



COMMONWEALTH OF PENNSYLVANIA
PENNSYLVANIA PUBLIC UTILITY COMMISSION
COMMONWEALTH KEYSTONE BUILDING
400 NORTH STREET, HARRISBURG, PA 17120

BUREAU OF
INVESTIGATION
&
ENFORCEMENT

February 7, 2020

M-2020-3011455

Via Hand Filing

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

Re: Pennsylvania Public Utility Commission,
Bureau of Investigation and Enforcement v.
PPL Electric Utilities Corp.
Docket No. M-2020-
Settlement Agreement

RECEIVED
2020 FEB -7 AM 9:54
PA PUC
SECRETARY'S BUREAU
FRONT DESK

Dear Secretary Chiavetta:

Enclosed for filing please find the **Settlement Agreement** of the Bureau of Investigation and Enforcement and PPL Electric Utilities Corp, for the above-captioned matter.

Copies have been served on the parties of record in accordance with the Certificate of Service. If you have any questions, please do not hesitate to contact me.

Sincerely,

Christopher M. Andreoli
Prosecutor
Bureau of Investigation and Enforcement
PA Attorney ID No. 85676
(717) 772-8582
chandreoli@pa.gov

CMA/jfm
Enclosure

cc: As per Certificate of Service

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

Pennsylvania Public Utility Commission,	:	
Bureau of Investigation and Enforcement	:	
	:	Docket No. M-2020-
v.	:	
	:	
PPL Electric Utilities Corp.	:	

SETTLEMENT AGREEMENT

Pursuant to 52 Pa. Code §§ 5.41 and 5.232, the Pennsylvania Public Utility Commission's Bureau of Investigation and Enforcement and PPL Electric Utilities Corp. hereby submit this Settlement Agreement to resolve all issues related to the above-docketed informal investigation.

I. INTRODUCTION

1. The Parties to this Settlement Agreement ("Settlement" or "Settlement Agreement") are the Pennsylvania Public Utility Commission's ("Commission") Bureau of Investigation and Enforcement ("I&E"), by its prosecuting attorneys, 400 North Street, Harrisburg, PA 17120 and PPL Electric Utilities Corp. ("PPL" or "Company"), with a principal place of business at 2 North Ninth Street, Allentown, PA 18101.

2. The Commission is a duly constituted agency of the Commonwealth of Pennsylvania empowered to regulate public utilities within this Commonwealth, as well as other entities subject to its jurisdiction, pursuant to the Public Utility Code (the "Code"), 66 Pa.C.S. §§ 101, *et seq*

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

4. The Commission has delegated its authority to initiate proceedings that are prosecutory in nature to I&E and other bureaus with enforcement responsibilities.

Delegation of Prosecutory Authority to Bureaus with Enforcement Responsibilities,

Docket No. M-00940593 (Order entered September 2, 1994), as amended by Act 129 of 2008, 66 Pa.C.S. § 308.2(a)(11). *See also Implementation of Act 129 of 2008;*

Organization of Bureaus and Offices, Docket No. M-2008-2071852 (Order entered August 11, 2011) at 5 (transferring authority to prosecute assessment cases to I&E).

5. PPL is a licensed electric distribution company as defined by 66 Pa.C.S. § 2803. PPL is engaged in the transmission and distribution of electricity in territories as authorized by its license within the Commonwealth of Pennsylvania.¹

6. Pursuant to the provisions of the applicable Commonwealth statutes and regulations, the Commission has jurisdiction over PPL's actions as an electric distribution company that serves customers in Pennsylvania.

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

¹ PPL was certificated by the Commission as an electric distribution company on May 28, 1937.

8. Pursuant to Sections 331(a) and 506 of the Code, 66 Pa.C.S. §§ 331(a) and 506 and Section 3.113 of the Commission's regulations, 52 Pa. Code § 3.113, Commission staff has the authority to conduct informal investigations or informal proceedings in order to gather data and/or to substantiate allegations of potential violations of the Commission's regulations.

9. I&E instituted an informal investigation of PPL based on information referred to I&E by the Commission's Bureau of Consumer Services ("BCS"). BCS notified I&E that PPL failed to bill five residential customers for consecutive billing periods in violation of 52 Pa. Code § 56.11. I&E determined that these allegations warranted that a further investigation be conducted to examine whether the actions of PPL violated Commission regulations.

10. As a result of negotiations between I&E and PPL (hereinafter referred to as the "Parties"), the Parties have agreed to resolve their differences as encouraged by the Commission's policy to promote settlements. *See* 52 Pa. Code § 5.231. The duly authorized Parties executing this Settlement Agreement agree to the settlement terms set forth herein and urge the Commission to approve the Settlement Agreement as submitted as being in the public interest.

11. Proposed Ordering Paragraphs are attached as Appendix A. Statements in Support of the Settlement expressing the individual views of PPL and I&E are attached hereto as Appendix B and Appendix C, respectively.

II. BACKGROUND

12. Between June 2018 and April 2019, the Commission's Bureau of Consumer Services ("BCS") became aware of a billing issue regarding multiple PPL residential customers who complained that PPL failed to provide monthly bills for consecutive months.

13. The following five PPL residential customers filed informal complaints with the BCS stating that PPL failed to issue bills for certain time periods:

- A. Jennifer Cranmer – In the informal complaint submitted to the BCS, this customer stated that PPL failed to bill her for approximately four consecutive months.
- B. Katerine Delacruz – In the informal complaint submitted to the BCS, this customer stated that PPL failed to bill her for approximately eight consecutive months.
- C. Arlene Calvin Green – In the informal complaint submitted to the BCS, this customer stated that PPL failed to bill her for approximately nine consecutive months.
- D. Michaeleen Drahus - In the informal complaint submitted to the BCS, this customer stated that PPL failed to bill her for approximately six consecutive months.
- E. E. Follin Smith – In the informal complaint submitted to the BCS, this customer stated that PPL failed to bill her for approximately nine consecutive months.

14. Each of these five customers eventually received a large bill from PPL for multiple months of service.

15. Once PPL was informed of this issue by the BCS, PPL contacted each of the five above-referenced residential customers to work out an amortized payment plan.

16. PPL alleges that the failure to bill each of these customers on a monthly basis was due to a technical issue, which has since been resolved.

III. ALLEGED VIOLATIONS

17. I&E concluded from its investigation that, pursuant to 52 Pa. Code § 56.11(a), PPL violated the Public Utility Code with respect to the failure to render a bill every billing cycle to the five above-mentioned customers.

18. Based on information obtained through its investigation, as described above, and a review of the Commission's regulations and relevant statutes, I&E was prepared to contend by the filing of a formal complaint that PPL violated certain provisions of Title 52 of the Pennsylvania Code in that PPL failed to bill the five customers in question for multiple consecutive billing cycles. If proven, this would be a violation of 52 Pa. Code § 56.11(a) (five (5) counts).

19. PPL's failure to notice the billing issues over multiple consecutive months constitutes conduct of a serious nature and the consequences of this conduct is of a fairly serious nature, resulting in a large bill for the previously unbilled consumption periods for each of these five customers. These significant billing delays can prove both traumatic and problematic for the affected customers upon receipt of an eventual make-up bill.

20. The Commission has consistently determined that a civil penalty is warranted for a violation of the Public Utility Code where the public utility company failed to provide reasonable and adequate customer service.

21. PPL understands the nature of the allegations that I&E would have asserted in a formal complaint, acknowledges its errors accordingly, and has put into effect appropriate measures that have been approved by I&E to ensure that such oversight is not likely to reoccur.

22. There is no evidence or documentation indicating that these violations were intentional. Rather, these violations were caused by technical issues.

23. As a mitigating factor to the above allegations, I&E acknowledges that PPL fully cooperated with I&E's investigation. During the investigatory process, PPL complied with I&E's requests for information and documentation and provided I&E with records, correspondences, and other documents as requested by I&E.

24. Throughout the entire investigatory process, I&E and PPL remained active in communications and informal discovery and continued to explore the possibility of resolving this investigation, which ultimately culminated in this Settlement Agreement.

IV. SETTLEMENT TERMS

25. The purpose of this Settlement Agreement is to terminate I&E's informal investigation and settle this matter completely without litigation. There has been no Formal Complaint filed, no evidentiary hearing before any tribunal, and no sworn testimony taken in any proceeding related to this incident.

26. PPL does not dispute I&E's allegations above and fully acknowledges the seriousness of those allegations and the need to prevent the reoccurrence of unauthorized marketing and sales activities.

27. The Parties do not believe that there are any other potentially affected parties with respect to the subject of this Settlement Agreement who should directly receive notice hereof.

28. I&E and PPL, intending to be legally bound and for consideration given, desire to fully and finally conclude this informal investigation and agree to stipulate as to the following terms solely for the purposes of this Settlement Agreement:

A. PPL will pay a civil penalty amount of five thousand dollars (\$5,000.00) to resolve all allegations regarding billing violations relating to the five customers in question and to fully and finally settle all possible liability and claims of alleged violations of the Commission's regulations arising from, or related to, the billing violations investigated herein. No portion of this civil penalty payment shall be recovered from Pennsylvania consumers by any future proceeding, device, or manner whatsoever. Said payment shall be made within thirty (30) days of the date of the Commission's final order approving the Settlement Agreement and shall be made by certified check or money order made payable to the "Commonwealth of Pennsylvania" and sent to:

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

B. PPL will take or has taken corrective action and implemented revisions to its operating procedures which will act as safeguards against future billing issues. Specifically, it was determined that that the billing issues in question were caused by either a malfunctioning meter that is not promptly replaced, or a billing system issue that is not resolved in a timely fashion.

- C. With regards to meter replacements, PPL has implemented an aggressive plan to reduce the backlog of change meter orders. With the AMI rollout there was an increase in the backlog of change meter orders which was the cause of some of the no bill situations. However, with the AMI rollout concluding, and the increased attention to promptly resolving meter malfunctions, PPL has been able to substantially reduce its backlog of change meter orders. PPL's new procedures are designed to identify and replace malfunctioning meters in a timeframe that does not affect the customer's billing cycle.
- D. With regards to billing systems issues, there has been a concerted effort by PPL to identify all accounts that have had consecutive estimates and resolve the issue causing the consecutive estimates. The systematic identification of consecutive estimate accounts allows PPL to discover and assess the billing system issue which is causing the no bill issue to occur. This procedure allows PPL to identify and remedy a no bill situation prior to the second estimated bill being generated and sent to the customer.

29. In exchange for the actions taken by PPL, as described above, I&E agrees not to institute any formal complaint relating to the failure to provide a bill for each billing cycle to the five customers that are the subject of this Settlement Agreement.

30. In consideration of the Company's payment of a monetary civil penalty and its compliance with the non-monetary terms of this settlement, as specified herein, I&E agrees to forgo the institution of any formal complaint that relates to the Company's conduct as described in the Settlement Agreement. Nothing contained in this Settlement Agreement shall adversely affect the Commission's authority to receive and resolve any informal or formal complaints filed by any affected party with respect to the incident, except that no penalties beyond the civil penalty amount agreed to herein may be imposed by the Commission for any actions identified herein.

31. I&E and PPL jointly acknowledge that approval of this Settlement Agreement is in the public interest and fully consistent with the Commission's Policy Statement for Litigated and Settled Proceedings Involving Violations of the Code and Commission Regulations, 52 Pa. Code § 69.1201. The Parties submit that the Settlement Agreement is in the public interest because it effectively addresses I&E's allegations of billing violations that are the subject of the I&E's informal investigation and avoids the time and expense of litigation, which entails hearings, travel for out-of-state witnesses, and the preparation and filing of briefs, exceptions, reply exceptions, as well as possible appeals. Attached as Appendices B and C are Statements in Support submitted by I&E and PPL, respectively, setting forth the bases upon which the Parties believe the Settlement Agreement is in the public interest.

V. CONDITIONS OF SETTLEMENT

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

33. The Settlement is conditioned upon the Commission's approval of the terms and conditions contained in this Joint Settlement Petition without modification. If the Commission modifies this Settlement Agreement, any party may elect to withdraw from this Settlement Agreement and may proceed with litigation and, in such event, this

Settlement Agreement shall be void and of no effect. Such election to withdraw must be made in writing, filed with the Secretary of the Commission and served upon all parties within twenty (20) business days after entry of an Order modifying the Settlement.

34. The Parties agree that the underlying allegations were not the subject of any hearing or formal procedure and that there has been no order, findings of fact or conclusions of law rendered in this complaint proceeding. It is further understood that, by entering into this Settlement Agreement, PPL has made no concession or admission of fact or law and may dispute all issues of fact and law for all purposes in all proceedings that may arise as a result of the circumstances described in this Settlement Agreement.

35. The Parties acknowledge that this Settlement Agreement reflects a compromise of competing positions and does not necessarily reflect any party's position with respect to any issues raised in this proceeding.

36. This Settlement Agreement is being presented only in the context of this proceeding in an effort to resolve the proceeding in a manner that is fair and reasonable. This Settlement Agreement is presented without prejudice to any position that any of the parties may have advanced and without prejudice to the position any of the parties may advance in the future on the merits of the issues in future proceedings, except to the extent necessary to effectuate the terms and conditions of this Settlement Agreement. This Settlement Agreement does not preclude the parties from taking other positions in any other proceeding.

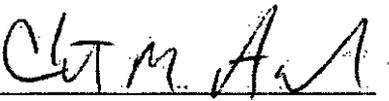
37. The terms and conditions of this Settlement Agreement constitute a carefully crafted package representing reasonably negotiated compromises on the issues addressed herein. Thus, the Settlement Agreement is consistent with the Commission's rules and practices encouraging negotiated settlements set forth in 52 Pa. Code §§ 5.231 and 69.1201.

WHEREFORE, the Pennsylvania Public Utility Commission's Bureau of Investigation and Enforcement and PPL respectfully request that the Commission issue an Order approving the terms of this Settlement Agreement in their entirety as being in the public interest.

Respectfully Submitted,

Pennsylvania Public Utility Commission,
Bureau of Investigation and Enforcement

PPL

By: 
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By: 
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Date: 1/28/2020

Date: 1/29/20

APPENDIX A

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

Pennsylvania Public Utility Commission, :
Bureau of Investigation and Enforcement :
 : Docket No. M-2020-
 v. :
 :
 PPL Electric Utilities Corp. :

PROPOSED ORDERING PARAGRAPHS

1. That the Settlement Agreement filed on February 7, 2020, between the Commission's Bureau of Investigation and Enforcement and PPL Electric Utilities Corp. is approved in its entirety without modification.

2. That, in accordance with Section 3301 of the Public Utility Code, 66 Pa.C.S. § 3301, within thirty (30) days of the date this Order becomes final, PPL Electric Utilities Corp. shall pay Five Thousand Dollars (\$5,000), which consists of the entirety of the civil penalty settlement amount. Said payment shall be made by certified check or money order payable to "Commonwealth of Pennsylvania" and shall be sent to:

Secretary
Pennsylvania Public Utility Commission
400 North Street
Harrisburg, PA 17120

3. A copy of this Opinion and Order shall be served upon the Financial and Assessment Chief, Office of Administrative Services.

4. That the above-captioned matter shall be marked closed.

APPENDIX B

BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION

Pennsylvania Public Utility Commission, :
Bureau of Investigation and Enforcement :
 : Docket No. M-2020-
 v. :
 :
PPL Electric Utilities Corp. :

PPL ELECTRIC UTILITIES CORPORATION'S
STATEMENT IN SUPPORT OF THE SETTLEMENT

TO THE PENNSYLVANIA PUBLIC UTILITY COMMISSION:

I. INTRODUCTION

PPL Electric Utilities Corporation (“PPL Electric” or the “Company”) hereby submits this Statement in Support of the Settlement (“Settlement”) entered into by PPL Electric and the Pennsylvania Public Utility Commission’s (“Commission”) Bureau of Investigation and Enforcement (“I&E”). The Settlement, if approved, resolves all issues in the above-captioned proceeding, which concerned I&E’s informal investigation into “no-bill” complaints filed by certain customers of PPL Electric.

PPL Electric provides electric distribution, transmission, and provider of last resort services to approximately 1.4 million customers in a certificated service territory that spans approximately 10,000 square miles in all or portions of 29 counties in eastern and central Pennsylvania. PPL Electric is a “public utility” and an “electric distribution company” as those terms are defined under the Pennsylvania Public Utility Code, 66 Pa. C.S. §§ 102 and 2803.

On October 31, 2019, I&E initiated an informal investigation into PPL Electric concerning the Company's failure to bill five residential customers for consecutive billing periods. Thereafter, PPL Electric provided information to I&E as part of that informal investigation. As explained to I&E, the "no-bill" issues were due to unintentional technical errors. Further, upon being informed of the issues by the Bureau of Consumer Services ("BCS"), the Company promptly contacted the affected customers and worked out payment plans that would amortize the past due balances over a number of months.

The parties exchanged information throughout this informal investigation and engaged in settlement negotiations. As a result of those efforts, the parties were able to achieve a Settlement of all issues prior to any Formal Complaint being filed by I&E. Under that Settlement, PPL Electric has made commitments to help ensure that these "no-bill" issues do not occur in the future. Moreover, the Settlement obviates the need for I&E, PPL Electric, and the Commission to devote resources to a litigated Formal Complaint proceeding. For these reasons and as set forth below, the Settlement is just and reasonable and should be approved without modification.

II. COMMISSION POLICY FAVORS SETTLEMENT

Commission policy promotes settlements. *See* 52 Pa. Code § 5.231(a). Settlements lessen the time and expense the parties must expend litigating a case and, at the same time, conserve administrative resources. The Commission has indicated that settlement results are often preferable to those achieved at the conclusion of a fully litigated proceeding. *See* 52 Pa. Code § 69.401. In order to approve a settlement, the

Commission must determine that the proposed terms and conditions are in the public interest. *Pa. P.U.C. v. Peoples TWP LLC*, Docket Nos. R-2013-23355886, *et al.* (Order Entered Dec. 19, 2013); *Warner v. GTE North, Inc.*, Docket No. C-00902815 (Order Entered Apr. 1, 1996); *Pa. P.U.C. v. C.S. Water and Sewer Assocs.*, 74 Pa. P.U.C. 767, 771 (1991). For the reasons set forth in this Statement in Support of Settlement, PPL Electric believes that the Settlement is just and reasonable and is in the public interest. Therefore, it should be approved without modification.

III. THE SETTLEMENT IS IN THE PUBLIC INTEREST

This Settlement was achieved by the parties after a thorough investigation by I&E into the “no-bill” issues for the five residential customers that were affected. The Settlement reflects a fair and reasonable compromise and adequately reflects: (1) the Company’s cooperation in I&E’s informal investigation; and (2) PPL Electric’s commitment to fix the unintentional technical errors that led to the “no-bill” issues. Further, as stated in Paragraph 30 of the Settlement, I&E has agreed that the Settlement is in the public interest, “effectively addresses I&E’s allegations of billing violations that are the subject of the I&E’s informal investigation and avoids the time and expense of litigation, which entails hearings, travel for out-of-state witnesses, and the preparation and filing of briefs, exceptions, reply exceptions, as well as possible appeals.” (Settlement ¶ 30.)

As explained in the following sections, the terms of the Settlement are just and reasonable and are in the public interest. In exchange for stipulating to these terms, I&E has agreed to conclude its informal investigation and not institute any Formal Complaint related to these issues. (See Settlement ¶¶ 27-28.)

A. CIVIL PENALTY

Under Paragraph 27(A) of the Settlement, PPL Electric will pay a civil penalty of \$5,000 to “resolve all allegations regarding billing violations relating to the five customers in question and to fully and finally settle all possible liability and claims of alleged violations of the Commission’s regulations arising from, or related to, the billing violations investigated herein.” (Settlement ¶ 27(A).) Further, “[n]o portion of this civil penalty payment shall be recovered from Pennsylvania consumers by any future proceeding, device, or manner-whatsoever.” (Settlement ¶ 27(A).) Payment of the civil penalty will “be made within thirty (30) days of the date of the Commission’s final order approving the Settlement Agreement.” (Settlement ¶ 27(A).)

As stated in the Settlement, PPL Electric fully acknowledges the impact these errors had on the affected customers as well as the need to prevent these errors from occurring in the future. The agreed-upon civil penalty amount reflects both the serious nature of the “no-bill” issues, balanced against the Company’s: (1) cooperation with I&E’s informal investigation; (2) PPL Electric’s work with the affected customers to establish payment plans; and (3) the Company’s steps to address these technical issues and other corrective actions, which are set forth in Paragraph 27(B)-(D) of the Settlement. Moreover, with five customers affected by these issues, the agreed-upon

civil penalty equates to \$1,000 per customer. *See* 66 Pa. C.S. § 3301(a) (stating that the maximum civil penalty per occurrence of a violation is \$1,000).

For these reasons, \$5,000 is an appropriate civil penalty under the specific circumstances of this case. As a result, the Commission should approve this settlement provision without modification.

B. CORRECTIVE ACTIONS

Paragraph 27(B)-(D) outlines the corrective actions that the Company has taken or will take to help ensure that these “no-bill” issues do not occur in the future. As stated in Paragraph 27(B), these issues “were caused by either a malfunctioning meter that is not promptly replaced, or a billing system issue that is not resolved in a timely fashion.” (Settlement ¶ 27(B).) PPL Electric has made commitments to address those two issues under Paragraph 27(C)-(D) of the Settlement.

First, “[w]ith regards to meter replacements,” the Company “has implemented a plan to reduce the backlog of change meter orders.” (Settlement ¶ 27(C).) In the process of deploying its new automated metering infrastructure (“AMI”) meters pursuant to its Commission-approved Smart Meter Plan, the Company experienced an increase in the backlog of change meter orders. (*See* Settlement ¶ 27(C).) This backlog of change meter orders, combined with the removal of the previous powerline carrier (“PLC”) meters and metering system, was the cause of some of the no bill situations. In December 2019, however, PPL Electric finished its mass deployment of the new AMI meters. Now, there are approximately 100 customer locations of the Company’s 1.4 million customers that do not have the new AMI meters. Additionally, the Company has been devoting

“increased attention to promptly resolving meter malfunctions.” (Settlement ¶ 27(C).) In fact, the Company’s “new procedures are designed to identify and replace malfunctioning meters in a timeframe that does not affect the customer’s billing cycle.” (Settlement ¶ 27(C).) As a result, PPL Electric “has been able to substantially reduce its backlog of change meter orders.” (Settlement ¶ 27(C).) Collectively, these efforts should significantly decrease the likelihood of the “no-bill” issues being caused by malfunctioning meters from occurring in the future.

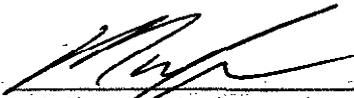
Second, “[w]ith regards to billing systems issues,” PPL Electric has made a “concerted effort to identify all accounts that have had consecutive estimates and resolve the issue causing the consecutive estimates.” (Settlement ¶ 27(D).) Through this “systematic identification of consecutive estimate accounts,” the Company can “discover and assess the billing system issue which is causing the no bill issue to occur.” (Settlement ¶ 27(D).) By adopting this new procedure, PPL Electric can “identify and remedy a no bill situation prior to the second estimated bill being generated and sent to the customer.” (Settlement ¶ 27(D).) Thus, these corrective actions should resolve the other technical error that resulted in the “no-bill” issues.

In sum, the Settlement memorializes the corrective actions that have been and will continue to be taken by the Company. PPL Electric has investigated the unintentional technical errors that resulted in the “no-bill” issues experienced by the five affected customers and has taken steps to substantially reduce the likelihood of those issues occurring in the future. Thus, these settlement provisions are just and reasonable and in the public interest, and the Commission should approve them without modification.

IV. CONCLUSION

WHEREFORE, for the reasons explained above, and those set forth in the Settlement, the terms of the Settlement are just and reasonable and in the public interest, and the Pennsylvania Public Utility Commission should approve the Settlement without modification.

Respectfully submitted,



Michael J. Shafer
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PPL Services Corporation
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Allentown, PA 18101
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Dated: January 20, 2020

Attorneys for PPL Electric Utilities Corporation

APPENDIX C

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

Pennsylvania Public Utility Commission,
Bureau of Investigation and Enforcement

v.

Docket No. M-2020-

PPL Electric Utilities Corp.

**STATEMENT IN SUPPORT OF
BUREAU OF INVESTIGATION AND ENFORCEMENT**

TO THE HONORABLE PENNSYLVANIA PUBLIC UTILITY COMMISSION:

I. INTRODUCTION

The Bureau of Investigation and Enforcement (“I&E”) of the Pennsylvania Public Utility Commission (“Commission”) hereby files this Statement in Support of the Settlement Agreement (“Settlement”) entered into by I&E and PPL Electric Utilities Corp. (“PPL” or “Company”) (collectively, the “Parties”) in the above-captioned proceeding. The Settlement, if approved, fully resolves all issues related to I&E’s informal investigation into PPL’s failure to bill the five customers in question for multiple consecutive billing cycles.

I&E submits that the Settlement, which was amicably reached by the Parties after extensive negotiations and careful consideration, balances the duty of the Commission to protect the public interest, including the Company’s customers and all electric consumers in Pennsylvania, with the interests of the Company. Accordingly, I&E respectfully

requests that the Commission approve the Settlement, including the terms and conditions thereof, without modification.

II. BACKGROUND

This matter involves PPL, an electric distribution company licensed by the Commission. PPL is engaged in the transmission and distribution of electricity in territories as authorized by its license within the Commonwealth of Pennsylvania. Between June 2018 and April 2019, the Commission's Bureau of Consumer Services ("BCS") became aware of a billing issue regarding multiple PPL residential customers who complained that PPL failed to provide monthly bills for consecutive months. The following five PPL residential customers filed informal complaints with the BCS stating that PPL failed to issue bills for certain time periods:

- A. Jennifer Cranmer – In the informal complaint submitted to the BCS, this customer stated that PPL failed to bill her for approximately four consecutive months.
- B. Katerine Delacruz – In the informal complaint submitted to the BCS, this customer stated that PPL failed to bill her for approximately eight consecutive months.
- C. Arlene Calvin Green – In the informal complaint submitted to the BCS, this customer stated that PPL failed to bill her for approximately nine consecutive months.
- D. Michaeleen Drahus - In the informal complaint submitted to the BCS, this customer stated that PPL failed to bill her for approximately six consecutive months.
- E. E. Follin Smith – In the informal complaint submitted to the BCS, this customer stated that PPL failed to bill her for approximately nine consecutive months.

Each of these five customers eventually received a large bill from PPL for multiple months of service. Once PPL was informed of this issue by the BCS, PPL contacted each of the five above-referenced residential customers to work out an amortized payment plan.

BCS requested that I&E review the matter and subsequently, an informal investigation was initiated by I&E. I&E's informal investigation concluded that sufficient data had been gathered to substantiate alleged violations of the Commission's regulations in connection with these billing issues.

Upon investigation, I&E determined that PPL did not notice the billing issues and only contacted these five customers after each customer filed an informal complaint with the Commission's Bureau of Consumer Services ("BCS"). PPL's failure to notice the billing issues over multiple consecutive months constitutes conduct of a serious nature and the consequences of this conduct is of a fairly serious nature, resulting in a large bill for the previously unbilled consumption periods for each customer. These significant billing delays can prove both traumatic and problematic for the affected customers upon receipt of an eventual make-up bill. It should be noted that there is no evidence or documentation indicating that these violations were intentional; rather, these violations were caused by technical issues.

In making the determination that the instant Settlement was appropriate, I&E weighed these violations against various mitigating circumstances that are present here. Importantly, I&E acknowledges that PPL fully cooperated with I&E's investigation. PPL timely responded to I&E's requests for information. Moreover, throughout the entire investigatory process, I&E and PPL remained active in communications and

informal discovery and continued to explore the possibility of resolving this investigation, which ultimately culminated in the Settlement Agreement reached here.

III. THE PUBLIC INTEREST

Pursuant to the Commission's policy of encouraging settlements that are reasonable and in the public interest, the Parties held a series of settlement discussions. These discussions culminated in this Settlement Agreement, which, once approved, will resolve all issues related to I&E's investigation into PPL's billing violations, the civil penalty component of the Settlement serves to address I&E's allegations of billing violations.

I&E intended to prove the factual allegations set forth in its investigation at hearing. This Settlement Agreement results from the compromises of the Parties. PPL recognizes the concerns related to these billing violations and commits to fully complying with the Commission's regulations in the future.

Further, I&E recognizes that, given the inherent unpredictability of the outcome of a contested proceeding, the benefits to amicably resolving the disputed issues through settlement outweigh the risks and expenditures of continued litigation. I&E submits that the Settlement constitutes a reasonable compromise of the issues presented and is in the public interest. As such, I&E respectfully requests that the Commission approve the Settlement without modification.

IV. TERMS OF SETTLEMENT

I&E alleges that in connection with this incident, PPL committed violations of the Commission's regulations. While the alleged violations were not intentional and appear

to have been caused by technical issues, I&E submits that PPL remains legally responsible for the alleged violations in this matter.

Based on I&E's allegations, I&E requests that the Commission approve the terms of the Settlement, which include directing PPL to pay a civil penalty in the amount of five thousand dollars (\$5,000) and implement measures that PPL has agreed to perform in order to prevent similar billing issues from happening in the future.

Under the specific terms of the Settlement, I&E and PPL have agreed as follows:

A. PPL will pay a civil penalty amount of five thousand dollars (\$5,000) to resolve all allegations of and to fully and finally settle all possible liability and claims of alleged violations of the Commission's regulations arising from, or related to, the billing issues investigated herein. No portion of this civil penalty payment shall be recovered from Pennsylvania consumers by any future proceeding, device, or manner whatsoever. Said payment shall be made within thirty (30) days of the date of the Commission's final order approving the Settlement Agreement and shall be made by certified check or money order made payable to the "Commonwealth of Pennsylvania" and sent to:

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

B. PPL will take or has taken corrective action and implemented revisions to its operating procedures which will act as safeguards against future billing issues. Specifically, it was determined that that the billing issues in question were caused by either

a malfunctioning meter that is not promptly replaced, or a billing system issue that is not resolved in a timely fashion.

C. With regards to meter replacements, PPL has implemented a plan to reduce the backlog of change meter orders. With the AMI rollout there was an increase in the backlog of change meter orders which was the cause of some of the no bill situations. However, with the AMI rollout concluding, and the increased attention to promptly resolving meter malfunctions, PPL has been able to substantially reduce its backlog of change meter orders. PPL's new procedures are designed to identify and replace malfunctioning meters in a timeframe that does not affect the customer's billing cycle.

D. With regards to billing systems issues, there has been a concerted effort by PPL to identify all accounts that have had consecutive estimates and resolve the issue causing the consecutive estimates. The systematic identification of consecutive estimate accounts allows PPL to discover and assess the billing system issue which is causing the no bill issue to occur. This procedure allows PPL to identify and remedy a no bill situation prior to the second estimated bill being generated and sent to the customer.

In consideration of PPL's payment of a monetary civil penalty, in combination with the corrective actions undertaken by the Company, I&E agrees that its informal investigation relating to PPL's conduct as described in the Settlement Agreement shall be terminated and marked closed upon approval by the Commission of the Settlement Agreement in its entirety.

Upon Commission approval of the Settlement in its entirety without modification, I&E will not file any further complaints or initiate other action against PPL at the Commission with respect to the billing issues in question during the time period examined by I&E's investigation.

V. LEGAL STANDARD FOR SETTLEMENT AGREEMENTS

Commission policy promotes settlements. *See* 52 Pa. Code § 5.231. Settlements lessen the time and expense that the parties must expend litigating a case and, at the same time, conserve precious administrative resources. Settlement results are often preferable to those achieved at the conclusion of a fully litigated proceeding. "The focus of inquiry for determining whether a proposed settlement should be recommended for approval is not a 'burden of proof' standard, as is utilized for contested matters." *Pa. Pub. Util. Comm'n, et al. v. City of Lancaster – Bureau of Water*, Docket Nos. R-2010-2179103, et al. (Order entered July 14, 2011) at p. 11. Instead, the benchmark for determining the acceptability of a settlement is whether the proposed terms and conditions are in the public interest. *Pa. Pub. Util. Comm'n v. Philadelphia Gas Works*, Docket No. M-00031768 (Order entered January 7, 2004).

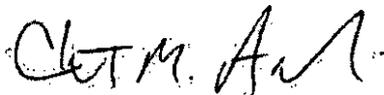
I&E submits that approval of the Settlement Agreement in the above-captioned matter is consistent with the Commission's Policy Statement regarding *Factors and Standards for Evaluating Litigated and Settled Proceedings Involving Violations of the Public Utility Code and Commission Regulations* ("Policy Statement"), 52 Pa. Code § 69.1201; *See also Joseph A. Rosi v. Bell-Atlantic-Pennsylvania, Inc.*, Docket No. C-00992409 (Order entered March 16, 2000). The Commission will not apply the standards

as strictly in settled cases as in litigated cases. 52 Pa. Code § 69.1201(b). While many of the same factors may still be considered, in settled cases, the parties “will be afforded flexibility in reaching amicable resolutions to complaints and other matters so long as the settlement is in the public interest.” 52 Pa. Code § 69.1201(b).

In conclusion, I&E fully supports the terms and conditions of the Settlement Agreement. The terms of the Settlement Agreement reflect a carefully balanced compromise of the interests of the Parties in this proceeding. The Parties believe that approval of this Settlement Agreement is in the public interest. Acceptance of this Settlement Agreement avoids the necessity of further administrative and potential appellate proceedings at what would have been a substantial cost to the Parties.

WHEREFORE, I&E supports the Settlement Agreement as being in the public interest and respectfully requests that the Commission approve the Settlement in its entirety without modification.

Respectfully submitted,



Christopher M. Andreoli
Prosecutor
PA Attorney ID No. 85676

Pennsylvania Public Utility Commission
Bureau of Investigation and Enforcement
Commonwealth Keystone Building
400 North Street
Harrisburg, PA 17120
chandreoli@pa.gov
(717) 772-8582

Dated: January 27, 2020

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

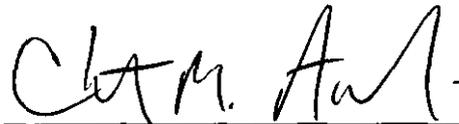
Pennsylvania Public Utility Commission,	:	
Bureau of Investigation and Enforcement	:	
	:	
v.	:	Docket No. M-2020-
	:	
PPL Electric Utilities Corp.	:	

CERTIFICATE OF SERVICE

I hereby certify that I am serving the foregoing **Settlement Agreement** on February 7, 2020, in the manner and upon the persons listed below, in accordance with the requirements of 52 Pa. Code § 1.54 (relating to service by a party):

Served via Certified Mail

Michael J. Shafer
PPL
Two North Ninth Street
Allentown, PA 18101-1179



Christopher M. Andreoli
Prosecutor
Bureau of Investigation & Enforcement
PA Attorney ID No. 85676