# BLUESTAR ENERGY'S REPONSE TO THE SUPPLIER C ONSOLIDATED BILLING POLICY QUESTIONS

## I Introduction

The Pennsylvania Electronic Data Exchange Working Group ("EDEWG") submitted its *Final Report of the Supplier/EGS Consolidated Billing [SCB] EDEWG Sub-Team* to the Committee Handling Activities for Retail Growth in Electricity ("CHARGE"). The *Final Report* included a series of policy questions to be addressed before full implementation of SCB occurs. These policy questions were circulated to the CHARGE and as a result of the September 30, 2010 conference call, BlueStar Energy ("BlueStar") agreed to provide responses to these policy questions based on their experience in Illinois. The next scheduled CHARGE call is October 28 at which time the group will discuss the timeline and process for moving forward, ultimately leading to submission of a staff recommendation to the Commission.

Before addressing the CHARGE policy questions, it is important to understand why this issue is important. In order for customers to derive the true benefits of deregulation and competition, competitive suppliers need to deliver customer service, innovation, and pricing competitiveness. A system in which the primary (and repeated) source of interaction with customers continues to be owned by the utilities stifles the development of those goals. The Illinois model has demonstrated that the flexibility allowed by SCB enhances the customer experience and ultimately best serves the goals of deregulation. Instead of simply being a small logo or a name on a customer's utility bill, SCB allows suppliers to communicate directly with customers, and forces suppliers to have a relationship with those customers. Suppliers must therefore provide customers with a value proposition that extends beyond simply a lower price or budget certainty – customers are empowered to demand not just competitive economics but also quality customer service and innovation. Absent SCB, utilities will continue to monopolize the customer relationship, creating a significant impediment to the development of a truly deregulated market with all of its concomitant benefits. SCB allows for a unique relationship with customers by also providing monthly information about other products and services such as green-energy based products. Finally, the PA PUC has previously recognized the value of SCB in a competitive electricity market by mandating its availability in Docket No. M-00960890,F.0015, issued April 13, 2000.

A truly competitive market requires multiple billing options including SCB. To that end, below are BlueStar's responses to the policy questions presented to the CHARGE.

## II. Illinois SCB Model

The two competitive utilities in Illinois are Ameren Illinois ("AIU") and Commonwealth Edison ("ComEd"). Both utilities have various billing options including Dual Billing and Single Bill Option ("SBO"). AIU also offers Utility Consolidated Billing/Purchase of Receivables ("UCB/POR"). ComEd's proposed UCB/POR tariff is currently pending before the Illinois Commerce Commission. BlueStar uses SCB to bill retail customers in the AIU territories as well as the ComEd territory. As a result, the methods and procedures for both utilities, including utility tariffs (Rider Single Bill Option) and a Retail Electric Suppliers Handbook are used to respond to the CHARGE questions.

III. Policy Questions

1) Should accounts with past-due EDC balances qualify for SBC? If so, do the unpaid EDC charges follow the customer (are then billed by the supplier via SCB)? (Page 3) (C.3.3.01.04) (C.3.3.01.0911)

> Per utility tariffs, customers with past-due bundled balances do not qualify for and therefore cannot switch to SCB.
>
> For ComEd, the supplier submits an enrollment request for SCB. The utility will accept the enrollment but five days prior to the first single bill issue date, the utility reviews the customer account and if there is a bundled balance due, an 814 change is submitted to the supplier moving the customer to dual billing. For AIU, the customer is placed directly on dual billing with a reason code indicating a bundled balance.
>
> For both utilities, once the balance is cleared, the supplier submits an 814 change to place the customer on SCB.

2) Should EGSs be allowed to pursue termination (physical cessation of service without the consent of the customer) for unpaid charges? Current rules prohibit this. (Page 3) (C.3.3.01.08)

> Like PA, the rules in Illinois prohibit a supplier from terminating a customer for unpaid charges. In Illinois, suppliers do not have the option to request any action to be taken on the customer's account due to nonpayment. The ability to terminate a customer for unpaid charges lies solely with the utility.

3) What happens if the supplier has not received usage information from the EDC in time for billing? Can the supplier estimate the usage, including the EDC charge? (Page 3) (C.3.3.02.02)

> This is up to the supplier. Some suppliers have estimated usage based on historical data and use this to generate the delivery charges for the customer. These estimated charges are trued-up after the utility issues its bills. Other suppliers do not estimate but wait until the utility issues the bills. The issue of bill estimation is one that the contract between the EGS and the retail customer should address.
>
> BlueStar contacts the utility and then assess whether to estimate the utility bill or wait for their charges. If the problem is temporary, BlueStar will wait for the utility to transmit their delivery charges, otherwise BlueStar estimates the charges. BlueStar notes that this is a very infrequent occurrence.

4) What is the payment obligation of the EDC and EGS to each other? Current tariffs have a "make-the-party-whole" requirement. Is there a discount? (Page 4 and 7) (C.3.3.03.02)

> Suppliers must choose between two payment options:

1. Option 1 (often referred to as the "Billing Agent" option): The supplier pays the utility one day after payment is received from the customer. Information is submitted daily so the utility can credit each customer's account on a timely basis. Any partial payments that a customer makes must be credited to the utility before being credited to the supplier.

2. Option 2 (often referred to as the "Guarantor" option): The supplier is financially responsible for 100% of all delivery charges on the payment due date. Payment is made to the utility whether or not the supplier collects the money from the customer.

There is no discount associated with either billing option. However, the SBO Billing Agent option contains an implicit discount while the SBO Guarantor does not require a discount as 100% of the utility bill is paid by the supplier on the payment due date.

Under either scenario, the participating EGS receives a flat fee from the utility (in the form of an EDI 820 line item credit) for the avoided cost of generating and mailing out invoices to customers.

5) How should utility hardship fund donations be handled? Currently, many utilities allow a customer to add a dollar(s) to their payment for their hardship fund. What is the obligation of the supplier to accommodate this? What if the customer fails to pay the additional dollar (it will still be "billed" … so does this impact the "make-whole" requirement?) (Page 4) (C.3.3.03.03)

In Illinois the donation comes through on the 810 as a line item and the payment is sent to the utility. However this is a limited occurrence as BlueStar only has one customer who is currently participating in the hardship fund and the customer pays these charges every month.

6) What are the obligations of the supplier to provide PTC information on the bill? (Page 4) (C.3.3.03.06)

While PTC information is not required in Illinois, it could be accommodated in PA provided the utility provides the necessary information.

7) What happens if the customer submits payment to the EDC instead of the supplier? This is likely to happen. (Page 4) (C.3.3.03.07)

BlueStar disagrees with the premise that this is likely to happen. BlueStar has never had an occurrence of this in Illinois, and it has never been raised as an issue for the ICC to address or fix. Given that the only invoice (either paper or electronic) that a customer receives under SCB has remittance information (either by mail or electronically) for the EGS, this seems an extremely remote possibility, and one that could undoubtedly be addressed on a case-by-case basis were it to occur, most likely in the form of an 810 credit. Again, given the remote possibility of this, it probably does not merit considerable detail at this juncture.

8) How will SCB impact customer eligibility for LIHEAP assistance (to receive LIHEAP grants, a company has to be a "vendor" certified by DPW; suppliers have not been considered "certifiable" by DPW). Will

SCB impact CAP (Customer Assistance Program) and other assistance programs offered by the EDC? (Page 5) (C.3.3.05.05)

> Financial assistance programs that are outside of complete control of the utility regulatory commissions may be difficult to integrate into SCB in an immediate way, as there may be program changes necessary to expand vendor eligibility. BlueStar always stands ready to cooperate in such discussions to allow for expansion of SCB availability to all customers over time.

9) PECO has many accounts that are combined gas/electric, and reported to EDEWG that they cannot sort-out the two from the summary billing section of their bill. (The gas and electric are ONE account … not two). (Page 5) (C.3.3.05.11)

> AIU is set up in a similar manner. When an AIU customer switches to SCB, AIU simply segregates the gas charges to a new account number.

10) What notices (if any) should a customer get of billing changes (going from EDC to SCB or reverse, etc.). If they are to get notices, who is obligated to provide them? (Page 5) (C.3.3.05.12)

> Any notification to the customer would be performed by the EGS. Generally speaking, if a customer moves from the utility to an EGS offering SCB, there is no need for additional customer notification because at the time of enrollment the customer would agree to their billing option. In instances where a customer is found to be ineligible by the utility for SCB (due to past-due balances), and the customer moves from the EGS back to the utility for dual billings, the EGS notifies the customer accordingly.

11) EDCs have some accounts that always require manual intervention to bill properly (often large, complex accounts). EDCs claim that they cannot send EDI for these accounts. EGSs want access to these accounts. Is there a non-EDI option? (Page 5) (C.3.3.05.13)

> BlueStar is familiar with a handful of such accounts in Illinois. For those that are legitimately unable to participate in EDI transactions, billing options may need to be addressed on a case-by-case basis. The number of these accounts that fall in this category is very small.

12) Regulatory inserts (bill inserts required by regulation, etc.): What are these? Who is responsible for printing them? Can they be provided to customers electronically? Are there size/weight limitations? What about non-regulatory inserts? For example, are “hardship fund” solicitations “regulatory?” (Page 6((C.3.3.05.16)

> By administrative rule, Illinois suppliers are required by the Commission to include bill inserts for distribution to customers receiving SCB. If the customer is on electronic billing, the insert will be sent electronically. If the insert is not received electronically from the utility, BlueStar will scan and attach it to the electronic bill. AIU credits the supplier for an amount equal to the additional postage costs actually incurred by the supplier to mail the inserts. ComEd also reimburses the supplier for the net costs that the company avoids by not distributing the inserts.

13) Disputes: how will billing disputes be addressed, and by whom? What are the obligations of the EDC and the EGS? (Page 7) (C.3.3.07.03)

Dispute resolution procedures are handled the same whether or not the customer is on SCB, UCB or dual billing.

14) Payment Agreements: payment agreements are sometimes required by regulation (such as to pay off a “make-up” bill). These are reflected on the EDC bill. Will this be the case with SCB? What if customer is on a payment agreement at the time they sign-up for SCB? (Page 8) (C.3.3.09)

These arrangements show up as line items on the 810 sent from the utility and are passed along to the customer.

15) Billing agreements: what type of “billing agreements” will be needed to govern the EDC/EGS billing relationship? Use EDC tariffs? (Page 8)

Billing agreements are in utility tariffs as Riders. There is an SCB Contract Addendum indicating payment terms between the utility and the supplier. This is signed by both parties and is for a minimum of twelve months and auto-renewed annually. The ComEd and AIU agreements can serve as working models for implementation in PA.

IV. Conclusion

BlueStar applauds the EDEWG for its efforts in developing its *Final Report*. BlueStar also appreciates the fact that certain policy issues have been deferred to the CHARGE. However, using Illinois as an example, these are not new or unique issues. BlueStar and countless other suppliers in Illinois have addressed these over the last five to ten years of using SCB in Illinois. And to have a truly open, competitive market, BlueStar encourages the CHARGE to move quickly to address these issues so that all billing options, including SCB are made available all retail suppliers.