



## Energy Association - Member Companies' Position

### Customer Referral Program Position Paper

#### Docket No. M-00072009

**Issue:** By Notice published in the Pennsylvania Bulletin on Saturday, April 26, 2008, the Pennsylvania Public Utility Commission ("Commission" or "PUC") convened the Retail Markets Working Group, under its Final Policy Statement on Default Service and Retail Electric Markets adopted May 10, 2007 at Docket No. M-00072009. The purpose of the working group is to develop policy recommendations in certain areas to enhance customer choice and the development of robust and effective retail markets.

This position paper will discuss § 69.1815, Customer Referral Program. According to the policy statement adopted on May 10, 2007, the Commission stated "The public interest would be served by consideration of customer referral programs in which retail customers are referred to EGSs."

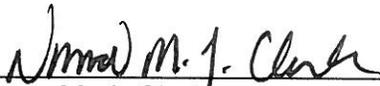
**Background Information:** From the beginning of Electric Choice in Pennsylvania, the roles of the electric distribution company (EDC) and electric generation supplier (EGS) were specifically defined in a variety of orders and regulations. In particular, Chapter 57 established standards for changing a customer's electric generation supplier. Chapter 57 was careful to respect the relationship between the EGS and their potential customers. Only on the authorization of the EGS was an EDC to enroll a customer – that way eliminating any confusion as to whether all sign-up procedures and customer notification were properly followed. This also allowed the EGS to be the one that directly dealt with the customer on price or any special offers from the EGS. To further protect changing a supplier without a valid enrollment, EDCs send a confirmation letter to the customer to make sure there is no confusion on the change of supplier. The rules were specially developed with checks and balances to protect from unauthorized switches, defining a role for the EGS and the EDC.

The role of the EDC from the early stages of Choice was defined as a neutral party that was charged with the responsibility of educating the customer about Choice and how to shop for a supplier from an educational, not a marketing perspective. The PUC Utility Choice website was established as the repository where suppliers lists were kept by EDC territory allowing customers to easily get a list of suppliers and contact information. This is a comprehensive list of EGSs that have declared an intent to serve customers in a particular EDC territory. This allows the customer to get a full view of all EGSs for their territory without any screening or favoritism. EDCs also use this supplier listing in their Choice fulfillment packages.

**Position:** The EDCs<sup>1</sup> do not believe the implementation of new a customer referral program is appropriate or warranted. The EDC can not, and should not, participate in the direct marketing of electric generation. The EDC role has been typically defined as that of a neutral party to provide unbiased, educational information to assist customers in the shopping process. Direct marketing of generation lends itself to supplier/EDC disputes, accusations of state code of conduct violations and supplier favoritism. Such programs are essentially free marketing for suppliers at the expense of customers, assuming that EDCs would be permitted to recover the program cost.

Currently in Pennsylvania, shopping statistics show that when EGS offers are available, shopping occurs. As a consequence, the Association finds no compelling reason for establishing a referral program. Furthermore, there appear to be consultants, aggregators, and other third-party entities providing referral services. The Association believes that allowing the market to find the best ways to reveal shopping opportunities will lead to a more efficient result for customers than requiring EDCs to alter their roles to provide this service.

Please see separate listing attached for the contact persons from the Association and member companies for all position papers.



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Donna M. J. Clark  
Vice President and General Counsel  
Energy Association of Pennsylvania  
[dclark@energypa.org](mailto:dclark@energypa.org)

June 10, 2008

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<sup>1</sup> Electric distribution company members supporting these comments include: Allegheny Power, Citizens' Electric Company, Duquesne Light Company, Metropolitan Edison Company A *FirstEnergy Company*, PECO Energy Company, Pennsylvania Electric Company A *FirstEnergy Company*, Pennsylvania Power Company A *FirstEnergy Company*, Pike County Light and Power Company, PPL Electric Utilities, UGI Utilities, Inc. – Electric Division and Wellsboro Electric Company.



## Energy Association - Member Companies' Position

### Information and Data Access Position Paper

#### Docket No. M-00072009

**Issue:** By Notice published in the Pennsylvania Bulletin on Saturday, April 26, 2008, the Pennsylvania Public Utility Commission ("Commission" or "PUC") convened the Retail Markets Working Group, under its Final Policy Statement on Default Service and Retail Electric Markets adopted May 10, 2007 at Docket No. M-00072009. The purpose of the working group is to develop policy recommendations in certain areas to enhance customer choice and the development of robust and effective retail markets.

Customer information and electric generation supplier (EGS) data access is being examined as a way to increase EGS participation and expand customer participation in the retail electric generation markets furthering a robust competitive retail electric market in Pennsylvania. Generally, EGS's will desire electronic access to electric distribution companies' (EDC) customer information, including historic energy usage information in a format that will allow them to import the data into their pricing model spreadsheet. At odds with the EGS's desire, is customer sensitivity to use of data regarded as private, confidential and, in some cases, a source of competitive intelligence to their competitors.

**Background information:** In one of the original orders (Procedures Applicable to Electric Distribution Companies and Electric Generation Suppliers During the Transition to Full Retail Choice, Docket No. M-00991230, entered May 13, 1999) dealing with implementing the Competition Act of 1997, the Pennsylvania Public Utility Commission ("Commission") required EDCs to make available a customer's name, address, account number, rate class, and load data to EGSs. Load data was defined as the 12 months historical kWh usage, 12 months of historical demand, the load curve of the customer class, or subclass, or actual data for those with hourly meters and load strata information. Telephone numbers were specifically excluded. Customers were given the option of restricting the release of all of their information through a negative check-off process. The Commission revisited this issue in 2004 and reported that some EDCs continued to maintain and provide updated customer information to EGSs, while others had provided outdated lists or had discontinued the practice. In a Tentative Order Docket M-00041819 (public meeting held August 19, 2004), the Commission solicited comments from EDCs, Licensed EGSs, Office of Consumer Advocate (OCA), Office of Small Business Advocate (OSBA), and Office of Trial Staff on the following issues. No final order was issued.

Neither the Act nor Commission regulations expressly identify specific customer information that must be provided to EGSs. Regulations do place limited restrictions on the release of customer information:

- a. Customer must be notified of the intent and means to notify the entity (e.g. EDC) of customer's desire to restrict the release of the private information: phone number and / or historical billing data.
- b. Means of notification can be signed form, oral or electronic
- c. Customers do not have the right to restrict all of their information

The Commission proposed in the Tentative Order entered August 19, 2004 to reinstate the requirement established during the transition to full retail choice. At a minimum, EDCs would provide names, account numbers, addresses, and load data of retail distribution customers to licensed EGSs.

#### *Manner of Availability*

1. Information provided in a format that is readily accessible to EGSs. Commission did not wish to be proscriptive given the pace of changing technology. Formats would be those "generally accepted for commercial transactions within the private business community."

#### *Cost Recovery for this Service*

1. The Commission believes that EDCs should be able to recover the reasonable costs of compiling and providing this data to EGSs.

**Position:** EDCs<sup>1</sup> have dual obligations with respect to customer information and data access, which are sometimes at odds: 1) to assure customer information privacy acknowledging the right of the customer to maintain privacy of certain customer information, and, 2) to provide customer information with full cost recovery to EGSs in a format that is readily accessible to EGSs in order to enhance customer participation in the retail electric generation markets.

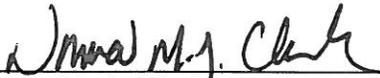
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<sup>1</sup> Electric distribution company members supporting these comments include: Allegheny Power, Citizens' Electric Company, Duquesne Light Company, Metropolitan Edison Company A FirstEnergy Company, PECO Energy Company, Pennsylvania Electric Company A FirstEnergy Company, Pennsylvania Power Company A FirstEnergy Company, Pike County Light and Power Company, PPL Electric Utilities, UGI Utilities, Inc. – Electric Division and Wellsboro Electric Company.

In addition:

- Retail choice standards of conduct apply to all aspects of information and data access.
- Customer information shall be made available to EGSs generally on an 'opt out' basis.
- Customers should be given the opportunity to opt out at any time.
- Information shall be made available through accepted standards, formats and protocols. EDCs shall not be required provide information in a customized manner.
- Standards, formats and protocols should take into account the individual capabilities of each EDC and should allow for appropriate levels of flexibility and timing to meet any changes to current capabilities and assure recovery of reasonable costs of making necessary changes.
- With respect to cost recovery, EDCs should have flexibility to propose a cost recovery mechanism that can recover the reasonable costs of compiling and providing this data to EGSs, either from customers, or from EGSs as a group, from EGSs specifically requesting the data, or a combination of all.

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Donna M. J. Clark  
Vice President and General Counsel  
Energy Association of Pennsylvania  
[dclark@energypa.org](mailto:dclark@energypa.org)

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## Energy Association - Member Companies' Position

### Purchase of Receivables - Position Paper

#### Docket No. M-00072009

**Issue:** By Notice published in the Pennsylvania Bulletin on Saturday, April 26, 2008, the Pennsylvania Public Utility Commission ("Commission" or "PUC") convened the Retail Markets Working Group, under its Final Policy Statement on Default Service and Retail Electric Markets adopted May 10, 2007 at Docket No. M-00072009. The purpose of the working group is to develop policy recommendations in certain areas to enhance customer choice and the development of robust and effective retail markets.

This position paper will discuss §69.1814 Purchase of Receivables (POR). The Commission stated, "The public interest would be served by the consideration of an EGS receivables purchase program in each service territory."

**Background information:** POR is being examined as a way to increase electric generation supplier (EGS) participation and expand customer participation in the retail electric generation markets furthering a robust competitive retail electric market in Pennsylvania. In a POR program, the electric distribution company (EDC) purchases a retail EGS' accounts receivable, most often at a discount, and collects those receivables from the consumer.

Utilizing a POR program as a way to increase EGS and customer participation in the retail electric generation markets is currently being tested in a pilot program in Pennsylvania. Duquesne Light Company recently implemented a Pilot Purchase of Receivables program. The EDC's suggest using that program as grounds to determine if it is an effective program.

**Issues/Observations Regarding POR Programs:** Following is a list of issues that EDCs believe should be explored in evaluating the future of POR programs and any decisions about them. They include:

1. Potential risk of uncollectible expenses increasing. POR programs can result in thousands of dollars of additional expense to those companies electing to provide it in the form of unpaid supplier receivables. Current rules in place in Pennsylvania do not allow the EDC to disconnect customers for non-payment of Advanced Payment receivables. As a result, the EDC has little ability to require payment from the customer.

2. Impact on shopping statistics. Would an EDC offering a POR program lead directly to a boost in shopping levels? Some evidence indicates that during the transition period some EDCs have offered an advanced payment POR program and no EGS's are currently active in those territories. However, others suggest that a POR program may give customers increased access to competitive choices by encouraging EGSs to accept all residential and small C&I customers, not only those with good credit scores.
3. Potential impact on working capital. A POR program that includes an advanced payment provision would require that EGSs be paid for their residential receivables prior to the EDC receiving payment by customers. A POR program that required remittance to the EGS to be based on historic averages of retail customer payment lag places the EDC at risk for changes in the historic averages. This risk should be evaluated for impact on the EDCs.
4. Assess the cost for system programming changes, employee training and customer notification of changes to accommodate POR programs.
5. Assess ongoing administrative costs. A possible increase in customer calls to the EDC's contact center related to a POR program should be assessed for training and staffing implications. The ongoing costs related to administering the program with EGSs, researching EGS and customer inquiries related to payments, responding to customer complaints etc. should be evaluated.
6. Determine costs associated with increased customer complaints and/or confusion related to collection activities resulting from EGS receivables purchased by the EDC.
7. EGSs should not be subsidized in any way by an EDC's distribution ratepayers, default service customers, or shareholders pursuant to POR program.

**Position:** The EDCs<sup>1</sup> believe that taking action on POR programs that may increase the EDCs' rates prior to having a chance to learn from the Duquesne's Pilot Program would be premature. Careful consideration should be given to the issues noted above prior to any further PUC action to create POR Programs throughout Pennsylvania.

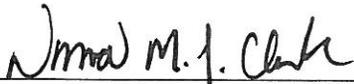
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In addition:

1. Any EDC implementation should be voluntary. Terms of the programs, including purchase discounts, should be negotiated by each EDC that agrees to participate in POR programs.
2. Duquesne's POR pilot program results will provide greater insight on consumer shopping and other benefits or issues of a POR program. The EDCs feel that any further PUC action on implementing POR Programs would be premature until results can be gathered from Duquesne's Pilot POR Program. Because successful implementation of a POR program is a significant undertaking, in both scope of work for the EDC and in costs that are ultimately borne by the customer, we feel that we should gather results from the Pilot before a generic decision is made.
3. Because of the individuality of the different EDC billing systems, and the substantial systemic changes needed to those systems when implementing a POR program, much weight should be given to the cost/benefit analysis in each individual EDC's POR program.
4. Existing PUC regulations, particularly related to termination of service for a customer's failure to pay EGS charges, will need to be reviewed and most likely amended or waived to provide the necessary tools to the EDCs to collect delinquent receivables purchased, which will mitigate the historical EGS cost component of uncollectible accounts expense.

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Donna M. J. Clark  
Vice President and General Counsel  
Energy Association of Pennsylvania  
[dclark@energypa.org](mailto:dclark@energypa.org)

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## **Energy Association – Member Companies’ Position**

### **Rate Ready and Bill Ready Billing – Position Paper**

#### **Docket No. M-00072009**

**Issue:** By Notice published in the Pennsylvania Bulletin on Saturday, April 26, 2008, the Pennsylvania Public Utility Commission (“Commission” or “PUC”) convened the Retail Markets Working Group, under its Final Policy Statement on Default Service and Retail Electric Markets adopted May 10, 2007 at Docket No. M-00072009. The purpose of the working group is to develop policy recommendations in certain areas to enhance customer choice and the development of robust and effective retail markets.

Sections 69.1812 – 69.1817 of the Policy Statement identify specific topic areas that have been referred to the working group. This white paper addresses the issue of rate ready and bill ready billing (Section 69.1813).

**Background information:** Section 69.1813 states, in its entirety, “The public interest would be served by the consideration of the availability of rate and bill ready billing in each service territory.” The Competition Act requires that customers taking supply from electric generation suppliers (EGS) have available to them the option of separate bills from their electric distribution company (EDC) and EGS or a single bill consolidated by the EDC. Requiring the availability of a single consolidated bill makes it necessary for the EDC to be able to bill the EGS’s charges. There are fundamentally two ways to do this:

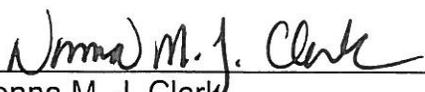
1. The “bill ready” protocol requires the EDC to be able to receive lines of charges that have been calculated by the EGS for entry into its customer accounting system and for printing on the bill. The term “bill ready” derives from the fact that the EDC’s bill is ready to receive charges.
2. The “rate ready” protocol requires the EDC to calculate the EGS’s charges from usage values for entry into its customer accounting system and for printing on the bill. The term “rate ready” derives from the fact that the EDC’s bill is ready to receive usages and will calculate charges.

## Issues related to accommodating both bill ready and rate ready protocols:

1. Rate ready capability and bill ready capability are significantly different. Adding either rate ready capability to a bill ready environment or adding a bill ready capability to a rate ready environment is a complex and costly undertaking. Each approach impacts bill print, account updating, bill calculation, and Electronic Data Interchange (EDI) transactions differently, so incorporating either capability requires a substantial information technology investment.
2. All EDCs make dual billing available as an option to EGSs. Dual billing permits an EGS that does not wish to operate in either a bill ready or rate ready environment to render its own bill.
3. All EDCs make consolidated billing available as an option to EGSs either through bill ready or rate ready. Consolidated billing provides the customer one “consolidated” bill with both EDC and the EGS charges.
4. There are a growing number of customers who utilize third-party billing entities (Pay-My-Bills.com, etc.). For these customers, the issue of EGS or EDC bill presentment is irrelevant.
5. Proposals to further unbundle existing components of distribution service such as billing into separate generation-related and distribution-related components expose EDCs’ investments in those systems to the extent that significant customers choose supply from EGSs and EDCs cannot recover the “generation portion” of the cost of billing systems from remaining default service customers. This exposure is increased in the event that there are additional billing system expenditures to accommodate multiple protocols.

**Position:** In consideration of the above, it is the recommendation of the Energy Association of Pennsylvania (EAPA) member companies<sup>1</sup> that EDCs continue to provide the billing capability that they currently provide and that they be permitted, at their election, to provide additional capability.

Please see separate listing attached for the contact persons from the Association and member companies for all position papers.

  
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Donna M. J. Clark  
Vice President and General Counsel  
Energy Association of Pennsylvania  
[dclark@energypa.org](mailto:dclark@energypa.org)

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## Energy Association - Member Companies' Position

### Retail Choice Ombudsman - Position Paper

#### Docket No. M-00072009

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This position paper will discuss §69.1817 Retail Choice Ombudsman. According to the Policy Statement adopted on May 10, 2007, the Commission stated "The public interest would be served by the designation of an employee as a retail choice ombudsman at each EDC and the Commission. The ombudsman would be responsible for responding to questions from electric generation suppliers (EGS), monitoring competitive market complaints and facilitating informal dispute resolution between the DSP and EGSs."

**Background Information:** The EDCs<sup>1</sup> submit these comments on the Commission's concept of an ombudsman. Ombudsman is defined in Webster's Dictionary as one who investigates complaints. Based on this definition, the EDCs do not believe an ombudsman is required as the Commission has procedures in place to handle complaints. Customer Choice has been the law of Pennsylvania for over ten years. During that time, there have been relatively few complaints between an EGS and the EDCs or Default Service Provider (DSP). An EDC or DSP can not be involved in complaints between a customers and an EGS. To have a person designated to resolve complaints would be superfluous.

**Position:** While the Association does not believe that a position is required at each EDC to address complaints, the Association does believe that each EDC or DSP should have a central point of contact for customer choice suppliers. This contact should be listed on each EDC's or DSP's website with a telephone number and an e-mail address.

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As an alternative to a specific person, an EDC or DSP could list on its website a generic contact with a telephone number and an e-mail address that would then forward the EGS's inquiry to the proper person. This should ensure a timely response to a legitimate inquiry/contact. This contact person should not have to respond to an unreasonable request from an EGS, such as calling at the eleventh hour with a request for information. This EDC or DSP contact would facilitate responses to choice issues that could otherwise be delayed if the supplier did not know who to contact.

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Donna M. J. Clark  
Vice President and General Counsel  
Energy Association of Pennsylvania  
[dclark@energypa.org](mailto:dclark@energypa.org)

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## **Energy Association - Member Companies' Position**

### **Supplier Coordination Tariffs - Position Paper**

#### **Docket No. M-00072009**

**Issue:** By Notice published in the Pennsylvania Bulletin on Saturday, April 26, 2008, the Pennsylvania Public Utility Commission ("Commission" or "PUC") convened the Retail Markets Working Group, under its Final Policy Statement on Default Service and Retail Electric Markets adopted May 10, 2007 at Docket No. M-00072009. The purpose of the working group is to develop policy recommendations in certain areas to enhance customer choice and the development of robust and effective retail markets.

The Electric Generation Supplier Coordination Tariff comprises the charges, rules and regulations and riders under which an electric distribution company (EDC) will provide coordination services to electric generation suppliers (EGS). In an ideal world, an EGS would desire every EDC in the Pennsylvania to have an identical supplier coordination tariff. The reason for this is simple, so that a supplier can operate under a common set of rules and processes across the state. Supplier tariffs among PA's EDCs, while similar in format, however, are not the same, often for very good reasons.

Most, if not all issues being addressed by the Retail Markets Working Group, are Supplier Tariff issues. To the extent that a common best practice can become the state-wide standard, it should be reflected in the EDCs supplier tariff over time. However, there are some elements of EGS coordination tariffs that lend themselves to expedited adoption of a common practice. The Energy Association members propose to reformat the supplier tariff into two parts: sections common across the state, and sections that more likely are different across EDCs.

#### **Background information:**

PECO

[http://www.exeloncorp.com/NR/rdonlyres/01883015-34E6-4F06-B905-724E66492C08/0/s6housekeeping\\_complete.pdf](http://www.exeloncorp.com/NR/rdonlyres/01883015-34E6-4F06-B905-724E66492C08/0/s6housekeeping_complete.pdf)

First Energy - Met-Ed & Penelec (Same) and Penn Power

[http://www.firstenergycorp.com/Residential and Business/Customer Choice/Tariff Information/Pennsylvania Tariffs.html](http://www.firstenergycorp.com/Residential+and+Business/Customer+Choice/Tariff+Information/Pennsylvania+Tariffs.html)

Duquesne Light

[http://www.customer-choice.com/Tariff/docs/Supplier\\_Tariff\\_3S\\_7.pdf](http://www.customer-choice.com/Tariff/docs/Supplier_Tariff_3S_7.pdf)

PPL Electric Utilities

<http://www.pplelectric.com/Business+Partners/Tools+and+Reference+Center/Tariff+Rates+and+Rules/Electric+Tariff/Generation+Supplier+Coordination/Overview.htm>

West Penn Power Company



ASlleheny - PA  
Supplier Tariff PJM.pdf

**Position:** EDCs<sup>1</sup> would be willing to form an EDC team to propose a common format for EGS coordination tariffs and focus efforts on those sections that lend themselves to expedited commonality and best practices. A reformatted supplier tariff should have two parts: the PA state-wide standards and those sections unique to the EDC. A common set of Terms and Definitions should be developed such that the same term has the same definition across all PA EDCs.

In addition: The following are proposed sections of EGS coordination tariffs that may lend themselves to an expedited standardized approach:

- The Tariff
- Scope and Purpose of the Tariff
- Commencement of EDC / EGS Coordination
- Coordination Obligations
- Utilization of Scheduling Coordinators
- Confidentiality of Information
- Payment and Billing
- Withdrawal by EGS from Retail Service
- EGSs Discontinuance of Customers
- Liability
- Breach of Coordination Obligations
- Termination of Individual Coordination Agreement

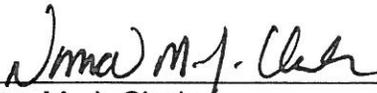
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The following sections are likely to remain unique across EDCs because of technical, systems, processes, Regional Transmission Organization (RTO) rules and other reasons, and are better left to the EDC to develop individually:

- Billing
- Metering
- Direct Access Procedures
- Load forecasting/ energy scheduling procedures
- Reconciliation Service

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[dclark@energypa.org](mailto:dclark@energypa.org)

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