



COMMONWEALTH OF PENNSYLVANIA
PENNSYLVANIA PUBLIC UTILITY COMMISSION
P.O. BOX 3265, HARRISBURG, PA 17105-3265

IN REPLY PLEASE
REFER TO OUR FILE

April 3, 2002

To: Electric Stakeholders

Re: Delayed Billing Issues

Docket No.: M-00021604

Through the normal course of monitoring developments in the electric generation retail market, the Commission has become aware of a situation in which electric generation suppliers (EGSs) have failed to timely submit customer billing data to electric distribution companies (EDCs) who are providing consolidated billing services to the EGSs. Specifically, in these cases, the EDCs are responsible for issuing a consolidated bill to the retail customer that contains both its charges as well as those of the EGS. Under the electronic data transaction rules that have been established for electric choice, the EGS must timely submit necessary billing data, such as the rate per kilowatt hour, to the EDC for use in preparing the consolidated bill. It appears that as a result of several EGSs failing to promptly transmit this data to EDCs, some electric customers have not received bills for services rendered over a period of several months.

The Commission's primary concern is to avoid the unbridled issuance of make-up bills to these customers. Rather, the Commission desires to oversee this process to ensure that consumers are adequately informed about their rights and obligations with respect to any make-up bills that might be issued. Additionally, the Commission wishes to guard against EGSs imposing unmanageable or unreasonable burdens on EDCs through transmitting vast quantities of prior months' billing data for inclusion in consolidated bills.

Prior to setting forth the guidelines that should govern the issuance of make-up bills under these circumstances, the Commission believes that some preliminary comments are appropriate. Specifically, the Commission reminds EGSs of the obligation in 52 Pa. Code §56.11 to render bills every billing period to every residential ratepayer. An EGS who fails to transmit data needed by the EDC to render bills on a monthly basis to residential customers is in violation of that provision, and is subject to the imposition of civil monetary penalties. Additionally, through a series of orders at Docket No. M-00960890F.0015 beginning on June 18, 1998, the Commission has adopted uniform standards for electronic data transfer and exchange, with which EGSs are required to comply. In fact, compliance with these procedures is a condition to which EGSs must agree in their application for a license.

Further, the Commission's regulations at 52 Pa. Code §56.14 mandate that when a make-up bill is being issued for previously unbilled utility service, the customer must be given the option of paying it over as long of a period as it was accrued. For instance, if no bill has been issued for a period of four months, the customer must be afforded the opportunity to pay the unbilled portion over a period of four months, in addition to current charges.

In view of the Commission's desire to facilitate an orderly processing of any make-up bills issued for EGS charges resulting from a failure of the EGS to promptly transmit necessary billing data to EDCs, and based upon the requirements outlined in the regulations governing the issuance of make-up bills, the Commission is utilizing this Secretarial Letter to announce guidelines that must be followed in these situations. Initially, it is incumbent upon any EGS in this situation seeking to have make-up bills issued to consumers to prepare a draft letter for mailing to consumers prior to the issuance of make-up bills. Such letters must be submitted to the Commission's Bureau of Consumer Services for prior review and approval as to their content at least thirty days prior to the initiation of the process for issuing make-up bills.

Additionally, as to the issuance of make-up bills under these circumstances, the Commission believes it is important to minimize the burdens being placed upon EDCs that would be necessitated by processing vast amounts of billing data. At the outset, only EGSs who are still serving the customer may transmit billing data to the EDC for inclusion in a consolidated bill. If an EGS is no longer serving the customer and wishes to issue a make-up bill, the EGS must handle that billing directly with the customer, following the regulations noted above governing the issuance of make-up bills. As to EGSs who are no longer licensed to serve customers in Pennsylvania, they must notify the Commission of any intent to bill for service rendered during the time in which they were licensed so that appropriate arrangements can be made to ensure compliance with Commission regulations.

To otherwise minimize the burdens being assumed by the EDC caused by the failure of EGSs to timely submit billing data, licensed EGSs who wish to issue make-up bills for services rendered more than twelve months ago must provide their own make-up bill to customers, again following the regulations governing make-up bills, rather than submitting billing data to the EDCs. As to make-up bills for services rendered within the most recent twelve-month period, however, the Commission expects EDCs to include those charges in their consolidated bill. To facilitate that process, the EGSs should furnish bill ready data to the EDC as an initial bill that includes an amount sufficient to recoup a prorated portion of the previously unbilled amount, calculated using the method of spreading charges over the same number of months during which they were accrued. Further, the EGS should provide at least five business days notice to the EDC of its intent to submit such data so as to ensure a smooth transmittal of the data.

The Commission is hopeful that by following these guidelines, EGSs will have an appropriate opportunity to receive payment for previously unbilled generation service in a manner that safeguards the need for adequate information disclosure to consumers and sufficient consumer protections, while also avoiding the imposition of unreasonable burdens on the EDC. For ease of reference, these guidelines are set forth in summary fashion in Appendix A.

Finally, Commission Staff has polled the EDCs and gathered information about current circumstances involving the failure of EGSs to timely submit billing data for consolidated billing purposes. However, if this situation recurs at any time in the future and continues beyond sixty days, the EDCs should promptly notify the Commission. Such notification will enable the Commission to more effectively monitor these types of developments in the electric generation retail market. All communications with the Commission on matters addressed by this Secretarial Letter should be directed to Louis Sauers in the Bureau of Consumer Services at 717-783-6688.

Very truly yours,

James J. McNulty
Secretary

cc: Office of Executive Director
Bureau of Consumer Services
Bureau of Fixed Utility Services
Law Bureau
Office of Communications

APPENDIX A

GUIDELINES FOR THE ISSUANCE OF MAKE-UP BILLS BY ELECTRIC GENERATION SUPPLIERS WHO HAVE FAILED TO PREVIOUSLY SUBMIT BILLING DATA TO ELECTRIC DISTRIBUTION COMPANIES

1. An electric generation supplier who wishes to bill a customer for previously unbilled service must follow the provisions of 52 Pa. Code §56.14 for the issuance of make-up bills, including the requirement that customers be afforded the opportunity to pay the unbilled portion over the same period of time as it accrued.
2. An electric generation supplier who wishes to bill a customer for previously unbilled service resulting from its failure to transmit necessary billing data to the electric distribution company must prepare a draft letter for mailing to consumers and submit it to the Commission's Bureau of Consumer Services at least thirty days prior to the anticipated mailing date.
3. An electric generation supplier who wishes to bill a customer, whom it continues to serve, for previously unbilled service rendered within the most recent twelve-month period should furnish bill ready data to the electric distribution company, preceded by at least five business days' notice, as an initial bill that includes an amount sufficient to recoup a prorated portion of the previously unbilled amount, calculated in a manner that complies with 52 Pa. Code §56.14.
4. An electric generation supplier who wishes to bill a customer, whom it continues to serve, for previously unbilled service rendered more than twelve months ago should issue its own make-up bill to the customer in a manner that complies with 52 Pa. Code §56.14.
5. An electric generation supplier who wishes to bill a customer whom it no longer serves for previously unbilled service should issue its own make-up bill to the customer in a manner that complies with 52 Pa. Code §56.14.
6. An entity that is no longer licensed as an electric generation supplier and wishes to bill a customer for previously unbilled service should contact the Commission's Bureau of Consumer Services prior to the mailing of any notice or the issuance of any bill to consumers to make appropriate arrangements that ensure compliance with Commission regulations.
7. Electric distribution companies who are aware of the failure of electric generation suppliers to timely submit billing data for consolidated billing purposes should notify the Commission within sixty days.