., the supplier or EDC) would respond to the appropriate customer questions and concerns under SCB. WGL Energy submits that from the perspective of the customer, not much would change under SCB. Under the utility consolidated billing structure and as it functions today, when the customer has an issue with their bill, the EDC will be the first point of contact and will inform the customer whether their issue needs to be dealt with by the supplier and will refer the customer to the supplier if that is the case. Under SCB, it would be the reverse. The bill is sent to the customer from the supplier, so, the customer would reach out to the supplier first. If there is an issue that

only the EDC can solve, the customer will be referred to the EDC. Any issue that pertains to service interruptions, emergencies, metering issues, distribution facilities and distribution charges would be dealt with by the EDC, as it is today.

**Conclusion**

WGL Energy applauds the Commission for undertaking such an extensive and wide-ranging examination of SCB. This process has allowed every potential aspect of SCB to be fully vetted, and every interested stakeholder to provide their perspective. The Comments and testimony provided in this proceeding explain the extensive market benefits that can be achieved with Supplier Consolidated Billing. SCB will maximize the benefits of smart meters and permit customers to take advantage of a wide range of new service offerings and billing structures.

WGL Energy submits that all of the potential concerns that have been raised about SCB have been adequately addressed, especially if SCB is not made available to customers on assistance programs. With the benefits of SCB extensively explained, and with all concerns with SCB adequately addressed, the Commission should now explicitly authorize the implementation of SCB, and begin establishing the framework to allow interested suppliers to qualify to offer SCB as soon as feasibly possible.

Respectfully submitted,

August 24, 2018

*Bernice K. McIntyre*  
Bernice K. McIntyre  
Regulatory Strategy Director,  
WGL Business Development and  
Non-utility Operations  
(703) 287-9447