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March 24, 2014

**VIA ELECTRONIC FILING**

Rosemary Chiavetta, Secretary  
Pennsylvania Public Utility Commission  
Commonwealth Keystone Building  
400 North Street, 2<sup>nd</sup> Floor  
Harrisburg, PA 17120

***Re: Investigation of Pennsylvania's Retail Electricity Market:  
Joint Electric Distribution Company – Electric Generation  
Supplier Bill  
Docket No. M-2014-2401345***

Dear Secretary Chiavetta:

Pursuant to the Commission's Tentative Order entered February 6, 2014 in the above-referenced proceeding, enclosed herewith for filing are the Reply Comments of Metropolitan Edison Company, Pennsylvania Electric Company, Pennsylvania Power Company and West Penn Power Company.

Please contact me if you have any questions regarding this matter.

Very truly yours,



Tori L. Giesler

dln  
Enclosures

c: Matthew Hrivnak, Bureau of Consumer Services  
Kirk House, Office of Special Assistants

**BEFORE THE  
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

<b>Investigation of Pennsylvania’s Retail</b>	<b>:</b>	
<b>Electricity Market: Joint Electric</b>	<b>:</b>	<b>Docket No. M-2014-2401345</b>
<b>Distribution Company – Electric</b>	<b>:</b>	
<b>Generation Supplier Bill</b>	<b>:</b>	

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**REPLY COMMENTS OF METROPOLITAN EDISON COMPANY,  
PENNSYLVANIA ELECTRIC COMPANY, PENNSYLVANIA POWER  
COMPANY AND WEST PENN POWER COMPANY**

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**I. INTRODUCTION AND BACKGROUND**

On February 6, 2014, the Pennsylvania Public Utility Commission (“Commission”) entered a Tentative Order (“Tentative Order”) in the above-captioned docket requesting that interested parties submit written comments addressing several proposals aimed toward the development of more supplier-oriented utility consolidated electric bills, to be submitted no later than thirty days from the entrance date of this Tentative Order, or March 10, 2014. The Commission further granted parties the opportunity to file reply comments within forty-five days of the date of the Tentative Order.

Metropolitan Edison Company (“Met-Ed”), Pennsylvania Electric Company (“Penelec”), Pennsylvania Power Company (“Penn Power”) and West Penn Power Company (“West Penn”) (collectively “the Companies”) respectively submit the following reply comments in response to the Tentative Order and certain initial comments filed on March 10, 2014.

**II. COMMENTS**

As a general matter, the Companies continue support the Tentative Order’s proposals, subject to those operational and time limitations outlined within the Companies’ initial

comments, which are incorporated herein by reference. The comments proposed by the other interested parties raise additional proposals and corresponding concerns on the part of the Companies that are discussed below.

**A. Inclusion of the EGS Logo**

As the Companies noted in their initial comments, they have no opposition to the placement of the EGS logo on consolidated bills, and propose to do so using a black and white logo to be placed directly above that EGS's charges. Both the Pennsylvania Energy Marketers Coalition ("PEMC") and the Retail Energy Supply Association ("RESA") suggest that EGS logos be presented in full color where the EDC's own logo presents in color. The Companies' own logos are depicted in black and white today. Therefore, the Companies see no reason that they should be required to offer color logos to EGSs that participate in consolidated billing within their territories.

RESA takes the additional step of recommending that the EGS logo should be presented on the mailing envelope. The Companies' bill envelopes are not printed through the bill generation process, but rather stock envelopes are used. To include the EGS logo on the envelopes would require that the Companies maintain stock envelopes for each EGS that they bill for. Additionally, the Companies' billing equipment does not have the functionality to sort bills by EGS in association with the correct envelopes, which presents limitations similar to certain concerns raised with the ability of the Companies to implement the use of EGS-sponsored inserts.

**B. Expansion of EGS Bill Messaging Space**

Like the use of EGS logos, the Companies support the increase in the amount of bill messaging space to be provided for EGS use on consolidated bills. However, RESA suggests the use of graphics should be permitted to be placed on the bills in this space on the part of an

EGS. This suggestion is problematic in that the current avenue for communication of the bill message is through an EDI transaction, which does not support graphic representation but rather characters.

RESA also suggests that the space allotted to an EGS should always be available, regardless of mandated messaging, such as those messages required by Commission directive, regulation, or statute. While the Companies do not suggest that continuously-occurring “mandated” bill messaging is an appropriate reason to restrict EGS access to four bill messaging lines, it should be noted that the Companies themselves do not presume that their own discretionary bill messaging should take precedent over “mandated” messaging that may occur from time to time. For EGSs to believe their messaging should take precedence over such requirements in unique situations is entirely unreasonable.

### **C. Inclusion of a Shopping Information Box**

All parties agree that a shopping information box would provide value in making the necessary information for use during the shopping process easily identifiable to customers. However, there are varying suggestions as to how the information would be presented.

As a general note, the Companies oppose the recommendation of Park Power, LLC (“Park Power”) that EDCs be directed to place the information box at the top of the bill. As with each of the proposals outlined in the Tentative Order and the challenges expressed by the EDCs, which the Commission itself has already recognized associated with any such changes to current bill designs, the placement of this information should largely be left to the respective EDC. This enables EDCs to better manage the total design of their bills, as well as mitigate the costs associated with customer billing.

There were a number of parties that commented as to the content that should be required within the Shopping Information Box. For instance, the Office of Consumer Advocate

("OCA") and the Office of Small Business Advocate ("OSBA") request that the price to compare ("PTC") be placed within the box. The OCA goes further by suggesting that the future PTC as listed on PaPowerswitch.com be provided, as well as the required references to PaPowerswitch.com and the OCA's own online customer shopping guide. RESA makes the recommendation that EDCs be required to note where a customer is enrolled in budget billing, net metering or customer assistance programs. Finally, Park Power and Citizens Power both recommend that a shopping customer's contract expiration date (where one exists) be provided.

The Companies specifically take issue with the recommendation from Park Power and Citizens Power. Generally, EDCs are not in a position to know the expiration date of a contract between one of their customers and the EGS from which they take service. Therefore, there is no way for an EDC to effectively carry out such a recommendation. Instead, the Companies suggest that it is more appropriate that EGSs that elect to provide this reminder to their customers take advantage of the increase in bill messaging space allotted to them under the proposal to do so themselves, as they are in a better position to provide such information and are being presented with a vehicle which will support that messaging. Additionally, given other efforts the Commission has undertaken regarding EGS disclosures and notifications to customers, the Companies believe that the concerns expressed by Park Power regarding customer awareness of their expiration dates can and will be addressed through more appropriate avenues which do not impose on EDCs the responsibility for providing such information.

As to the recommendations advanced by the OCA and RESA with respect to other information those parties would like to see added to the Shopping Information Box, the Companies have concerns that directing too much information, which is already otherwise found at other locations on the bill, will dilute the intent of the Shopping Information Box,

which is intended to give the pertinent information for a customer to relay to EGSs when shopping at a quick glance. Too much information may clutter this “snapshot” view of the required information and create bill design difficulties for EDCs. Therefore, the Companies suggest that EDCs be given flexibility in these additional elements, while noting that they will strive to make the Shopping Information Box and its contents as inclusive and prominent as possible.

Finally, Ethical Electric, Inc. (“Ethical”) specifically takes issue with the Companies’ use of a customer number as a unique identifier in addition to a customer account number, citing customer confusion and difficulty in finding on the bill, as well as concerns over the number of digits in the customer number. Ethical further misrepresents the Commission’s Tentative Order, citing that the Commission takes issue with the use of Companies’ customer numbers. This is entirely incorrect. The Commission was merely underscoring the importance of a Shopping Information Box, which the Commission simply was suggesting should be placed in a more prominent position on bills, specifically citing several of the Companies’ formats as being a desirable step in the right direction. Ethical posits that the use of customer numbers is anti-competitive and leads to Ethical’s experience of low enrollments.

While the Companies do not opine on the contributing factors to Ethical’s low enrollment figures, it should be noted that other commenting parties do not take issue or raise concerns with the Companies’ use of customer numbers for shopping identification purposes. The Companies strongly disagree with Ethical that the use of customer numbers impedes shopping. Rather, the use of these numbers aids shopping in that they create a unique identifier of not only a customer’s account, but also a premise associated with that account, as there are times where a customer on one account may have multiple premise numbers tied to them. By using the unique customer number identifier that Ethical and Ethical alone complains of, the Companies ensure

that mistakes associated with the selection of an EGS for a premise are not made, where a customer may elect more than one EGS for various premises receiving service. The Commission's recommendation to increase the prominence of the Shopping Information Box should address any concerns associated with a customer's ability to identify their unique customer number on their bill and allay any reasonable concern set forth by Ethical. While Ethical raises concerns associated with the number of digits and customers' tendencies to transpose numbers, the Companies cannot create the specificity necessary to properly identify a customer and a premise on the basis of speculation by Ethical that customers won't transpose numbers with fewer digits.

**D. Inclusion of EGS Inserts**

The Companies continue to agree with the Commission's original determination not to recommend the inclusion of EGS inserts with bills at this time. The EGS parties submitting comments in opposition to this determination continue to ignore the logistical challenges associated with providing such inserts and fail to recommend any solutions to account for those hurdles.

Additionally, RESA has gone to the extent of suggesting that, in the event that EGS inserts were to be permitted, the EDCs should have no opportunity for review of the inserts prior to mailing. Such an argument ignores the fact that the EDC's name is implicated in whatever mailers are distributed to customers with their bills. This means that the EDC's own contact centers will be fielding calls, and the EDCs themselves run the risk of receiving the range of customer complaints (including formal Commission complaints) as a result of anything they may mail to their customers. Restricting the opportunity for EDCs to perform a reasonable review of such materials eliminates EDCs' ability to limit their own risk in providing such materials on behalf of EGSs.

#### **E. Billing Line Items**

While the Tentative Order makes no recommendation as to the addition of new EGS billing line items, NEM, PEMC and RESA raise the suggestion that additional billing opportunities should be provided, allowing EGSs to place charges for “value-added services” as additional line items on consolidated bills. Such recommendations should be rejected on the basis that the Companies should not be responsible for the administration of charges not associated with the provision of basic electric service. The Companies’ purchase of receivables (“POR”) programs are limited to charges related to the provision of basic electric service as defined by Chapter 56 of the Commission’s regulation, and thus these value-added services would not be included as part of the PORs. Therefore, EDCs would be required to set up a separate structure to account for the charges that are outside of the POR program charges, which would need to support an unlimited variety of charges with appropriate specificity. Additionally, to include charges from EGSs that are not associated with the provision of basic electric service creates the likelihood that EDC call centers and customer service groups will be forced to respond to additional customer inquiries and complaints associated with those non-service related charges for which the EDC has no responsibility. This would be wholly inappropriate and burdensome to the billing EDC.

#### **F. Supplier Consolidated Billing**

Constellation NewEnergy, Inc. (“Constellation”) raises a proposal that was not addressed in the Tentative Order in suggesting that the Commission develop a plan to transition to supplier consolidated billing (“SCB”) as opposed to today’s EDC consolidated billing. The Commission has already addressed this issue at length, and has declined to adopt such a recommendation at

this time. In fact, the Commission specifically noted in its Final End State Order<sup>1</sup> that SCB presents numerous technical and legal complexities associated with the ability to retain customer protections, the potential for increased uncollectibles and the need for increases to EGS credit requirements, and the likelihood for legislative changes that would need to be addressed. In addition, any such change in structure would be attended by significant implementation costs, the recovery of which would need to be accounted for. Therefore, the Companies continue to oppose such efforts as being impractical and unworkable at this time.

#### **G. Energy Efficiency Information**

Citizens for Pennsylvania's Future ("PennFuture") provided comments to the Tentative Order, making broad stroke recommendations that EDCs be directed through this "rulemaking" to include energy consumption information to customers that allow them to set energy usage targets, as well as tips on energy saving strategies and the average usage reduction and cost savings associated with each. The Companies strongly disagree that this Tentative Order and its associated procedural activity is the appropriate avenue to pursue such changes. The information sought by PennFuture is not consistent with the topic discussed by the Tentative Order, and would be better suited to discussion in the context of the EDCs' energy efficiency proceedings. PennFuture further cites cost benefits of addressing such changes at this time as opposed to a separate proceeding. In so commenting, PennFuture misconstrues what drives increases to the costs in making such changes and provides no cost basis for such a statement.

It is difficult to respond to the specifics of what PennFuture intends with its suggestions, but it is very likely that the changes requested by PennFuture would require the addition of another page to the Companies' bills, which addition is not likely to be required with those

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<sup>1</sup> See *Investigation of Pennsylvania's Retail Electricity Market: End State of Default Service*, Docket No. I-2011-2237952 (Order entered February 15, 2013) (End State Final Order).

several changes specifically proposed by the Commission in the Tentative Order. As the Companies have previously noted, the addition of another page to customers' bills would likely produce an additional estimated annual increase in costs for the Companies of at least \$80,000. PennFuture makes no showing that the various usage information presented on bills and in various periodic inserts and mailers today without increased costs is insufficient to meet the same goals they envision and therefore their recommendations should be rejected or, at a minimum, considered in a different proceeding.

## **II. Costs and Recovery**

The Companies continue to support the recovery of all costs associated with the recommendations on a full and current basis through a non-bypassable rider, as recommended by the Commission, as these modifications are intended to benefit all customers in their shopping decisions.

Park Power presents the recommendation that the costs for such modifications should be borne on a shared basis by EGSs, customers and EDC shareholders. Alternatively, PEMC suggests that recovery for the costs of the proposed modifications should be raised during EDCs' next base rate proceedings. Such proposals should be rejected on the basis that, while customers and EGSs alike benefit from the proposed changes, no reasonable argument can be made that EDC shareholders share in the benefits to be derived from the recommended modifications. In fact, even assuming full and current cost recovery, the changes impose a significant amount of additional responsibility and administrative oversight on EDCs which are not otherwise compensated by the EGS community for their consolidated billing functions, nor would enjoy any arguable benefit by the additional offerings that the recommendations provide to EGSs. Further, to require the EDCs wait for base rate proceedings, which does not guarantee recovery of the costs submitted, is counter to cost-causation principles and places an

inappropriate burden on the EDCs. Therefore, even if the Commission does not adopt the recovery mechanism initially proposed, the EDCs should be granted full and current recovery in some fashion that guarantees their shareholders do not shoulder any portion of the costs.

### III. CONCLUSION

Metropolitan Edison Company, Pennsylvania Electric Company, Pennsylvania Power Company and West Penn Power Company appreciate the opportunity to provide reply comments regarding the establishment of more supplier-oriented consolidated utility bills and look forward to further cooperation with interested parties on this topic.

Respectfully submitted,



Dated: March 24, 2014

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**BEFORE THE  
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

**Investigation of Pennsylvania's Retail** :  
**Electricity Market: Joint Electric** : **Docket No. M-2014-2401345**  
**Distribution Company – Electric** :  
**Generation Supplier Bill** :

**CERTIFICATE OF SERVICE**

I hereby certify that I have this day served a true and correct copy of the foregoing document upon the individuals listed below, in accordance with the requirements of 52 Pa. Code § 1.54 (relating to service by a participant).

Service by first class mail, as follows:

John R. Evans  
Office of Small Business Advocate  
Suite 1102, Commerce Building  
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Harrisburg, PA 17101

Tanya McCloskey  
Office of Consumer Advocate  
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Harrisburg, PA 17101-1923

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Pennsylvania Public Utility Commission  
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Dated: March 24, 2014



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