



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

BUREAU OF
INVESTIGATION
&
ENFORCEMENT
3038060

November 21, 2023

Via Electronic 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's Investigation of PPL Electric Utilities Corporation for potential violations of 52 Pa. Code § 56.1, *et seq.*, of the Commission's regulations and 66 Pa.C.S. § 1501 of the Public Utility Code
Docket No. M-2023-3038060
Joint Petition for Approval of Settlement and Statements in Support

Dear Secretary Chiavetta:

Enclosed for electronic filing is the **Joint Petition for Approval of Settlement** in the above-referenced matter including the following three Appendices: Appendix A - Statement in Support of the Bureau of Investigation and Enforcement; Appendix B - Statement in Support of PPL Electric Utilities Corporation and Appendix C - Accompanying Document of Remedial Measures.

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,

A handwritten signature in blue ink that reads 'M Swindler'.

Michael L. Swindler
Deputy Chief Prosecutor
Bureau of Investigation and Enforcement
PA Attorney ID No. 43319
(717) 783-6369
mwindler@pa.gov

MLS/ac
Enclosures

cc: Office of Special Assistants (*via email only* – ra-OSA@pa.gov – *Word Version*)
Richard A. Kanaskie, Director, I&E (*via email only*)
Per Certificate of Service

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

Pennsylvania Public Utility Commission,	:	
Bureau of Investigation and Enforcement's	:	
Investigation of PPL Electric Utilities	:	
Corporation for potential violations of 52	:	Docket No. M-2023-3038060
Pa. Code § 56.1, <i>et seq.</i> , of the	:	
Commission's regulations and 66 Pa.C.S.	:	
§ 1501 of the Public Utility Code	:	

JOINT PETITION FOR APPROVAL OF SETTLEMENT

TO THE HONORABLE PENNSYLVANIA PUBLIC UTILITY COMMISSION:

Pursuant to 52 Pa. Code §§ 3.113(b)(3), 5.41 and 5.232, the Pennsylvania Public Utility Commission's ("Commission" or "PUC") Bureau of Investigation and Enforcement ("I&E") and PPL Electric Utilities Corporation ("PPL" or "Company") (hereinafter referred to collectively as the "Parties" or "Joint Petitioners") hereby submit this Joint Petition for Approval of Settlement ("Joint Petition" or "Settlement Agreement") to resolve all issues related to an informal investigation conducted by I&E. I&E's investigation was initiated based upon information provided by the Commission's Bureau of Consumer Services ("BCS") regarding a system-wide billing issue discovered in December 2022. I&E and PPL respectfully request that the Commission enter an Opinion and Order approving the Settlement Agreement, without modification, for the compelling public interest reasons set forth, *infra*. Also attached are Statements in Support of the Settlement expressing the individual views of I&E (**Appendix A**) and PPL (**Appendix B**), respectively. Also attached is an accompanying document of remedial measures designated as **Appendix C**.

I. INTRODUCTION

1. The Parties to this Settlement Agreement are I&E, by its prosecuting attorneys, 400 North Street, Harrisburg, PA 17120, and PPL, an electric distribution company (“EDC”) with a business address of Two 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 (“Code”), 66 Pa.C.S. §§ 101, *et seq.*

3. I&E is the bureau within the Commission established to prosecute complaints against public utilities and other entities subject to the Commission’s jurisdiction. *See Implementation of Act 129 of 2008; Organization of Bureaus and Offices*, Docket No. M-2008-2071852 (Order entered August 11, 2011) (delegating authority to initiate proceedings that are prosecutory in nature to I&E); *see also* 66 Pa.C.S. § 308.2(a)(11).

4. 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.

5. PPL is a “public utility,” as that term is defined at 66 Pa.C.S. § 102¹ and an “electric distribution company,” as that term is defined at 66 Pa.C.S. § 2803, as it is engaged in providing electric utility service to the public for compensation.

6. On January 31, 2023, BCS referred this matter to I&E outlining concerns regarding PPL’s compliance with the Code and the Commission’s regulations related to

¹ At 66 Pa.C.S. § 102, “Public utility” is defined under that term at subsection (1)(i) as:

- (1) Any person or corporations now or hereafter owning or operating in this Commonwealth equipment or facilities for:
 - (i) Producing, generating, transmitting, distributing or furnishing natural or artificial gas, electricity, or steam for the production of light, heat, or power to or for the public for compensation.

recent billing system malfunction caused by a technical issue that made customer meter data temporarily unavailable in the Company's system which generated bills and displayed customer usage data. These billing issues resulted in the rendering of unusually high or low estimated bills, the rendering of no monthly bills at all, and the lack of adequate customer service support such that concerned customers were unable to or unduly hampered in their attempts to contact a PPL Call Center representative by telephone to discuss their billing concerns.

7. I&E determined that an informal investigation was warranted to ascertain whether the actions of PPL violated any regulations, laws, or orders that the Commission has jurisdiction to administer.

8. As a result of successful negotiations between I&E and PPL, the Parties have reached an agreement on an appropriate outcome to the investigation as encouraged by the Commission's policy to promote settlements. *See* 52 Pa. Code § 5.231. The Settlement Agreement also is consistent with the Commission's Policy Statement for evaluating litigated and settled proceedings involving violations of the Code and Commission regulations, 52 Pa. Code § 69.1201. The Parties agree to the settlement terms set forth herein and urge the Commission to grant the Joint Petition and approve the Settlement Agreement in its entirety, without modification, as being in the public interest.

II. BACKGROUND

9. On February 1, 2023, I&E submitted I&E Data Requests – Set I to PPL. This correspondence informed PPL that I&E had initiated an investigation concerning the billing issues raised by BCS and requested that the Company respond to I&E's eleven (11) data requests.

10. On February 21, 2023, PPL submitted Responses to I&E Data Requests – Set I. PPL’s responses revealed that on December 15, 2022, PPL discovered that customer meter data was not transferring from the Meter Data Management Software (“MDMS”) to the Customer Service System (“CSS”). The inability to transfer actual meter data backed up normal customer billing operations and resulted in sending estimated December 2022 bills. In the transition back to actual data, human error cause additional incorrect bills to be issued, while some customers received no bills. PPL further described the process for estimating a customer’s bill and explained the inaccessibility of a portion of its website for a short period of time.

11. On March 28, 2023, I&E submitted I&E Data Requests – Set II to PPL, seeking responses to twenty (20) data requests.

12. On April 14, 2023, PPL submitted Responses to I&E Data Requests – Set II. PPL’s responses provided further information regarding the root cause of the billing system failure, the human error resulting in incorrect bills in the work around process to return to billing residential accounts using actual meter data, the review of the Company’s estimation algorithm, the process regarding bills with incomplete supplier charge data, the customers who did not receive bills and the Company’s communications with those customers, and remedies initiated by the Company.

13. On April 14, 2023, PPL submitted Supplemental Responses to I&E Data Requests – Set I, updating the number of estimated bills issued, the customer impacts from issuing a large number of estimated bills from December 20, 2022, through January 24, 2023, the scenarios where it issued estimated bills and an expanded explanation of the process used to estimate usage for customers.

14. On April 27, 2023, I&E and PPL personnel met in person to discuss the informal investigation. At the in-person meeting, I&E submitted six data requests to PPL.

15. On May 5, 2023, I&E submitted I&E Data Requests – Set III to PPL, seeking responses to three additional data requests.

16. On May 19, 2023, PPL submitted Responses to I&E’s Data Requests submitted to PPL personnel during the April 27, 2023, in-person meeting regarding estimated billing and call abandonment percentage comparisons, payment arrangement impacts, and supplier communications.

17. On May 25, 2023, PPL submitted Responses to I&E Data Requests – Set III. PPL’s responses updated the number of “no bills,” the status of billing customers who had yet to be billed.

III. ALLEGED VIOLATIONS

18. Had this matter been fully litigated, I&E would have proffered evidence and legal arguments to demonstrate that PPL committed violations of the Code and the Commission’s regulations related to customer billing stemming from the failure of PPL’s MDMS to transfer customer meter data to other software platforms, including PPL’s CSS. The alleged violations are more specifically set forth as follows:

(A) NO BILLS

19. As a result of the MDMS failure, 48,168 PPL accounts received no bill during one or more of their December, January, February, March, or April 2023 billing periods. As of May 5, 2023, 223 accounts had yet to receive their first bill since being first impacted by the MDMS failure over 5 months earlier in December 2022. From December 2022 to April

2023, 91,676 unique accounts received no bills. By comparison, the average number of accounts that received no bills between January and November 2022 per month was 568.²

20. If proven, this is a violation of 52 Pa. Code § 56.12 and 66 Pa.C.S. § 1501.

Section 56.11 of the Commission's regulations, 52 Pa. Code § 56.11, states:

§ 56.11. Billing frequency.

(a) A public utility shall render a bill once every billing period to every residential customer in accordance with approved rate schedules.

52 Pa. Code § 56.11.

Additionally, Section 1501 of the Code, 66 Pa.C.S. § 1501 states, in pertinent part:

§ 1501. Character of service and facilities

Every public utility shall furnish and maintain adequate, efficient, safe, and reasonable service and facilities, and shall make all such repairs, changes, alterations, substitutions, extensions, and improvements in or to such service and facilities as shall be necessary or proper for the accommodation, convenience, and safety of its patrons, employees, and the public. Such service also shall be reasonably continuous and without unreasonable interruptions or delay. Such service and facilities shall be in conformity with the regulations and orders of the commission.

66 Pa.C.S. § 1501.

21. As noted above, Section 56.11 of the Commission's regulations requires a utility to render a bill once every billing period to its residential customers when it states that a public utility *shall* render a bill once every billing period. 52 Pa. Code § 56.11(a) (emphasis added). It is I&E's position that PPL violated Section 56.11 of the Commission's regulations, cited above, when residential customers did not receive at least one of their monthly bills between December 2022 and April 2023. Furthermore, although Section 1501

² To note, the numbers contained in this Paragraph consist of both residential and non-residential accounts.

of the Code does not dictate that a utility must provide perfect service to its customers, by failing to render bills to 48,168 accounts, and to 91,676 unique accounts from December 2022 to April 2023, I&E alleges that PPL violated Section 1501 by failing to provide the impacted customers with adequate, efficient, and reasonable service.

22. It is noted that PPL subsequently made substantial progress in correcting the “No Bills” issues cited above and that the Company rendered the vast majority of impacted customers billed to current by August 31, 2023.

(B) ESTIMATED BILLING

23. As a result of the MDMS failure, PPL indicated that it issued estimated bills to 794,816 unique accounts from December 20, 2022, to January 9, 2023, and a total of 860,493 estimated bills from December 20, 2022, through May 5, 2023. Many of these estimated bills were unusually high or low or contained missing or incomplete supplier charges.

24. If proven, this is a violation of 52 Pa. Code § 56.12 and 66 Pa.C.S. § 1501. The Commission’s regulations do permit a utility to estimate bills under exigent circumstances, such as when the utility experiences equipment failure that prevents the utility from obtaining actual meter readings. *See* 52 Pa. Code § 56.12(3). Specifically, Section 56.12(3) of the Commission’s regulations, 52 Pa. Code § 56.12(3), states in pertinent part:

(3) *Estimates permitted under exigent circumstances.* A utility may estimate the bill of a ratepayer if extreme weather conditions, emergencies, equipment failure, work stoppages or other circumstances prevent actual meter reading.

52 Pa. Code § 56.12(3).

25. However, it is I&E's position that when a utility resorts to sending estimated bills to customers, those estimates should be within an anticipated range of normalcy such that they are not wildly over or under-estimated.

1) Unreasonably Inaccurate Usage Estimates

26. According to PPL, estimates are based on the customer's "historical" electric use from the same month of the prior year.

27. Understanding that energy supply costs can increase over time resulting in higher generation costs from the customer's supplier or a higher Price to Compare for customers who receive default supply through PPL, customers complained that some amounts had doubled or tripled. Based on discovery responses provided by PPL, the Company analyzed 387,895 bills that were estimated in January 2023 as a result of the MDMS issue to determine whether or not the estimates were accurate. PPL's analysis revealed that 67.31% (261,104 customers) of the bills had an estimate differing from the customers' actual usage of 10% or greater. Of these bills, 34.36% indicated an estimate that varied from actual by more than 25%. Nearly 48,000 customer bills were based on an estimate differing from actual usage by more than 50%. Inaccurate usage estimates combined with increased or inaccurate supply charges (as will be discussed below) resulted in customer bills that were far-removed from customers' bills from a historical perspective.

28. I&E posits that PPL unreasonably over and/or under-estimated the bills of 47,904 customers based on the Company's January 2023 analysis and, therefore, failed to provide these customers with reasonable service in violation of Section 1501 of the Code.

2) Missing or Incomplete Supplier Charges

29. In addition to problems with usage estimates, customers were left to deal with

estimated bills with unreasonably inaccurate amounts due. After sending its first wave of estimated bills, PPL discovered that 82,784 of these estimated bills did not include any supplier charges or included, at most, only partial supplier charges, thereby resulting in severely inaccurate bills. As a result, in February 2023, PPL began the process of cancelling the estimated bills and rebilling these accounts in order to correct the supplier charges portion of the bill.

30. In some instances, customers were asked to pay the estimated bills or, on their own volition, paid the estimated bills anticipating that any difference between the estimated bills and actual usage would be reconciled when the next bill was issued. Concurrently, the Company began the process of cancelling and rebilling some customers. Some estimated bills paid by customers were cancelled and rebilled before the payment was processed resulting in further inaccurate rebills. The events that ensued took months to unravel.

31. Furthermore, although Section 1501 of the Code does not dictate that a utility must provide perfect service to its customers, by rendering estimated bills with missing or incomplete supplier charges to 82,784 customers and issuing some estimated bills that were unusually high or low compared to the customer's historic charges or anticipated monthly bill, PPL also violated Section 1501 of the Code by failing to provide these customers with adequate, efficient, and reasonable service.

(C) BILLING GROUP 12

32. PPL indicated that when it attempted to resume billing customers based on actual data, there was an issue processing Billing Group 12 that caused 3,805 customers to be sent incorrect bills.

33. It is I&E's position that by issuing 3,805 incorrect bills, PPL violated Section 1501 of Code, cited above, by failing to provide these customers with reasonable service.

34. It is noted that PPL completed the cancel and rebill process for these 3,805 customers in January 2023.

(D) CUSTOMER SERVICE - ABANDONED CALLS

35. Due to the aforementioned billing issues, PPL experienced an increase in call volume from customers seeking explanations for their higher-than-normal bills. The unanticipated influx of inbound customer calling overwhelmed PPL's customer service support, resulting in customers experiencing long wait times on hold before reaching a PPL representative or hanging up before reaching a representative. According to discovery responses provided by PPL regarding abandoned calls, between January 2023 and April 2023, PPL received an average of 193,529 calls per month.³ In January 2023 alone, PPL received 217,539 calls, 89,315 (or 41%) of which were abandoned, compared to an abandoned rate of less than 20% on average in 2022. Furthermore, customers who called in January and February 2023 whose calls were handled by PPL personnel complained of long wait times.

36. If proven, although Section 1501 of the Code does not dictate that a utility must provide perfect service to its customers, by abandoning 41% of the calls that it received in January 2023, and by not handling calls from its customers within a reasonable period of time, PPL violated Section 1501 of the Code by failing to provide these customers with adequate, efficient, and reasonable service.

³ PPL experienced an average of 165,153 calls per month in 2022.

37. It is noted that PPL subsequently added more agents to field the increase in calls that it was receiving due to the MDMS failure and to reduce wait times. This correction led to an improved handling of calls in subsequent months.

IV. SETTLEMENT TERMS

38. Pursuant to the Commission's policy of encouraging settlements that are reasonable and in the public interest, the Parties held an in-person meeting and multiple discussions that culminated in this Settlement. I&E and PPL desire to (1) terminate I&E's informal investigation; and (2) settle this matter completely without litigation. The Parties recognize that this is a disputed matter and given the inherent unpredictability of the outcome of a contested proceeding, the Parties further recognize the benefits of amicably resolving the disputed issues. The terms of the Settlement, for which the Parties seek Commission approval, are set forth below:

- a) PPL shall pay a civil penalty of One Million Dollars (\$1,000,000) to fully and finally resolve all possible claims of alleged violations of the Public Utility Code and the Commission's regulations in connection with the above alleged violations. 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 payable to the "Commonwealth of Pennsylvania" and sent to:

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

The civil penalty shall not be tax deductible pursuant to Section 162(f) of the Internal Revenue Code, 26 U.S.C.S. § 162(f) or passed through as an additional charge to PPL's customers in Pennsylvania.

- b) PPL has voluntarily taken several notification and corrective actions in response to the billing issues:
- (1) PPL provided information to BCS of the billing issues it was experiencing due to the MDMS-CSS meter data transfer failure;
 - (2) Additionally, PPL provided periodic updates to the Office of Consumer Advocate, Office of the Small Business Advocate, and the Pennsylvania Utility Law Project;
 - (3) After identifying the impacted accounts, PPL conducted outreach to all of the affected customers;
 - (4) These outreach efforts included the following:
 - (a) Starting December 18, 2022, PPL customer service representatives were provided with talking points to answer customer questions about the estimated bills;
 - (b) On January 31, 2023, PPL sent a letter via regular mail and e-mail to all customers from its then-President, Stephanie Raymond, explaining the estimated bills and higher energy prices. At this time, PPL also launched a dedicated landing page on its website to address bill questions, this messaging was updated regularly with content, including bill explainer videos, information on understanding higher energy costs, and direct access to assistance programs and bill support. The Company directed customers to this information from its social media channels, media relations, customer emails, and digital newsletters;
 - (c) Starting on February 10, 2023, the Company sent a letter to the first group of customers who would have their bills canceled and rebilled because the original bill did not include or only included partial supplier charges. This letter was sent to the subsequent groups of customers who would have their bills canceled and rebilled on February 16, 2023, March 18, 2023, and April 10, 2023;
 - (d) On February 23, 2023, the Company sent a letter to customers who had not received a bill since the beginning of the billing issue;

- (e) Beginning in January 2023, PPL provided periodic updates to electric generation suppliers (“EGSs”) through the Company’s Supplier Portal; and
 - (f) In March and April 2023, PPL held two customer outreach workshops in conjunction with local legislators to provide one on one support to senior citizens with bill questions.
- (5) PPL provided BCS with regular updates and responded to inquiries on the billing issues and the Company’s progress in resolving them;
- (6) The Company instituted or is in the process of developing a series of practices and protocols to help prevent and insulate the technical issues with the MDMS-CSS data transfer that caused these issues, including:
- (a) Revising back-office processes to reduce the number of no-bill and multi-primary bills⁴;
 - (b) Evaluating the formula to calculate estimates to determine if improvements can be made to the estimation process⁵;
 - (c) Creating internal daily control reports on estimated bills, multi-primary bills, and daily meter read rates and operational metrics⁶;
 - (d) Developing work arounds to process meter data outside of MDMS when needed⁷; and
 - (e) Enriching MDMS estimations for scenarios where meter data is missing to reduce the time period estimated⁸.
- (7) PPL on its own initiative did not terminate electric service for any customers for nonpayment from January 2023 through June 2023;

⁴ A “multi-primary” bill is a bill that contains charges for more than one billing period. See Section 1 of Appendix C for additional information about the Company’s revisions to its back-office processes to reduce the number of no-bill and multi-primary bills.

⁵ See Section 2 of Appendix C for additional information.

⁶ See Section 3 of Appendix C for additional information.

⁷ See Section 4 of Appendix C for additional information.

⁸ See Section 5 of Appendix C for additional information.

- (8) PPL voluntarily waived all late payment fees for January and February 2023;
 - (9) PPL is owed but will not seek to collect approximately \$1.7 million from customers who received estimated bills and were underbilled due to the application of the incorrect rates in the bills that trued up the estimated billing periods;
 - (10) PPL refunded, through a one-time line-item credit, approximately \$1.0 million to customers who received estimated bills and were overbilled due to the application of the incorrect rates in the bills that trued up the estimated billing periods;
 - (11) PPL engaged external vendors, and incurred additional expense, to provide call center support, assist with customer complaints, help with back-office billing, and assist with customer communications in 2023; and
 - (12) PPL authorized significant overtime for employees to provide call center support in 2023.
- c) PPL incurred significant costs when responding to the billing issues to help mitigate customer impacts, including, but not limited to: (1) experiencing approximately \$2.3 million loss of revenue from voluntarily waiving late fees; (2) incurring approximately \$7.8 million of additional bad debt expense arising out of the voluntary service termination moratorium; (3) forgoing collection of approximately \$1.7 million from customers who were underbilled in the estimation true-up process; (4) incurring an additional approximately \$3.7 million of unplanned costs in engaging external vendors; and (5) incurring approximately \$700,000 of unbudgeted employee overtime expense (totaling approximately \$16.2 million in mitigation costs). PPL agrees not to recover any of these mitigation costs from Pennsylvania consumers by any future proceeding, device, or manner whatsoever.

39. I&E expects that any make-up bills for previously unbilled utility service will be rendered in compliance with Section 56.14 of the Commission's regulations in order to provide the customer ratepayer a fair opportunity to pay the charges due. 52 Pa. Code § 56.14.

40. In consideration of the Company's payment of a monetary civil penalty of \$1,000,000, I&E agrees to forgo the filing 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.

41. I&E and PPL jointly acknowledge that approval of this Settlement Agreement is in the public interest and is 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 procedure violations that were the subject of the I&E's informal investigation and it avoids the time and expense of litigation, which entails hearings and the preparation and filing of briefs, exceptions, reply exceptions, as well as possible appeals. Attached as Appendices A and B 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

42. 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, without regard to its conflicts of laws provisions.

43. 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 rejects or modifies this Settlement Agreement, any party may elect to withdraw from this Settlement Agreement and may proceed with litigation or take other such action as deemed appropriate 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.

44. The benefits and obligations of this Settlement Agreement shall be binding upon the successors and assigns of the Parties to this Agreement.

45. 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 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.

46. 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.

47. If either Party should file any pleading, including comments, in response to an order of the Commission, the other party shall have the right to file a reply.

48. 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.

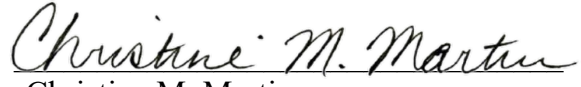
49. The terms and conditions of this Settlement Agreement constitute a carefully crafted package representing reasonably negotiated compromises on the issues addressed herein. Thus, the Settlement Agreement is consistent with the Commission's rules and practices encouraging negotiated settlements set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

WHEREFORE, the Pennsylvania Public Utility Commission's Bureau of Investigation and Enforcement and PPL Electric Utilities Corporation respectfully request that the Commission enter an Order approving the terms of the Joint Petition for Approval of Settlement in their entirety as being in the public interest.

[Signature Page to Follow]

Respectfully submitted,

Date: November 21, 2023


Christine M. Martin
President
PPL Electric Utilities Corporation

Date: November 21, 2023


Michael L. Swindler
Deputy Chief Prosecutor,
Bureau of Investigation and Enforcement
Pennsylvania Public Utility Commission

Respectfully submitted,

Date: November __, 2023

Christine M. Martin
President
PPL Electric Utilities Corporation

Date: November 21, 2023



Michael L. Swindler
Deputy Chief Prosecutor,
Bureau of Investigation and Enforcement
Pennsylvania Public Utility Commission

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

Pennsylvania Public Utility Commission, :
Bureau of Investigation and Enforcement’s :
Investigation of PPL Electric Utilities :
Corporation for potential violations of : Docket No. M-2023-3038060
52 Pa. Code § 56.1, *et seq.*, of the :
Commission’s regulations and 66 Pa.C.S. :
§ 1501 of the Public Utility Code :

**THE BUREAU OF INVESTIGATION AND ENFORCEMENT’S
STATEMENT IN SUPPORT OF THE
JOINT PETITION FOR APPROVAL OF SETTLEMENT**

TO THE HONORABLE PENNSYLVANIA PUBLIC UTILITY COMMISSION:

Pursuant to 52 Pa. Code §§ 5.231, 5.232 and 69.1201, the Pennsylvania Public Utility Commission’s (“Commission” or “PUC”) Bureau of Investigation and Enforcement (“I&E”), a signatory party to the Joint Petition for Approval of Settlement (“Settlement” or “Settlement Agreement”) filed in the above-docketed matter, submits this Statement in Support of the Settlement Agreement between I&E and PPL Electric Utilities Corporation (“PPL” or “Company”).¹ I&E avers that the terms and conditions of the Settlement Agreement are just and reasonable and in the public interest for the reasons set forth in the Settlement Agreement and as set forth herein.

¹ I&E and PPL are collectively referred to herein as the “Parties.”

I. BACKGROUND

I&E's investigation was initiated based upon information provided by the Commission's Bureau of Consumer Services ("BCS") regarding a system-wide billing issue discovered by the Company in December 2022. Specifically, the Company described the billing issue as the failure of PPL's Meter Data Management Software ("MDMS") to transfer customer meter data to other software platforms, including PPL's Customer Service System ("CSS"). This malfunction resulted in the rendering of unusually high or low estimated bills, the rendering of no monthly bills at all and the lack of adequate customer service support such that concerned customers were unable to or unduly hampered in their attempts to contact a PPL Call Center representative by telephone to discuss their billing concerns.

As a result of this billing issue, 48,168 PPL accounts received no bill during one or more of their December, January, February, March, or April 2023 billing periods, nearly 48,000 customer bills were based on an estimate differing from actual usage by more than 50%, nearly 83,000 customer bills were estimated with missing or incomplete supplier charges, 3,805 incorrect bills were issued when the Company attempted to resume billing with actual data and customer calls to PPL ballooned to an average of over 200,000 per month with long wait times and a call abandonment rate of over 40%. I&E alleged multiple violations of 52 Pa. Code § 56.1, *et seq.*, of the Commission's regulations and 66 Pa.C.S. § 1501 of the Public Utility Code.

On November 21, 2023, the Parties filed a Joint Petition for Approval of Settlement resolving all issues between I&E and PPL in this matter. This Statement in Support is submitted in conjunction with the Settlement.

II. 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 initially involved BCS and the Company and once referred to I&E, counsel for both Parties joined the dialogue. Formal negotiations ensued culminating in this Settlement Agreement, which, once approved, will resolve all issues related to I&E’s informal investigation involving this matter. Whether an act or omission is in the public interest is related to whether it promotes “safe, efficient, and economical service,” *Wiley v.*

Pennsylvania Public Utility Commission, 142 A.2d 763 (Pa. Super 1958). See *City of York v. Pennsylvania Public Utility Commission*, 449 Pa. at 141 (1972) (public interest determined by whether a merger will “affirmatively promote the ‘service, accommodation, convenience, or safety of the public’ in some substantial way.”). See also: *Pennsylvania Public Utility Commission, Bureau of Investigation and Enforcement v. Columbia Gas*, Docket No. M-2022-3012079, stating that the Commission’s “assessment of the benefits of the terms and conditions meeting the criteria of what is in the public interest need not be quantifiable,” and judgment of what is in the public interest requires exercise of informed judgment and consideration of the various interests and concerns of the stakeholders involved.

The enhanced procedural measures to be taken by PPL and as detailed in the terms of settlement exemplify the unparalleled effort put into this Settlement by the Parties to enhance the safe, efficient and economical service provided by the Company. These measures include PPL’s obligation to revise its back-office processes, evaluate bill estimation formula, create additional internal daily control reports, develop meter data processing work arounds and enriching MDMS estimations where appropriate.

This Settlement Agreement provides a long-term solution with enhancements that go well beyond finding a violation and imposing a fine. The Parties to this Settlement identified the problem areas, analyzed the issues and agreed to solutions created by PPL to improve its billing processes going forward.

III. TERMS OF SETTLEMENT

I&E and PPL, intending to be legally bound thereby, desire to fully and finally conclude this investigation and agree that a Commission Order approving the Settlement without modification shall create the following rights and obligations:

PPL shall pay a civil penalty in the amount of One Million Dollars (\$1,000,000) pursuant to 66 Pa.C.S. § 3301. Said payment shall be made within thirty (30) days of the entry date of the Commission’s Final Order approving the Joint Petition for Approval of Settlement in this matter and shall be made by certified check or money order payable to the “Commonwealth of Pennsylvania.” The docket number of this proceeding shall be indicated on the certified check or money order and the payment shall be sent to:

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

PPL agrees that the civil penalty shall not be tax deductible pursuant to Section 162(f) of the Internal Revenue Code, 26 U.S.C.S. § 162(f).

PPL has voluntarily taken several notification and corrective actions in response to the billing issues:

- (1) PPL provided information to BCS of the billing issues it was experiencing due to the MDMS-CSS meter data transfer failure;

- (2) Additionally, PPL provided periodic updates to the Office of Consumer Advocate, Office of the Small Business Advocate, and the Pennsylvania Utility Law Project;
- (3) After identifying the impacted accounts, PPL conducted outreach to all of the affected customers;
- (4) These outreach efforts included the following:
 - (a) Starting December 18, 2022, PPL customer service representatives were provided with talking points to answer customer questions about the estimated bills;
 - (b) On January 31, 2023, PPL sent a letter via regular mail and e-mail to all customers from its then-President, explaining the estimated bills and higher energy prices. At this time, PPL also launched a dedicated landing page on its website to address bill questions, this messaging was updated regularly with content, including bill explainer videos, information on understanding higher energy costs, and direct access to assistance programs and bill support. The Company directed customers to this information from its social media channels, media relations, customer emails, and digital newsletters;
 - (c) Starting on February 10, 2023, the Company sent a letter to the first group of customers who would have their bills canceled and rebilled because the original bill did not include or only included partial supplier charges. This letter was sent to the subsequent groups of customers who would have their bills canceled and rebilled on February 16, 2023, March 18, 2023, and April 10, 2023;
 - (d) On February 23, 2023, the Company sent a letter to customers who had not received a bill since the beginning of the billing issue;
 - (e) Beginning in January 2023, PPL provided periodic updates to electric generation suppliers (“EGSs”) through the Company’s Supplier Portal; and
 - (f) In March and April 2023, PPL held two customer outreach workshops in conjunction with local legislators to provide one on one support to senior citizens with bill questions.
- (5) PPL provided BCS with regular updates and responded to inquiries on the billing issues and the Company’s progress in resolving them;

- (6) The Company instituted or is in the process of developing a series of practices and protocols to help prevent and insulate the technical issues with the MDMS-CSS data transfer that caused these issues, including:
 - (a) Revising back-office processes to reduce the number of no-bill and multi-primary bills²;
 - (b) Evaluating the formula to calculate estimates to determine if improvements can be made to the estimation process;
 - (c) Creating internal daily control reports on estimated bills, multi-primary bills, and daily meter read rates and operational metrics;
 - (d) Developing work arounds to process meter data outside of MDMS when needed; and
 - (e) Enriching MDMS estimations for scenarios where meter data is missing to reduce the time period estimated.
- (7) PPL on its own initiative did not terminate electric service for any customers for nonpayment from January 2023 through June 2023;
- (8) PPL voluntarily waived all late payment fees for January and February 2023;
- (9) PPL will not seek to collect approximately \$1.7 million from customers who received estimated bills and were underbilled due to the application of the incorrect rates in the bills that trued up the estimated billing periods;
- (10) PPL refunded, through a one-time line-item credit, approximately \$1.0 million to customers who received estimated bills and were overbilled due to the application of the incorrect rates in the bills that trued up the estimated billing periods;
- (11) PPL engaged external vendors, and incurred additional expense, to provide call center support, assist with customer complaints, help with back-office billing, and assist with customer communications in 2023; and
- (12) PPL authorized significant overtime for employees to provide call center support in 2023.

² A “multi-primary” bill is a bill that contains charges for more than one billing period.

Upon Commission approval by Final Order of the Settlement, in its entirety without modification, I&E acknowledges and confirms that PPL is released from all past claims that were made or could have been made by the Commission for monetary and/or other relief based on allegations that the Company failed to comply with the allegations that are the subject of the instant I&E informal investigation.

The benefits and obligations of the Settlement Agreement noted therein and in conjunction with this Statement in Support obviate the conclusion that this settlement is in the public interest. The Parties have meticulously negotiated details regarding improvements in Company procedures. In entering this Settlement, it is I&E's position that the Company has taken extraordinary measures to respond with corrective actions to avert a similar billing issue in the future and is poised to implement or has implemented the necessary procedures for the betterment of the general public, its customers and employees.

I&E reiterates here that approval of the Settlement Agreement is in the public interest and is fully consistent with the Commission's Policy Statement for evaluating litigated and settled proceedings involving violations of the Code and Commission regulations. 52 Pa. Code § 69.1201. The Commission will serve the public interest by approving this Joint Petition for Approval of Settlement without modification. It is the Commission's long-standing policy to promote 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). 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’s Policy Statement sets forth ten (10) factors (“*Rosi* factors”) that the Commission may consider in evaluating whether a civil penalty for violating a Commission order, regulation, or statute is appropriate, as well as whether a proposed settlement for a violation is reasonable and in the public interest. 52 Pa. Code § 69.1201.

It is important to note that the Commission will not apply the *Rosi* factors 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 as long as the settlement is in the public interest.” *Id.* (*emphasis added*). By the filing of this Joint Petition for Approval of Settlement, I&E and PPL have declared that they have in good faith negotiated an amicable resolution that benefits the public, the Parties and this Commission. I&E asks that the Commission acknowledge and accept this flexibility when considering the terms and conditions painstakingly negotiated and entered into in this Settlement.

The first *Rosi* factor considers whether the conduct at issue was of a serious nature, such as fraud or misrepresentation, or if the conduct was less egregious, such as an administrative or technical error. Conduct of a more serious nature may warrant a higher civil penalty while conduct that is less egregious warrants a lower amount. 52 Pa. Code § 69.1201(c)(1). I&E acknowledges that the billing error in question may be deemed a software glitch which would seem to be a matter not, in and of itself, of a serious nature. However, the programming glitch here had a domino effect over the Company's entire billing system, which led to consequences that severely impacted the Company's customer billing process and thus its customers directly. These consequences will be addressed in the second *Rosi* factor, *infra*.

Despite the thought at first blush that a billing system malfunction would not rise to the level of a matter deemed to be of a serious nature, the resulting domino effect impacted one Billing Group to the next combined with exigent errors that exacerbated the intensity and longevity of the problem. While acknowledging that no personal injury or property damage occurred as a result of this billing issue, I&E considers the conduct at issue to be of a serious nature, and this was taken into consideration in arriving at the agreed-to civil penalty and remedial measures set forth in the Settlement.

The second factor considers whether the resulting consequences of the PPL billing system malfunction were of a serious nature. When consequences of a serious nature are involved, such as personal injury or property damage, the consequences may warrant a higher penalty. 52 Pa. Code § 69.1201(c)(2). Here, while the issue at hand did not directly result in personal injury or property damage, the resulting impact of the billing issue to customers was widespread, the duration of which extended nearly a year until completely

resolved. I&E considers the consequences of the conduct at issue to be of a serious nature, which are reflected in the terms and conditions of settlement.

The third factor to be considered under the Policy Statement is whether the alleged conduct was intentional or negligent. 52 Pa. Code § 69.1201(c)(3). “This factor may only be considered in evaluating litigated cases.” *Id.* Whether PPL’s alleged conduct was intentional or negligent does not apply here since this matter is being resolved by settlement of the Parties.

The fourth factor to be considered is whether PPL has made efforts to change its practices and procedures to prevent similar conduct in the future. 52 Pa. Code § 69.1201(c)(4). As noted in the Joint Petition, since the issue was first discovered by the Company, PPL has taken extraordinary strides in implementing new processes and improvements to existing procedures in order to safeguard a repeat occurrence of this billing system malfunction.

The fifth factor to be considered relates to the number of customers affected by the Company’s actions and the duration of the violations. 52 Pa. Code § 69.1201(c)(5). The large number of customers impacted by this event combined with the extended number of months that passed before the Company was able to completely resolve the issue weighs in favor of the proposed civil penalty.

The sixth factor to be considered relates to the compliance history of PPL. 52 Pa. Code § 69.1201(c)(6). An isolated incident from an otherwise compliant company may result in a lower penalty whereas frequent, recurrent violations by a jurisdictional entity may warrant a higher penalty. Here, a review of PPL’s compliance history with the Commission reveals that this billing matter is an isolated event. PPL’s compliance history, especially as it

relates to the lack of billing violations that are the subject of the instant Settlement, was considered in arriving at the agreed-upon civil penalty and remedial measures in this matter.

The seventh factor to be considered relates to whether the Company cooperated with the Commission's investigation. 52 Pa. Code § 69.1201(c)(7). PPL has cooperated with I&E's investigation in order to address the violations alleged as a result of the billing issue. Together, the Parties have agreed on procedural enhancements without the need for litigation. The Parties further determined that it was in their respective best interest, as well as in the public interest, to settle this matter and to reach an amicable agreement as to an appropriate civil penalty amount that adequately balances all the relevant interests under the circumstances of this case and given the capital expenditures realized or anticipated to be realized as a result of the non-monetary remedial measures to be implemented by the Company. A fair and equitable civil penalty has been reached in this Settlement Agreement without the need to pursue formal enforcement action.

The eighth factor to be considered is the appropriate civil penalty necessary to address the instant matter and to deter future violations. 52 Pa. Code § 69.1201(c)(8). I&E submits that the negotiated civil penalty amount of \$1,000,000, which is not tax deductible, and which cannot be recouped from its ratepayers is a fair, substantial and sufficient result to find that this Settlement Agreement is in the public interest.

The ninth factor to be considered relates to past Commission decisions in similar situations. 52 Pa. Code § 69.1201(c)(9). I&E submits that the instant Settlement Agreement should be viewed on its own merits and is fair and reasonable. I&E is not aware of any other matter involving a billing issue of this magnitude, but the instant Settlement is consistent with past Commission actions in that a civil penalty will be paid and corrective actions will

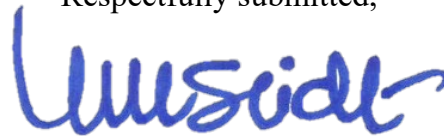
be performed to address the alleged violations.

The tenth factor considers “other relevant factors.” 52 Pa. Code § 69.1201(c)(10). In support of the \$1,000,000 civil penalty, I&E again notes the depth and detail to which the Company has agreed to implement procedural enhancements that address this matter and should improve service to all customers throughout the Company’s service territory. Given the fair civil penalty to be paid by PPL and the corrective measures agreed to by the Company, there is simply no benefit to delaying the implementation of such procedural enhancements and proceeding to litigation or seeking a more significant monetary penalty.

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. PPL has agreed to pay a fair civil penalty as part of this Settlement Agreement and, more importantly, has or will implement enhancements to its procedures that will benefit all customers in its service territory and the public in general. Accordingly, approval of this Settlement Agreement without modification is in the public interest.

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

Respectfully submitted,



Michael L. Swindler
Deputy Chief Prosecutor
PA Attorney ID No. 43319

Pennsylvania Public Utility Commission
Bureau of Investigation and Enforcement
Commonwealth Keystone Building
400 North Street
Harrisburg, PA 17120
(717) 783-6369
mwindler@pa.gov

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

Investigation of PPL Electric Utilities :
Corporation for potential violations of 52 :
Pa. Code § 56.1, *et seq.*, of the : Docket No. M-2023-3038060
Commission’s regulations and 66 Pa.C.S. :
§ 1501 of the Public Utility Code :

**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 investigation into the alleged billing and customer service issues that stemmed from a failure of the customer meter data transferring from the Company’s meter data management system (“MDMS”) to its customer service system (“CSS”) for certain customers and resulted in many customers receiving estimated bills or no bills (hereinafter, “Billing Issues”).

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 or about February 1, 2023, I&E initiated an informal investigation into PPL Electric concerning the Company's Billing Issues. 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 this Settlement, PPL Electric has made commitments to resolve the Billing Issues and help prevent them from occurring in the future. Moreover, the Settlement obviates the need for I&E, PPL Electric, and the Commission to devote substantial time and 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. 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, PPL Electric believes that the Settlement is just and reasonable and is in the public interest. Therefore, the Settlement should be approved without modification.

III. THE SETTLEMENT IS IN THE PUBLIC INTEREST

The Commission should approve the Settlement without modification because the Settlement's terms and conditions are just and reasonable and in the public interest. This

Settlement was achieved by the parties after a thorough investigation by I&E into the Company's Billing Issues. The Settlement represents 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 resolve the Billing Issues and take steps to prevent them from occurring in the future.

Further, as stated in Paragraph 41 of the Settlement, I&E has agreed that the Settlement is in the public interest, "effectively addresses I&E's allegations of billing procedure violations that were the subject of the I&E's informal investigation," and "avoids the time and expense of litigation, which entails hearings and the preparation and filing of briefs, exceptions, reply exceptions, as well as possible appeals." (Settlement ¶ 41.) In exchange for stipulating to these terms and conditions, I&E has agreed to conclude its informal investigation and not institute any Formal Complaint related to these issues. (*See* Settlement ¶ 40.)

A. CIVIL PENALTY

Under Paragraph 38(a) of the Settlement, PPL Electric will pay a civil penalty of \$1.0 million to "fully and finally resolve all possible claims of alleged violations of the Public Utility Code and the Commission's regulations in connection with" the Billing Issues ." (Settlement ¶ 38(a).) "The civil penalty shall not be tax deductible pursuant to Section 162(f) of the Internal Revenue Code, 26 U.S.C.S. § 162(f) or passed through as an additional charge to [the Company's] customers in Pennsylvania." (Settlement ¶ 38(a).) PPL Electric's payment of this civil penalty will "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: Rosemary Chiavetta, Secretary Pennsylvania Public Utility Commission Commonwealth Keystone Building 400 North Street Harrisburg, PA 17120." (Settlement ¶ 38(a).)

PPL Electric fully acknowledges the impact that the Billing Issues had on the affected customers as well as the need to prevent those issues from arising in the future. The agreed-upon civil penalty amount reflects both the serious nature of the Billing Issues, balanced against the Company's: (1) cooperation with I&E's informal investigation; and (2) the Company's steps to address these technical issues and other corrective actions.

In fact, as set forth in Paragraph 38(b) of the Settlement, PPL Electric has voluntarily taken several notification and corrective actions in response to the Billing Issues:

- a) PPL Electric provided information to the Commission's Bureau of Consumer Services ("BCS") of the billing issues it was experiencing due to the MDMS-CSS meter data transfer failure;
- b) Additionally, PPL Electric provided periodic updates to the Office of Consumer Advocate, Office of the Small Business Advocate, and the Pennsylvania Utility Law Project;
- c) After identifying the impacted accounts, PPL Electric conducted outreach to all of the affected customers;
- d) These outreach efforts included the following:
 - (i) Starting December 18, 2022, PPL Electric customer service representatives were provided with talking points to answer customer questions about the estimated bills;
 - (ii) On January 31, 2023, PPL Electric sent a letter via regular mail and e-mail to all customers from its then-President, Stephanie Raymond, explaining the estimated bills and higher energy prices. At this time, PPL Electric also launched a dedicated landing page on its website to address bill questions, this messaging was updated regularly with content, including bill explainer videos, information on understanding higher energy costs, and direct access to assistance programs and bill support. The Company directed customers to this information from its social media channels, media relations, customer emails, and digital newsletters;
 - (iii) Starting on February 10, 2023, the Company sent a letter to the first group of customers who would have their bills canceled and rebilled because the original bill did not include or only included partial supplier charges. This letter was sent to the subsequent groups of customers who would have their bills canceled and

rebilled on February 16, 2023, March 18, 2023, and April 10, 2023;

- (iv) On February 23, 2023, the Company sent a letter to customers who had not received a bill since the beginning of the billing issue;
 - (v) Beginning in January 2023, PPL Electric provided periodic updates to electric generation suppliers (“EGSs”) through the Company’s Supplier Portal; and
 - (vi) In March and April 2023, PPL Electric held two customer outreach workshops in conjunction with local legislators to provide one on one support to senior citizens with bill questions.
- e) PPL Electric provided BCS with regular updates and responded to inquiries on the billing issues and the Company’s progress in resolving them;
 - f) The Company instituted or is in the process of developing a series of practices and protocols to help prevent and insulate the technical issues with the MDMS-CSS data transfer that caused these issues, including:
 - (i) Revising back-office processes to reduce the number of no-bill and multi-primary bills¹;
 - (ii) Evaluating the formula to calculate estimates to determine if improvements can be made to the estimation process²;
 - (iii) Creating internal daily control reports on estimated bills, multi-primary bills, and daily meter read rates and operational metrics³;
 - (iv) Developing work arounds to process meter data outside of MDMS when needed⁴; and
 - (v) Enriching MDMS estimations for scenarios where meter data is missing to reduce the time period estimated.⁵
 - g) PPL Electric on its own initiative did not terminate electric service for any customers for nonpayment from January 2023 through June 2023;
 - h) PPL Electric voluntarily waived all late payment fees for January and February 2023;

¹ A “multi-primary” bill is a bill that contains charges for more than one billing period. See Section 1 of Appendix C for additional information about the Company’s revisions to its back-office processes to reduce the number of no-bill and multi-primary bills.

² See Section 2 of Appendix C for additional information.

³ See Section 3 of Appendix C for additional information.

⁴ See Section 4 of Appendix C for additional information.

⁵ See Section 5 of Appendix C for additional information.

- i) PPL Electric is owed but will not seek to collect approximately \$1.7 million from customers who received estimated bills and were underbilled due to the application of the incorrect rates in the bills that trued up the estimated billing periods;
- j) PPL Electric refunded, through a one-time line-item credit, approximately \$1.0 million to customers who received estimated bills and were overbilled due to the application of the incorrect rates in the bills that trued up the estimated billing periods;
- k) PPL Electric engaged external vendors, and incurred additional expense, to provide call center support, assist with customer complaints, help with back-office billing, and assist with customer communications in 2023; and
- l) PPL Electric authorized significant overtime for employees to provide call center support in 2023.

Moreover, PPL Electric incurred significant costs when responding to the Billing Issues to help mitigate customer impacts, including, but not limited to: (1) experiencing approximately \$2.3 million loss of revenue from voluntarily waiving late fees; (2) incurring approximately \$7.8 million of additional bad debt expense arising out of the voluntary service termination moratorium; (3) forgoing collection of approximately \$1.7 million from customers who were underbilled in the estimation true-up process; (4) incurring an additional approximately \$3.7 million of unplanned costs in engaging external vendors; and (5) incurring approximately \$700,000 of unbudgeted employee overtime expense (totaling approximately \$16.2 million in mitigation costs). (Settlement ¶ 38(c).) Critically, under the Settlement, PPL Electric has agreed not to recover any of these mitigation costs from Pennsylvania consumers by any future proceeding, device, or manner whatsoever. (Settlement ¶ 38(c).)

Furthermore, when evaluating litigated and settled proceedings involving alleged violations of the Public Utility Code and the Commission's regulations, the Commission considers a series of factors and standards to determine whether the civil penalty is adequate. Those factors and standards are the following:

- (1) Whether the conduct at issue was of a serious nature. When conduct of a serious nature is involved, such as willful fraud or misrepresentation, the conduct may warrant a higher penalty. When the conduct is less egregious, such as administrative filing or technical errors, it may warrant a lower penalty.
- (2) Whether the resulting consequences of the conduct at issue were of a serious nature. When consequences of a serious nature are involved, such as personal injury or property damage, the consequences may warrant a higher penalty.
- (3) Whether the conduct at issue was deemed intentional or negligent. This factor may only be considered in evaluating litigated cases. When conduct has been deemed intentional, the conduct may result in a higher penalty.
- (4) Whether the regulated entity made efforts to modify internal practices and procedures to address the conduct at issue and prevent similar conduct in the future. These modifications may include activities such as training and improving company techniques and supervision. The amount of time it took the utility to correct the conduct once it was discovered and the involvement of top-level management in correcting the conduct may be considered.
- (5) The number of customers affected and the duration of the violation.
- (6) The compliance history of the regulated entity which committed the violation. An isolated incident from an otherwise compliant utility may result in a lower penalty, whereas frequent, recurrent violations by a utility may result in a higher penalty.
- (7) Whether the regulated entity cooperated with the Commission's investigation. Facts establishing bad faith, active concealment of violations, or attempts to interfere with Commission investigations may result in a higher penalty.
- (8) The amount of the civil penalty or fine necessary to deter future violations. The size of the utility may be considered to determine an appropriate penalty amount.
- (9) Past Commission decisions in similar situations.
- (10) Other relevant factors.

52 Pa. Code § 69.1201(c)(1)-(10).

Here, the Commission's factors and standards weigh in favor of the agreed-upon civil penalty. First, the Company did not engage in willful fraud or misrepresentation that may warrant a higher civil penalty. *See id.* § 69.1201(c)(1). Indeed, at their crux, the Billing Issues involved technical errors. (*See Settlement ¶ 8.*) As noted previously, the Billing Issues stemmed from a failure of the customer meter data transferring from the Company's MDMS to its CSS for certain customers and resulted in many customers receiving estimated bills or no bills.

Second, although PPL Electric fully acknowledges the Billing Issues' impact on the affected customers, PPL Electric's conduct did not result in personal injury, property damage, or any similar consequence of a similar nature that may warrant a higher civil penalty. *See 52 Pa. Code § 69.1201(c)(2).* The Company also took steps to address the Billing Issues' impact on the affected customers, including: (1) voluntarily waiving all late payment fees for January and February 2023; (2) voluntarily instituting a service termination moratorium for all customers from January 2023 to June 2023; (3) not seeking to collect approximately \$1.7 million from customers who received estimated bills and were underbilled due to the application of the incorrect rates in the bills that trued up the estimated billing periods; and (4) refunding, through a one-time line-item credit, approximately \$1.0 million to customers who received estimated bills and were overbilled due to the application of the incorrect rates in the bills that trued up the estimated billing periods. (*See Settlement ¶ 38(c).*)

Third, PPL Electric made significant efforts to modify internal practices and procedures to address the conduct at issue and prevent similar conduct in the future. *See 52 Pa. Code § 69.1201(c)(4).* As explained previously, PPL Electric instituted or is in the process of developing a series of practices and protocols to help prevent and insulate the technical issues with the MDMS-CSS data transfer that caused these issues, including: (1) revising back-office

processes to reduce the number of no-bill and multi-primary bills; (2) evaluating the formula to calculate estimates to determine if improvements can be made to the estimation process; (3) creating internal daily control reports on estimated bills, multi-primary bills, and daily meter read rates and operational metrics; (4) developing work arounds to process meter data outside of MDMS when needed; and (5) enriching MDMS estimations for scenarios where meter data is missing to reduce the time period estimated. (*See* Settlement ¶ 38(b)(6); Settlement, Appx. C.)

Fourth, PPL Electric believes that its compliance history weighs in favor of the agreed-upon civil penalty and that the incidents at issue are an isolated incident from an otherwise compliant utility. *See* 52 Pa. Code § 69.1201(c)(6). Also, PPL Electric's significant steps to prevent the Billing Issues from occurring the future should help maintain or improve the Company's compliance history.

Fifth, PPL Electric fully cooperated with I&E's investigation and has been transparent with stakeholders and the affected customers. *See id.* § 69.1201(c)(7). The Company never engaged in bad faith, active concealment of violations, or attempts to interfere with I&E's investigation. Moreover, PPL Electric provided BCS with regular updates and responded to inquiries on the Billing Issues and the Company's progress in resolving them. (*See* Settlement ¶ 38(b)(5).) The Company also provided periodic updates to the Office of Consumer Advocate, Office of the Small Business Advocate, and the Pennsylvania Utility Law Project. (*See* Settlement ¶ 38(b)(2).) Further, PPL Electric conducted significant outreach to the affected customers. (*See* Settlement ¶ 38(b)(3)-(4).)

Sixth, the amount of the agreed-upon \$1.0 million civil penalty is more than sufficient to deter future violations. *See* 52 Pa. Code § 69.1201(c)(8). As noted above, PPL Electric incurred a total of approximately \$16.2 million when responding to the Billing Issues to help mitigate

customer impacts, and the Company will not recover any of those costs from consumers. (*See* Settlement ¶ 38(c).) Even without the \$1.0 million civil penalty, PPL Electric has more than enough incentive to help prevent the Billing Issues from occurring in the future.

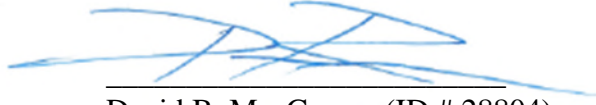
For these reasons, although the Billing Issues affected a large amount of PPL Electric's customers,⁶ the Commission's factors and standards for evaluating civil penalties, on balance, weigh in favor of the agreed-upon civil penalty of \$1.0 million. Thus, the Settlement's terms and conditions are just and reasonable and in the public interest, and the Commission should approve them without modification.

⁶ *See* 52 Pa. Code § 69.1201(c)(5).

IV. CONCLUSION

WHEREFORE, for the reasons explained above, and those set forth in the Settlement, the terms and conditions 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,



Kimberly A. Klock (ID # 89716)
Michael J. Shafer (ID # 205681)
PPL Services Corporation
Two North Ninth Street
Allentown, PA 18101
Phone: 610-774-2599
Fax: 610-774-4102
E-mail: kklock@pplweb.com
E-mail: mjshafer@pplweb.com

David B. MacGregor (ID # 28804)
Devin T. Ryan (ID # 316602)
Post & Schell, P.C.
17 North Second Street, 12th Floor
Harrisburg, PA 17101-1601
Phone: 717-731-1970
Fax: 717-731-1985
E-mail: dmacgregor@postschell.com
E-mail: dryan@postschell.com

Date: November 21, 2023

Attorneys for PPL Electric Utilities Corporation

The Company instituted or is in the process of developing a series of practices and protocols to help prevent and insulate the technical issues with the MDMS-CSS data transfer that caused these issues, including:

1. Revising back-office processes to reduce the number of no-bill and multi-primary bills.

Preventing No Bills:

- PPL Electric created a report of accounts without meters on hold, adjusted bill review criteria to prevent unnecessary billing suspensions, and has been analyzing service orders that are preventing customer accounts from billing, such as:
 - Stale meter report;
 - Trouble calls;
 - Field orders;
 - Service work orders; and
 - Meter changes.

Preventing Multi-Primary Bills:

- The Company updated the contact center practice to no longer allow back-office billers to bill aged no-bills as multi-primary. The updated process requires billing to be done month by month.
- The Company established a process that prevents inaccurate billing with multi-primary bills. These bills are automatically placed in “pull-bill” status and are not released to the customer until they are reviewed and approved.
 - A report is generated daily showing all multi-primary bills that must be reviewed. If the multi-primary bill caused incorrect billing, the bill is canceled. The account can then be rebilled monthly.

2. Evaluating the formula to calculate estimates to determine if improvements can be made to the estimation process.

This evaluation is in progress, including prioritizing MDMS estimation over CSS estimation. The goal of this evaluation is to look for ways to minimize the use of estimated bills, but when it is necessary to estimate, to have a process that produces as accurate as possible estimates. This analysis will include consideration of how estimated bills impact budget billing customers. If and when the estimated billing formula is updated, PPL Electric can provide BCS with an explanation of how the new formula may affect budget billing customers.

3. Creating internal daily reports on estimated bills, multi-primary bills, and daily meter read rates and operational metrics.

The Company has created a meter to cash controls dashboard that provides visibility and alerts for the meter to cash process and system health. In addition to the dashboard providing visibility, an action plan is being developed for each control in the event a value is out of range, *i.e.*, a playbook on how to respond to an event. The following data points are available via the dashboard and/or control reports:

- Meter Read Rates in Command Center – shows daily read rates and interval read rates;

- Number of daily CSS and MDMS estimates;
- Daily estimated bill count - shows estimated bills for current bill groups;
- Daily multi-primary bill count – shows number of multi-primary bills generated;
- Back-office billing work items;
- Reads Requested/Reads Received between MDMS and CSS;
- Collector reading report (P1:LP Snapshot) - shows read rates by AMI collector; and
- Estimated meters report - daily report showing all estimated meters.

A screenshot of the dashboard is provided below:

The screenshot shows the 'Meter to Cash Dashboard' with a search bar and navigation menu on the left. The dashboard contains several data tables:

- Daily Read Rate:**

Date	Meters Read
10/10/2023	99.73%
- Interval Read Rate:**

Date	Intervals Received
10/9/2023	99.72%
- Reads Requested and Received Between MDMS and CSS:**

Date	Reads Requested	Percent of Reads Received
10/10/2023	72,773	99.70%
- CSS Estimates:**

Date	Count
10/6/2023	4
- MDMS Estimates:**

Date	Count
9/28/2023	2
- Types of Bills Sent to Customers:**

Date	EDI	EDI and Paper	Mail	PPL Paperless	Total
10/6/2023	716	1	46,395	24,092	71,204
- Readings Posted as Ready to Bill:**

Date	Count
10/9/2023	70,608
- Multi-Primary Bill Count:**

Bill Date	Commercial	Not Found	Residential	Total
10/9/2023	7	13	48	68
- Amount of Cash Posted:**

Date	Amount
10/9/2023	\$17,234,569.59
- Service Orders That Did Not Auto-Complete:**

Date	Count
10/9/2023	78
- Daily Readings by Bill Group:**

Bill Group	Start Date	End Date	No. of Requests	Day 1 #	Day 1 %	Day 2 #	Day 2 %	Day 3 #	Day 3 %	Day 4 #	Day 4 %	CSS Estimated	MDMS Estimated	Total Estimated
9	10/9/2023	10/12/2023	70,305	70,129	99.75									
8	10/6/2023	10/11/2023	71,234	71,055	99.75	0	99.75							
7	10/5/2023	10/10/2023	71,660	71,388	99.62	52	99.69	0	99.69			156	29	185
6	10/4/2023	10/9/2023	73,861	73,674	99.75	2	99.75	0	99.75	0	99.75			

4. Developing work arounds to process meter data outside of MDMS when needed.

This process was established in response to the billing event earlier this year. The Company now has processes where meter data can circumvent MDMS and be uploaded directly to CSS so that customers can receive bills based on actual meter data. This process will allow the Company to respond more quickly to a similar event where meter data is unable to be ingested by MDMS under normal processes.

5. Enriching MDMS estimations for scenarios where meter data is missing to reduce the time period estimated.

This is being evaluated as part of the review of the estimation process. The technical team is assembling a plan that includes CSS updates as well as MDMS updates. Additional enhancements being considered:

- Making bill corrections if an actual read (“replacement read”) is received after an estimated bill is released.
- Postponing estimated bills from being released to allow additional time to collect actual meter reads.

- Implementing a dynamic pre-bill – create accurate multi-primary bills with varying charges across bill periods.

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

Pennsylvania Public Utility Commission, :
Bureau of Investigation and Enforcement's :
Investigation of PPL Electric Utilities :
Corporation for potential violations of 52 : Docket No. M-2023-3038060
Pa. Code § 56.1, *et seq.*, of the :
Commission's regulations and 66 Pa.C.S. :
§ 1501 of the Public Utility Code :

CERTIFICATE OF SERVICE

I hereby certify that I have this day, November 21, 2023, served a true copy of the foregoing **Joint Petition for Approval of Settlement**, upon the parties listed below, in accordance with the requirements of 52 Pa. Code § 1.54 (relating to service by a party).

Service by Electronic Mail:

Christine M. Martin, President
PPL Electric Utilities Corporation
Two North Ninth Street
Allentown, PA 18101
cmmartin@pplweb.com

Devin T. Ryan
Post & Schell P.C.
17 North Second Street, 12th Floor
Harrisburg, PA 17101-1601
dryan@postschell.com



Michael L. Swindler
Deputy Chief Prosecutor
Bureau of Investigation and Enforcement
PA Attorney ID No. 43319
(717) 783-6369
mwindler@pa.gov