

**PENNSYLVANIA
PUBLIC UTILITY COMMISSION
Harrisburg, PA 17120**

Public Meeting held April 25, 2024

Commissioners Present:

Stephen M. DeFrank, Chairman
Kimberly Barrow, Vice Chair, Dissenting, Conflict Statement
Ralph V. Yanora
Kathryn L. Zerfuss
John F. Coleman, Jr., Dissenting

Pennsylvania Public Utility Commission,
Bureau of Investigation and Enforcement

M-2023-3038060

v.

PPL Electric Utilities Corporation

OPINION AND ORDER

BY THE COMMISSION:

Before the Pennsylvania Public Utility Commission (Commission) for consideration and disposition is the proposed Joint Petition for Approval of Settlement (Settlement, Settlement Agreement, or Petition) filed on November 21, 2023, by the Commission's Bureau of Investigation and Enforcement (I&E) and PPL Electric Utilities Corporation (PPL or the Company) (collectively, the Parties), with respect to an informal investigation conducted by I&E. The Parties each filed Statements in Support of the Settlement and submit the proposed Settlement is in the public interest and consistent with the standards delineated in the Commission's Policy Statement at 52 Pa. Code

§ 69.1201, *Factors and Standards for Evaluating Litigated and Settled Proceedings Involving Violations of the Public Utility Code and Commission Regulations.*

Petition at 17.

By Order entered January 18, 2024 (*January 2024 Order*), we provided interested parties with the opportunity to file comments on the Settlement. In addition to the 160 *pro se* comments¹ received from members of the public and PPL customers, we also have before us for disposition the comments of the Office of Consumer Advocate (OCA) and the Coalition for Affordable Utility Services and Energy Efficiency in Pennsylvania (CAUSE-PA), each filed on February 28, 2024. Reply Comments were also filed by I&E and PPL, with each replying Party submitting their Reply Comments on March 19, 2024. The Commission also received a letter from Representative Jim Haddock.

For the reasons set forth herein, we shall modify and tentatively approve the proposed Settlement, consistent with this Opinion and Order.

I. History of the Proceeding

This matter arises from multiple PPL billing system malfunctions caused by technical issues. Petition at 3. These technical issues temporarily rendered customer meter data unavailable in the Company's customer service system, resulting in the promulgation of unusually high or low estimated bills, or no bills at all. *Id.* The billing

¹ Of the 160 *pro se* comments submitted in this matter, sixteen (16) were filed after the deadline of February 28, 2024. We shall, pursuant to the authority granted in 52 Pa. Code §1.2(a), accept and consider these comments in our review of the Settlement. In doing so, we note the *pro se* nature of these commenters and the lack of effect on the substantive rights of the parties in this matter.

issues were exacerbated by the lack of adequate customer support available via phone to discuss billing concerns with customers. *Id.*

The matter was referred to I&E by the Commission's Bureau of Consumer Services (BCS) on January 31, 2023. Petition at 2. I&E determined an investigation was necessary to determine whether the events and actions taken by PPL violated any regulations, laws, or orders over which the Commission has jurisdiction. *Id.* at 3.

Thereafter, the Parties entered negotiations and agreed to resolve the matter in accordance with the Commission's policy to promote settlements at 52 Pa. Code § 5.231 (a). *Id.* at 11. As mentioned *supra*, the Parties filed the instant Settlement on November 21, 2023. The Parties to the Settlement in this instance have each filed a Statement in Support. *See*, Appendix A and B to Settlement, which are Statements in Support filed by I&E and PPL, respectively.

As noted, by the *January 2024 Order*, we directed that notice of the Order and the proposed Settlement be published in the *Pennsylvania Bulletin*, to provide an opportunity for interested parties to file comments with the Commission regarding the Settlement within twenty-five days after the date of publication.

On February 3, 2024, the *January 2024 Order*, along with the Settlement and Statements in Support, were published in the *Pennsylvania Bulletin*, 54 Pa.B. 592, (February 3, 2024). In accordance with the *January 2024 Order*, comments on the proposed Settlement were due on or before February 28, 2024 (*i.e.*, twenty-five days after the *January 2024 Order* was published). A total of 160 *pro se* comments were received from members of the public and PPL customers in response to the *January 2024 Order*.²

² A complete listing of the *pro se* commenters is provided as Appendix A of this Opinion and Order.

On February 28, 2024, CAUSE-PA and OCA both filed comments. On March 19, 2024, Reply Comments were filed by both I&E and PPL.

II. Background

On January 31, 2023, BCS referred this matter, regarding PPL's system-wide billing issues, to I&E. Petition at 2-3. Thereafter, I&E sent correspondence and data requests to PPL concerning the billing issue.

On February 21, 2023, PPL submitted its responses to I&E Data Requests – Set I. In its responses, PPL 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). Petition at 4. The inability to transfer the data impeded normal customer billing operations and resulted in PPL sending customers estimated December 2022 bills. *Id.* When PPL transitioned back to actual metered data, human error caused additional incorrect bills to be issued, while some customers did not receive a bill. *Id.*

After additional data requests and responses were exchanged, I&E and PPL personnel met in person on April 27, 2023, to discuss the informal investigation. Petition at 5.

The Petition states that had the matter been fully litigated, I&E would have proffered evidence and legal argument 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. Petition at 5. Specifically, the alleged violations relate to the following issues: (1) No Bills; (2) Estimated Billing; (3) Billing Group 12; and (4) Customer Service – Abandoned Calls. *Id.* at 5-11.

First, due to the MDMS failure, 48,168 PPL accounts did not receive a bill during one or more of their billing periods from December 2022 through April 2023. Petition at 5. As of May 5, 2023, 223 accounts had yet to receive their first bill since being first impacted by the MDMS failure over five (5) months earlier in December 2022. *Id.* From December 2022 through April 2023, 91,676 unique accounts received no bills. *Id.* at 5-6. The Petition draws a comparison between the December 2022 through April 2023 time period and the January through November 2022 time period where the average number of accounts that received no bills was 568 per month, or a total of approximately 6,248 unique accounts. *Id.* at 5-7.

The Petition makes clear that I&E takes the position that due to the MDMS failure, PPL violated 52 Pa. Code § 56.11 of the Commission's Regulations when residential customers did not receive at least one of their monthly bills between December 2022 and April 2023. Petition at 6. While I&E states that 66 Pa. C.S. § 1501, relating to character of service and facilities, does not dictate that a utility must provide perfect service to its customers, by PPL's failure to render bills to 48,168 accounts for at least one month during the December 2022 through April 2023 period and to 91,676 unique accounts who received no PPL utility bills from December 2022 through April 2023, PPL violated Section 1501 by failing to provide the impacted customers with adequate, efficient, and reasonable service. *Id.* at 6-7.

Next, the Petition states that due to the MDMS failure, PPL 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. Petition at 7. PPL indicated that many of these estimated bills were unusually high or low, or contained missing or incomplete supplier charges. *Id.*

It is I&E's position that due to the MDMS failure, PPL violated 52 Pa. Code § 56.12 and 66 Pa. C.S. § 1501 by issuing the irregular estimated bills.

Petition at 7. Specifically, the Petition states that 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. *Id.* at 8. The Petition explains that PPL analyzed 387,895 bills that were estimated in January 2023 as a result of the MDMS issue. *Id.* The analysis concluded that 67.31% (261,104 customers) of the bills had an estimate differing from the customers' actual usage of 10% or greater. *Id.* Of the 67.31%, 34.36% were shown to have an estimate that varied from actual usage by more than 25%. *Id.* Moreover, 47,904 customer bills were based on an estimate differing from actual usage by more than 50%. *Id.* I&E submits that the billing difference exceeding 50% for 47,904 customers is unreasonable, and therefore, PPL failed to provide these customers with reasonable service. *Id.*

In addition to the estimated billing issue, PPL discovered that 82,784 customer bills did not include any supplier charges or included, at most, only partial supplier charges resulting in severely inaccurate bills. Petition at 9. After the discovery, and in an attempt to correct the bills, PPL began cancelling the estimated bills and rebilling the accounts in order to correct the supplier charges portion of the bill. *Id.* In some instances, customers were asked to pay, or voluntarily paid, the estimated bills at the same time PPL began cancelling and rebilling some customers. *Id.* The process took months to resolve. *Id.* It is I&E's position that by rendering estimated bills with missing or incomplete supplier charges to 82,784 customers PPL violated Section 1501 of the Code by failing to provide adequate, efficient, and reasonable service to those customers. *Id.*

In the Petition, it was explained that when PPL attempted to resume billing customers based on actual metered data, there was an issue processing Billing Group 12 which caused 3,805 customers to be sent incorrect bills. Petition at 9. I&E submits that by issuing the incorrect bills, PPL failed to provide these customers with reasonable service in violation of 66 Pa. C.S. § 1501. *Id.* at 10.

Finally, the Petition stated that due to the billing issues, PPL experienced an increase in call volume from customers seeking explanations for their higher-than-normal bills. Petition at 10. The unanticipated influx of inbound calls by affected customers overwhelmed PPL's customer service support which resulted in customers experiencing long wait times on hold or being disconnected before reaching a representative. *Id.* To illustrate the matter, the Petition stated that in January 2023, PPL received 217,539 calls, 89,315 (or 41%) of which were abandoned compared to an average abandonment rate of less than 20% in 2022. *Id.*

It is I&E's position that 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 failed to provide these customers with adequate, efficient, and reasonable service in violation of Section 1501. Petition at 10.

III. Terms and Conditions of the Settlement

The Parties submit that the Settlement Agreement is in the public interest because it effectively addresses I&E's allegations that are the subject of the I&E informal investigation and avoids the time and expense of litigation. Both Parties jointly acknowledge that approval of the Settlement Agreement is in the public interest and is fully consistent with the Commission's Policy Statement at 52 Pa. Code § 69.1201. Petition at 15.

The Settlement consists of the Joint Petition for Approval of Settlement containing the terms and conditions of the Settlement including three Attachments, the Statement in Support of the Settlement of I&E (Appendix A to the Petition), the Statement in Support of the Settlement of PPL (Appendix B to the Petition), and an

Accompanying Document of Remedial Measures (Appendix C to the Petition), filed on November 21, 2023.

Pages 11-15 of the Settlement Agreement set forth the full Settlement Terms and Conditions.

The essential terms of the Joint Settlement are set forth in Paragraph Nos. 38-41 of the Petition, which is recited in full, below, as it appears in the Petition:

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 bills;

- (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 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.

Settlement Agreement at ¶¶ 38-41 (internal citations omitted).

IV. Discussion

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. PUC, et al. v. City of Lancaster - Bureau of Water*, Docket Nos. R-2010-2179103, *et al.* (Order entered July 14, 2011). Rather, the benchmark for determining the acceptability of the proposed Settlement is whether the proposed terms and conditions are in the public interest. *Id.* (citing *Warner v. GTE North, Inc.*, Docket No. C-00902815 (Order entered April 1, 1996); *Pa. PUC v. C.S. Water and Sewer Associates*, 74 Pa. P.U.C. 767 (1991)).

Pursuant to the Commission's Regulations at 52 Pa. Code § 5.231, it is the Commission's policy to promote settlements. The Commission must, however, review proposed settlements to determine whether the terms are in the public interest. *Pa. PUC v. Philadelphia Gas Works*, Docket No. M-00031768 (Opinion and Order entered January 7, 2004).

Furthermore, consistent with the Commission’s policy to promote settlements, we have promulgated a Policy Statement at 52 Pa. Code § 69.1201, which sets forth ten factors that we may consider in evaluating whether a civil penalty for violating a Commission Order, Regulation, or statute is appropriate, as well as if a proposed settlement for a violation is reasonable and approval of a proposed settlement agreement is in the public interest (alternatively, the *Rosi* factors). The Commission will not apply the 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.* The Policy Statement sets forth the guidelines we use when determining whether, and to what extent, a civil penalty is warranted. Based on our review of the Settlement terms and conditions, and applying the relevant factors in this case, we find that the Settlement should be modified and tentatively approved consistent with this Opinion and Order.

A. Comments and Reply Comments Filed in Response to the *January 2024 Order*

As previously noted, the Commission received comments from the OCA, CAUSE-PA, and 160 individuals in response to our *January 2024 Order* issuing the proposed Settlement for comment. A summary of the Comments, Reply Comments, and our Disposition are below.

1. The OCA’s Comments

In its Comments, the OCA states that the Settlement fails to sufficiently address the harm to the public and ultimately requests that the Commission modify the Settlement. The OCA raises three concerns about the Settlement. Specifically, the OCA: (1) requests that a portion of the civil penalty be directed to PPL’s Hardship Fund;

(2) submits the Settlement does not sufficiently address the issues presented; and
(3) states that the Settlement does not provide for adequate remedies for impacted customers. OCA Comments at 8-17.

First, the OCA acknowledges that the Settlement calls for a \$1 million civil penalty for PPL's actions and does not challenge the amount; however, it recommends that a portion of the civil penalty be directed to the Company's Hardship Fund. OCA Comments at 8-9. The OCA explains that the civil penalty penalizes PPL but does not provide relief for the financial impact to customers. *Id.* at 9. The OCA states that the PPL billing issues were an inconvenience to all customers but more critically to economically vulnerable customers because it impacted their ability to receive a Low Income Home Energy Assistance Program (LIHEAP) Crisis grant. *Id.* The OCA recognizes that it supported PPL in its decision to not issue termination notices during this time, but it prevented LIHEAP-eligible customers from applying for a LIHEAP Crisis grant due to the fact that they were not facing termination of service (a condition necessary to receive the grant). *Id.*

The OCA avers that given the financial impacts that may still be affecting customers, it would be reasonable to direct funds from the \$1 million civil penalty to the Company's Hardship Fund. OCA Comments at 9. The OCA submits that an allocation of a portion of the civil penalty to the Hardship Fund will tie the penalty to the impact of PPL's actions. *Id.* Specifically, the OCA requests that between \$500,000 - \$750,000 of the penalty be directed to the Hardship Fund, and PPL should be barred from claiming any charitable deduction for the contribution. *Id.* at 10.

Next, the OCA submits that the Settlement does not sufficiently address the issues raised by the billing system malfunction. OCA Comments at 10. The OCA pointed out that the Settlement discusses the efforts that PPL took in response to the billing malfunction and the cost to correct its own errors but remained silent on the

impacts and hardships PPL customers endured. *Id.* The OCA asserts that some of the measures PPL took were the minimum necessary in order to explain the problems to the customers and other interested stakeholders. *Id.* at 11. As a public utility, the OCA explains, PPL had an obligation under Section 1501 of the Code to take any and all actions required to provide safe and adequate service. *Id.* Specifically, the OCA points to Settlement ¶¶ 38(b)(12), (c), where the Settlement discusses PPL's authorization of significant overtime for employees to provide call center support in 2023 which totaled approximately \$700,000. *Id.* The OCA argues that the overtime cost should be considered a cost of operating a 24/7/365 business and should not be considered extraordinary, especially when addressing and resolving issues arising from PPL's own billing system failures. *Id.* The OCA goes on to state that the Settlement fails to fully address how customers were impacted by PPL's actions. *Id.* The failure of PPL's billing system impacted its ability to meet the requirements under the law, specifically 66 Pa. C.S. §1501 (requirement to provide safe and efficient service), 52 Pa. Code § 56.11 (requirement to render monthly bills), and 52 Pa. Code §56.12(3) (requirement that estimated bills be reasonably accurate). *Id.*

The OCA takes issue with PPL's deficient response to the crisis. OCA Comments at 11. The OCA states that PPL's communication was delayed and took longer than it should have. *Id.* The Settlement mentions that the customers were sent their first notification of the issue as of January 31, 2023, but customer service representatives were provided talking points on December 18, 2023. *Id.* at 11-12. The OCA opines that PPL knew that its customers were going to be impacted in December but did not communicate until customers received their bills. *Id.* Furthermore, the OCA states that PPL should have anticipated increased call volumes in December 2023 but failed to prepare for the influx of additional calls. *Id.* Additionally, the OCA points out the Settlement's failure to discuss specific details about how customers were contacted and what was communicated and how PPL should handle a similar situation in the future. *Id.*

The OCA recommends that the Settlement be modified to reflect PPL's fixes to the customer service deficiencies and how the Company will address those emergency deficiencies in the future, something the current Settlement is silent on. OCA Comments at 12. The OCA would like PPL to be required, with a defined timeline for implementation, to invest in its call center and have external vendors available to handle call overflow in the future with such vendors preferably being Pennsylvania-based to better assist Pennsylvania customers. *Id.* at 12-13.

The OCA argues that the Settlement lacks any details and implementation timelines regarding revisions to the Company's practices and procedures it committed to in the Settlement at ¶ 36(b)(6). OCA Comments at 13. The OCA recommends that the Settlement include a detailed timeline of implementation and require that progress be reported to the Commission within a filing at this docket, served on statutory advocates and the Pennsylvania Utility Law Project (PULP) to gain public accountability and transparency. *Id.* Furthermore, the OCA requests that any and all proposals outlined in the Settlement at ¶ 36(b)(6) have statutory-mandated metrics consistent with 66 Pa. Code § 1501 and timelines to meet. *Id.* at 14. Additionally, the OCA requests that PPL provide quarterly reports to the OCA, statutory advocates and PULP regarding their progress. *Id.*

The OCA states that the Settlement at ¶ 36(b)(4)(b) is also deficient. OCA Comments at 14. In the Settlement, PPL commits to evaluating the formula to calculate estimates to determine if improvements can be made however, the OCA avers that PPL should commit to revising its estimation formula based upon information included in the Settlement ¶ 27. *Id.* As the estimates were not in the range of reasonableness, the OCA believes PPL should commit to a timeline to fix its formula to estimate bills, not just agree to review the formula. *Id.* Moreover, the OCA recommends that the Commission consider requiring the Bureau of Audits investigate whether the fixes identified in the

Settlement have been completed and to determine whether additional fixes are necessary to eliminate any future issues. *Id.*

Ultimately, the OCA opines that the Settlement focuses too heavily on the costs to PPL and does not address the cost to customers. OCA Comments at 15. The OCA recommends that the Settlement be modified to include a defined timeline and reporting process for the completion of actions included in the Settlement. *Id.* The OCA also requests that PPL be required to develop a plan to address deficiencies provided in communications and customer service from the Call Center. *Id.*

Finally, the OCA discusses the fact that the Settlement does not provide for any direct remedies for impacted customers. OCA Comments at 15. The OCA points out that the Settlement does not require an analysis about whether customers were correctly compensated or whether further actions are needed and focuses on the actions already taken by PPL. *Id.*

The Settlement explains that PPL did not terminate customers for nonpayment from January 2023 through June 2023, but the OCA argues that it did not provide any detail as to how the Company determined that the six-month termination halt window was appropriate. OCA Comments at 15. In addition, the OCA states, the Settlement is silent as to how it determined or calculated that the six-month period would be enough time to help all customers who were put in a difficult economic position or faced the threat of service termination due to PPL's mistake. *Id.* The OCA argues that PPL did not provide any information that a root cause analysis was completed to determine whether the timeframe was sufficient, and that PPL assumes that customers were able to catch up by June 2023. *Id.* at 15-16.

In the Settlement, PPL committed to voluntarily waiving all late payment fees for January and February 2023, but the OCA raises the issue that some customers did

not receive a bill until April 2023. OCA Comments at 16. The OCA argues that the Settlement again fails to provide any detail as to how PPL determined that this would be enough time for customers to pay for their miscalculated bill. *Id.* In addition, the Settlement, as pointed out by OCA, is silent as to how many late bills occurred in March or later due to incorrectly calculated bills or whether or how these customers were compensated. *Id.*

Next, the OCA addresses Settlement ¶¶ 38(b)(9) and (10). Regarding the \$1.7 million owed to PPL that PPL did not collect, the OCA avers that PPL should not be able to collect money from customers if the Company cannot accurately calculate the bills or ensure that the estimated and reconciled bills are accurate. OCA Comments at 16. The OCA also states that it is unclear from the Settlement whether the \$1.7 million is sufficient. *Id.* Next, the OCA states it is unclear that the approximately \$1 million in refunds is sufficient to account for the damage and distress created for customers by PPL's error. *Id.*

Lastly, the OCA requests that PPL perform a root cause analysis to examine the full impact of the billing system malfunction on customers. OCA Comments at 17. The OCA recommends that the root cause analysis address the following: (1) how customer balances and terminations were impacted by the billing system malfunctions; (2) whether customers incurred late fees tied to the billing system malfunctions after February 2023; and (3) whether the refunds and foregone bills sufficiently addressed customers who otherwise should have been credited. *Id.*

2. CAUSE-PA's Comments

In its Comments, CAUSE-PA alleges that the Settlement is inadequate to redress the far-ranging consequences experienced by PPL's economically vulnerable customers. CAUSE-PA Comments at 6. Specifically, CAUSE-PA states that the

Settlement is contrary to the public interest as it does not account for the uniquely harmful impact to PPL's low-income customers as a result of the Company's billing errors. *Id.* at 8. CAUSE-PA analyzes the Settlement as it relates to the factors set forth in 52 Pa. Code § 69.1201(c). *Id.* at 9.

First, CAUSE-PA looks to whether the conduct of PPL was of a serious nature. CAUSE-PA Comments at 9 (*citing*, 52 Pa. Code § 69.1201(c)(1)). CAUSE-PA avers that PPL's errors constitute serious billing and technical errors which spanned numerous months and were further exacerbated by subsequent errors and omissions by PPL. *Id.* While CAUSE-PA acknowledges that PPL took actions to mitigate the impacts of the billing issues, CAUSE-PA believes that an appropriately balanced settlement must recognize and account for the serious and far-ranging impacts to PPL's affected customers and in particular low-income customers. *Id.* at 10.

Next, CAUSE-PA turns to whether the resulting consequences of PPL's errors were serious in nature. CAUSE-PA Comments at 10 (*citing*, 52 Pa. Code § 69.1201(c)(2)). CAUSE-PA outlines many reasons why the consequences of PPL's errors were extremely serious in nature, first mentioning the sheer volume of customers impacted: 48,168 accounts did not receive a bill for one or more billing period between December 2022 through April 2023; 91,676 unique accounts did not receive a bill at all; 860,493 estimated bills were issued by PPL between December 20, 2022 through May 5, 2023; and 82,784 customer bills did not include supplier charges or included only partial supplier charge resulting in severely inaccurate bills. *Id.*

CAUSE-PA goes on to mention the influx of calls PPL received due to the billing issues which resulted in long wait times or hang ups before reaching customer service representatives. CAUSE-PA Comments at 10. CAUSE-PA explains these customer service issues made it extremely difficult for at-need customers to contact PPL for assistance with bill payment and furthermore, CAUSE-PA notes it is unclear whether

the issues would have also impacted consumer reporting of emergencies such as downed wires or service outages. *Id.* at 11.

CAUSE-PA states that PPL's billing errors resulted in significant discrepancies in customer bills, which was particularly concerning for PPL's low-income customers. CAUSE-PA Comments at 11. CAUSE-PA explains that for low-income customers to go numerous months without receiving an accurate bill, or any bill at all, would have created difficulties budgeting their limited resources over months that they received incorrect bills, or require unanticipated saving until a bill arrived. *Id.* Some low-income customers, as CAUSE-PA points out, may have forgone rent, food, water, medicine, or medical care in order to cover necessary expenses. *Id.* at 11-12. Furthermore, CAUSE-PA states that some customers that received abnormally high estimated bills who utilize e-billing or auto-pay may have also incurred overdraft fees. *Id.* at 12. CAUSE-PA takes issue with PPL's refund of overcharged amounts being structured as a one-time account credit because it deprives PPL's customers of the ability to financially plan for the best use of their funds. *Id.*

CAUSE-PA raises the concern regarding LIHEAP crisis grants and the inability for customers to receive the grants without termination notices from PPL due to it suspending terminations from January to June 2023. CAUSE-PA Comments at 13. CAUSE-PA highlights that because PPL suspended terminations for nonpayment through June 2023 (past LIHEAP season), low-income customers would have been unable to reapply during the 2022-2023 season for crisis assistance. *Id.* In addition, CAUSE-PA iterates that the limitations to LIHEAP crisis assistance may have also resulted in negative impacts to collections costs and uncollectible expenses for customers facing termination but unable to access the LIHEAP grants. *Id.*

CAUSE-PA avers that the full impact of PPL's violations on its low-income customers remains unclear and that the Settlement fails to analyze how PPL's

low-income customers were affected as a result of the Company's billing errors. CAUSE-PA Comments at 13. CAUSE-PA estimates that between approximately 140,952 and 281,018 low-income customers may have been impacted by PPL's errors and it is essential that any proposed Settlement provide relief for the Company's vulnerable low-income customers. *Id.* at 13-14. CAUSE-PA takes issue with the Settlement foreclosing the Commission from imposing any additional penalties beyond the provided-for civil penalty. *Id.* at 14.

Next, CAUSE-PA discusses whether PPL made efforts to modify internal practices and procedures to address the billing issues and prevent similar issues in the future. CAUSE-PA Comments at 14 (*citing*, 52 Pa. Code § 69.1201(c)(4)). While CAUSE-PA acknowledges PPL's efforts to modify its internal practices and procedures to address the billing issues, it argues that structuring the \$1 million civil penalty fails to adequately target and provide for PPL's affected customers. *Id.* at 14-15. CAUSE-PA also states that the Settlement's mitigation measures fail to target its low-income customers and also fail to account for disproportionate financial harm to PPL's low-income customers. *Id.* at 15. CAUSE-PA requests that the Settlement be modified to account for the financial harm that PPL's low-income customers likely experienced due to PPL's billing errors. *Id.*

CAUSE-PA then looks at the number of customers affected and the duration of PPL's billing error. CAUSE-PA Comments at 15 (*citing*, 52 Pa. Code § 69.1201(c)(5)). As discussed, *supra*, CAUSE-PA estimates that between December 2022 and April 2023, approximately 140,952 and 281,018 low-income customers were impacted by PPL's billing issues. *Id.* at 16. CAUSE-PA argues that the massive number of low-income customers not addressed in the proposed Settlement and not accounted for in the requested relief render the proposed Settlement contrary to the public interest. *Id.*

Finally, CAUSE-PA looks to whether PPL cooperated with the Commission's investigation. CAUSE-PA Comments at 16 (*citing*, 52 Pa. Code § 69.1201(c)(7)). Here, CAUSE-PA discusses how PPL extensively communicated with BCS, statutory parties, and stakeholders to provide updates regarding the billing issues set forth in the proposed Settlement. *Id.* CAUSE-PA explains that through these efforts, it was able to learn about PPL's billing issues and keep informed of the progress to redress these issues and remediate customer impacts. *Id.*

Ultimately, CAUSE-PA argues that the proposed Settlement is contrary to the public interest because it does not account for PPL's low-income customers. CAUSE-PA Comments at 16. CAUSE-PA requests that the Commission direct PPL to allocate \$500,000 of the proposed civil penalty to PPL's Hardship Fund – Operation Help. *Id.* at 17.

3. *Pro Se* Public Comments

As mentioned, *supra*, the *January 2024 Order* provided an opportunity for interested parties to file comments regarding the Settlement. The Commission received comments from 160 interested parties and customers, in addition to those filed by the OCA and CAUSE-PA. This Order discusses the comments filed by the OCA and CAUSE-PA above. In addition, we believe it is prudent to discuss the broad issues raised in the *pro se* public comments offered regarding the Settlement.

Of the *pro se* comments, over one-third of them stated opposition to the Settlement or sought reimbursement for alleged billing errors, less than five (5) comments offered generalized support for the Settlement, and the overwhelming majority of comments took no definitive position on approval of the Settlement and instead provided broader comments regarding the Settlement, alleged billing issues, and customer service provided by PPL. Comments were received from PPL customers

impacted by the billing errors, small businesses served by PPL, and PPL customers who were not impacted but wished to offer their feedback on the Settlement.

Within the comments against the Settlement or seeking reimbursement, several themes emerged. Comments raised important customer service issues, including an inability to reach PPL's customer service via telephone and mixed messaging from PPL employees regarding customers' bills and opportunities to contest or file complaints. One comment referred to several contact attempts via phone "with no success or return call." Underkoffler Comment at 1. Another comment noted the customer "calling and calling" PPL with no ability to reach customer service and, upon reaching customer service, this customer was told the "time to complain [regarding an alleged overbilling] had expired." Patricia Bowman Comment at 1-2. In requesting restitution and compensation, one commenter alleged "months of mistreatment" by PPL based on customer service reliability issues and a failure of PPL to timely send electric bills. Randy Kraft Comment at 1. This customer referred to wait times of 62 minutes, 130 minutes, and 141 minutes, to speak with customer service representatives, compounding the "aggravation, anguish and uncertainty" experienced while not receiving bills for the months of January, February, March, April, May, and June of 2023. *Id.* at 1-3. The majority of comments against the Settlement requested compensation for overbilling in addition to the fines levied against PPL, mentioning they paid estimated bills or alleged overbills and experienced financial hardship as a result, without knowing whether they paid an accurate amount or not.

A small number of commenters offered generalized support for the Settlement. These comments, in addition to their support, referred to problems with PPL billing, including bills being sent untimely and inadequate customer service. According to one customer, his bill "went 200 dollars over what the bill was supposed to be," "went really low," and shortly thereafter, the customer reported not receiving bills for "like 2 or 3 months." Firestone Comment at 1. Despite contacting PPL on multiple occasions and

assured late fees would not be assessed, this customer stated they were assessed late fees. *Id.* These fees and bills necessitated a repayment plan to cover the untimely bills and associated fees. *Id.* This customer was still working to pay off fees and utility bills from this period. *Id.* Each of the commenters offered a generalized statement indicating they agreed with the Settlement. *Id.*

The broadest swath of comments discussed the billing and customer service issues raised by the informal investigation without taking a position on the approval or denial of the Settlement. Multiple commenters expressed that: (1) their trust in PPL had been reduced; (2) they had experienced issues with PPL’s customer service; or (3) they were still experiencing billing issues. One commenter stated the billing “debacle” caused “upset and confidence issues.” Roseanne Daecher Comment at 1. This was reiterated by other commenters, who stated the lack of timely billing “was a disaster with PPL” despite attempted and completed calls to PPL’s customer service. Deborah Walters Comment at 1-2. Many commenters simply asked for the Commission to “help” – by investigating their alleged overbillings and ensuring they had not been overcharged by PPL. Most troubling, a portion of the commenters expressed they were still experiencing billing issues, including a lack of timely bills, alleged overbillings, and issues associated with keeping up with payments. One commenter noted their fixed income and stated, “we live in fear our PPL Electric will be cut off.” Robert Witkowski Comment at 1. These fears and lack of trust were worsened by an inability to contact PPL customer service, with one commenter noting they tried to contact PPL via phone “4-5 times” regarding why they had not received a bill for several months. Doug Wanamaker Comment at 1. After not being able to reach PPL regarding his billing issues, this commenter received a call from PPL asking why the customer had not submitted payment and stating the customer “would receive a bill and that I would have to pay the total.” *Id.*

4. Reply Comments

a. I&E Reply Comments

In its Reply Comments, I&E responded generally to *pro se* comments, specifically responded to the comments submitted by the OCA and CAUSE-PA, and expressed its “unwavering position” the proposed Settlement is “fair, just, reasonable and in the public interest.” I&E Reply Comments at 2-3. I&E asks the Commission to approve the Settlement without modification. *Id.* at 3.

In addressing the *pro se* comments I&E argues that of the over 150 comments submitted, sixty percent did not actually address the terms of the Settlement, instead raising billing or other concerns about PPL. I&E Reply Comments at 3-4. I&E suggests these comments are “unrelated to the details of this Settlement and a determination of whether the instant Settlement is in the ‘public interest.’” *Id.* at 4. Further, I&E interprets these concerns as not taking a position opposing the Settlement, going on to opine these customers, “[r]ather than negatively impact this carefully crafted statement,” “have always been afforded the opportunity to file informal or formal complaints with the Commission to address any grievances they may wish to address related to their PPL billing experiences.” *Id.*

Regarding requests for refund or compensation by *pro se* commenters, I&E notes the Settlement does include a reimbursement or refund component with PPL agreeing to refund “through a one-time line-item credit, approximately One Million Dollars to customers who received estimated bills and were overbilled.” I&E Reply Comments at 4. I&E again suggests individual customers are not prevented from contacting PPL to discuss reimbursement or refund, or from filing complaints with the Commission against PPL. *Id.*

I&E also answers and addresses *pro se* comments seeking modifications to the Settlement, specifically considering the request PPL be audited and concerns from commenters the fine was not an adequate civil penalty. I&E Reply Comments at 4-5. I&E points out the Commission’s Bureau of Audits is “currently in the report drafting phase of a PPL management audit,” however, I&E admits the management audit did not include an audit of PPL’s billing – offering that “it is I&E’s understanding that the Bureau of Audits intends to conduct a follow-up audit to *potentially* address those issues.” *Id.* (emphasis added). Lastly, I&E states its belief that, pursuant to the *Rosi* factors, the civil penalty imposed will “accomplish the goals of further deterring actions from this Company or similarly situated utilities in violating the Public Utility Code.” *Id.* at 6.

I&E next turns to the Comments filed by the OCA and CAUSE-PA, jointly addressing the OCA and CAUSE-PA’s requests to modify the Settlement to allocate a portion of the civil penalty to PPL’s Hardship Fund. I&E Reply Comments at 6-7. I&E argues the OCA and CAUSE-PA do not “fundamentally disagree with the civil penalty amount brought forth” and the OCA’s suggestion that having the civil penalty go to the General Fund does not adequately resolve the financial impact on customers is “fatally flawed.” *Id.* at 7. I&E goes on to argue the OCA’s suggestion ignores actions taken by PPL to address these issues. *Id.* at 7-8. I&E also counters CAUSE-PA’s request that fifty-percent of the proposed civil penalty be directed to PPL’s Hardship Fund, stating it is “surprised and disappointed” the OCA and CAUSE-PA suggest a smaller civil penalty would deter the conduct alleged in this matter. *Id.* at 8. I&E also argues the OCA takes an inconsistent position on the application of the *Rosi* factors, pointing to a 2022 matter where the OCA wanted the Commission to determine whether a \$990,000 civil penalty was a sufficient deterrent against future violations.³ *Id.* at 8-9. I&E argues the proposed

³ *PUC Bureau of Investigation and Enforcement v. Columbia Gas of PA, Inc.*, Docket No. M-2022-3012079 (*Columbia Gas*). (The *Columbia Gas* matter involved a natural gas event which resulted in an explosion and multiple injuries to individuals).

modifications from the OCA and CAUSE-PA do not address the harm suffered by customers, again stating its belief these impacted customers should file individual complaints. *Id.* at 10.

I&E also responds to the OCA's claim the Settlement does not sufficiently address all of the issues raised, pointing out that the OCA fails to consider the remedial measures taken by PPL. I&E Reply Comments at 10. I&E lists the broad remedial measures taken by PPL, 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, and;
- (6) Starting December 18, 2022, PPL customer service representatives were provided with talking points to answer customer questions about the estimated bills.

Id. at 10-11. I&E also notes PPL has agreed to forego recovering any mitigation costs in future proceedings. *Id.* at 11. I&E disputes the OCA's suggestion that the Settlement does not require PPL to take on any changes, noting that evaluation of the formula for estimated bills includes a stated goal of reducing estimated bills and that PPL has agreed to provide BCS with an explanation of how any new formula will impact budget billing customers, "if a change is made." *Id.* at 11.

I&E closes with a recitation of the *Rosi* factors and Commission precedent on settlements, again asking the Commission to approve the Settlement as submitted, stating definitively that “[c]learly the Settlement reached between I&E and PPL is in the public interest.” I&E Reply Comments at 15-16.

b. PPL Reply Comments

In its Reply Comments, PPL responded to the individual comments, OCA Comments and CAUSE-PA Comments. PPL begins by explaining that it is attempting to contact every individual who filed Comments on the proposed Settlement. PPL Reply Comments at 3. PPL states that it was able to successfully resolve 98 of the 141 formal complaints related to the billing issue and by doing so reduced the time, effort and expense of all those involved if the complaints were to be litigated. *Id.* PPL notes it will continue its attempts to contact each of the individuals who submitted comments in order to investigate and respond to specific issues identified and raised by commenters. *Id.*

Next, PPL addresses the OCA’s recommendations for the proposed Settlement. PPL Reply Comments at 3. PPL explains that it is willing to implement many of the OCA’s recommendations such as the following: (1) providing a detailed timeline for implementation and requirements for items listed in the Settlement at Paragraph 38(b)(6) and file quarterly reports at this docket and served on the statutory advocates and PULP on its progress; (2) committing to revising its estimation formula based upon information provided in the Settlement; (3) committing to being open and transparent with the Commission, including the Bureau of Audits, regarding implementation of fixes to address billing issues; (4) providing a root cause analysis report on the billing issues to determine how customer balances and terminations were impacted, whether customers incurred late fees, and whether the refunds and foregone bills sufficiently addressed customers who should have been credited; (5) providing

information regarding the Company's self-imposed moratorium on service terminations and the impact it had on customer eligibility for LIHEAP crisis grants; (6) agreeing that it will not recover the costs of the billing system malfunction from any ratepayers; and (7) sharing its methodology in calculating the \$1 million in refunds and provide details on how refunds were distributed. *Id.* at 3-5.

PPL disagrees with the OCA's recommendation regarding PPL's call center. PPL Reply Comments at 5. PPL explains that it has made significant improvements between January 2023 through December 2023 in its call center performance to reduce its abandonment rate and accelerate its average speed of answer. *Id.* at 5-6. PPL acknowledges the need and desire for its customers to speak with customer service personnel quickly and conveniently and has taken great measures to improve its call center and commits to monitoring and adjusting as necessary. *Id.* at 6. PPL submits that due to its focus on its call center improvements, the OCA's recommendations related to the call center are unnecessary. *Id.*

Next, PPL focuses on CAUSE-PA's Comments and maintains that it understands CAUSE-PA's concerns for low-income customers affected by the billing issues. PPL Reply Comments at 6. PPL explains that during the billing issues, PPL took steps to mitigate impacts to customers eligible for LIHEAP and performed additional reviews of OnTrack customer accounts to ensure the billing issues were not causing those customers' additional harm. *Id.*

PPL submits that it appreciates the role low-income advocates take in educating customers about assistance programs and responding to their issues and concerns and because of that PPL made sure to provide periodic updates to PULP regarding the billing issues and PPL's response. PPL Reply Exceptions at 6-7. PPL states that it is willing to meet with CAUSE-PA and other low-income advocates to

discuss additional information they may need to respond to low-income customers that may have been affected by PPL's billing issues. *Id.* at 7.

Ultimately, PPL requests the Commission to approve the Settlement with the modifications accepted by the Company in its Reply Comments. PPL Reply Comments at 8.

B. Disposition of Comments

As an initial matter, we note that any issue or argument we do not specifically address shall be deemed to have been duly considered and denied without further discussion. The Commission is not required to consider expressly or at length each contention or argument raised by the Parties. *Consolidated Rail Corp. v. Pa. PUC*, 625 A.2d 741 (Pa. Cmwlth. 1993); *see also, generally, University of Pennsylvania v. Pa. PUC*, 485 A.2d 1217 (Pa. Cmwlth. 1984).

Upon review of the *pro se* comments and those comments submitted by the OCA and CAUSE-PA, we find it prudent to revise the terms. We find such revisions are necessary to sufficiently address the harm to the public and to provide impacted customers with adequate remedies, consistent with the comments filed by the OCA and CAUSE-PA. We also believe such revisions will improve and add to the public benefits in the Settlement to better resolve the severity of the consequences of the billing problems that led to this investigation and provide greater assistance to the affected public.

First, we note that PPL, in its Reply Comments, agreed to address a number of the concerns raised by the commentators, including the OCA. In line with those Reply Comments, we modify the Settlement to include the following terms:

- Within sixty (60) days of the issuance of an order approving the modified settlement, PPL will provide a detailed timeline for implementation and requirements for items listed in the Settlement at Paragraph 38(b)(6) and file quarterly reports at this docket, with a copy served on the statutory advocates and the Public Utility Law Project, on its progress.
- PPL will revise its estimation formula based upon information provided in the Settlement.
- PPL will commit to being open and transparent with the Commission, including the Bureau of Audits, regarding implementation of fixes to address billing issues.
- PPL will provide a root cause analysis report to the Commission, with a copy served on the statutory advocates and the Public Utility Law Project, within one hundred and twenty (120) days of the issuance of the Commission's order that will address the following:
 - The billing issues to determine how customer balances and terminations were impacted, whether customers incurred late fees, and whether the refunds and foregone bills sufficiently addressed customers who should have been credited,
 - Whether the Company's six-month termination moratorium was sufficient time to help all customers that were put in a difficult economic situation or faced termination of service due to PPL's actions, and
 - The impact the Company's six-month termination moratorium had on customer eligibility for LIHEAP crisis grants.
- If PPL finds through its root cause analysis that any of its customers were not properly issued a refund or provided with other necessary relief due to the termination moratorium, PPL should issue those customers a refund in the correct amount and/or provide other relief, as appropriate due to the termination moratorium. The relief PPL has provided

or will provide to these customers should be identified in the root cause analysis report.

- PPL will not recover the costs of the billing system malfunction from any ratepayers.
- PPL will share its methodology in calculating the \$1 million in refunds and provide details on how refunds were distributed.

Second, we agree with the OCA's and CAUSE-PA's recommendation in their Comments that given that financial impacts may still be affecting customers, particularly PPL's more vulnerable customers, it would be reasonable to direct funds to the Company's Hardship Fund. We believe that directing PPL to donate \$1 million to its Hardship Fund, in lieu of the agreed upon civil penalty, will help PPL customers with income at or below 250 percent of the Federal Poverty Level to pay their electric bills, keep their electric service on, and receive referrals to other assistance programs. Given these benefits to PPL's low-income customers, including those who were impacted by the Company's billing issues, we propose that the language in paragraph 38(a) of the Settlement be deleted in its entirety and replaced with the term below.

“In lieu of a civil penalty, PPL will make a \$1 million donation to its Hardship Fund, Operation Help, to resolve all of I&E's alleged violations of the Public Utility Code and the Commission's regulations. Said donation, in lieu of a civil penalty, shall be made within thirty (30) days of the date of the Commission's Final Order approving this Settlement Agreement. The donation shall not be passed through as an additional charge to PPL's customers in Pennsylvania.”

Further, paragraph 40 of the Settlement should be deleted in its entirety and replaced with the following term below.

“In consideration of the Company's donation of \$1 million to its Hardship Fund, 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 shall adversely affect the Commission’s authority to receive and resolve any informal or formal complaints filed by any affected parties with respect to the Company’s conduct as described in the Settlement Agreement.”

We will address the Settlement in further detail in our analysis of the Policy Statement or *Rosi* factors below and, in applying the relevant factors here, we shall approve the Settlement as modified by this Opinion and Order.

C. Analysis of Policy Statement or *Rosi* Factors

The first factor we may consider is whether the conduct at issue is of a serious nature. 52 Pa. Code § 69.1201(c)(1). “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.” *Id.*

Here, PPL’s billing errors are of a serious nature considering the consequences that impacted a significant amount of PPL’s customers directly, and we believe that the seriousness of the violations is extensive. The billing errors occurred because of PPL’s system failure and were exacerbated by subsequent errors and omissions by the Company. As evidenced by the volume of accounts affected⁴ and customers that continue to be affected by PPL’s billing error, it is evident that the conduct

⁴ The Settlement states from December 2022 through April 2023, PPL failed to render bills to 48,168 accounts and 91,676 unique accounts and failed to render bills to 223 accounts from December 2022 through May 2023. Settlement at 5-7. PPL issued a total of 860,493 estimated bills from December 20, 2022, to May 5, 2023. Settlement at 7. The Settlement states that 82,784 estimated bills did not include any supplier charges or included partial supplier charges resulting in severely inaccurate bills. Settlement at 8-9. Finally, 3,805 incorrect bills were issued to PPL’s Billing Group 12. Settlement at 9-10.

was far reaching and long term. I&E also acknowledged that while the conduct did not result in personal injury or property damage it still considered the billing error to be of a serious nature. I&E Statement in Support at 9. We believe the Parties to the Settlement have sufficiently considered the serious nature of the allegations in this matter, and further believe the Settlement, as modified, properly addresses the seriousness of the underlying allegations.

The second factor to be considered is whether the resulting consequences of the conduct are of a serious nature. 52 Pa. Code § 69.1201(c)(2). “When consequences of a serious nature are involved, such as personal injury or property damage, the consequences may warrant a higher penalty.” *Id.* Although PPL’s billing issue did not result in any personal injury or property damage, we find that the consequences of PPL’s conduct are of a serious nature. The volume of issued bills containing errors and customers that experienced months without receiving bills is significant. The Settlement explains that PPL analyzed 387,895 estimated bills in January 2023 and found that 67.31% indicated an estimate differing from the customers’ actual usage by 10% or greater, and 34.36% indicated an estimate that varied by more than 25%. Finally, 12.37% of the estimated bills were based on an estimate differing from actual usage by more than 50%. Settlement at 8. In the Settlement Petition, I&E avers that PPL failed to provide these customers with reasonable service by issuing unreasonable over/under-estimated bills. *Id.* We agree with I&E that issuing estimated bills that varied greatly from the customers’ actual bills is unreasonable and of a serious nature.

In addition to the inaccurate or missing bills, the issue was made worse by PPL’s customer service problems. The Settlement states that in January 2023, PPL received 217,529 calls, of which 41% were abandoned, and that customers that called in January and February 2023 and were connected to PPL, complained of long wait times. Settlement at 10. We find the customer service problems amplified the magnitude of PPL’s billing error as frustrated customers were unable to gain an understanding or

resolve the issues they experienced with their electric bills. As discussed, *supra*, the billing issue had a widespread impact on PPL customers over a long duration of time. We acknowledge that PPL represented in its Reply Comments that it has made significant improvements in its call center. Accordingly, we find the Settlement shall be modified to address the seriousness of the consequences resulting from the allegations in this matter. Therefore, we find the Settlement, as modified, is in the public interest based upon the second *Rosi* factor.

The third factor is “[w]hether 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.” 52 Pa. Code § 69.1201(c)(3). The third factor pertains to litigated cases only. *Id.* Because this proceeding was settled prior to the filing of a complaint by I&E, this factor is not applicable to this Settlement.

The fourth factor to be considered is 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. 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. 52 Pa. Code § 69.1201(c)(4). The Settlement explains that beginning on December 18, 2022, PPL customer service representatives were given talking points to answer customer questions about the estimated bills, and a letter or email explaining the issues was sent out to customers on January 31, 2023. Settlement at 12. Here, we note the actions taken by PPL in response to the billing issue:

- Provided periodic updates to the OCA, the Office of Small Business Advocate, the Pennsylvania Utility Law Project, and the Commission’s Bureau of Consumer Service.
- Conducted outreach to the customers impacted by the billing issues.

- 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.
- Did not terminate electric service for any customers for nonpayment from January 2023 through June 2023.
- Voluntarily waived all late payment fees for January and February 2023.
- 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.
- Refunded, through a one-time line-item credit, approximately \$1 million to customers who received estimated bills and were overbilled due to the application of the incorrect rates.
- Incurred significant costs when responding to the billing issues to help mitigate customers' impacts, totaling approximately \$16.2 million, and agrees not to recover any of these costs from Pennsylvania ratepayers.

The Settlement provides for new processes and improvements to existing procedures PPL proposes to implement. As the OCA points out, “[t]he Settlement language is very aspirational, and no concrete requirements are included.” OCA Comments at 13. We recognize that PPL, in its Reply Comments, agreed to file quarterly reports on its progress and submit them to this docket and to the statutory advocates and PULP; however, it remains unclear when these updates will take place without a solid timeline set forth in the Settlement. We agree with the OCA, and while we acknowledge PPL’s efforts, we find that without well-defined deadlines for implementation it is unclear whether this issue may be prevented in the future. Therefore, analysis of this factor supports a modification of the the Settlement to require the filing of an implementation timeline for the changes proposed by PPL in the Settlement within sixty (60) days, and the filing of quarterly reports at this Docket, with copies served on the statutory advocates and PULP, on its progress. We additionally believe a root cause

analysis report should be required to be provided to the Commission, the statutory advocates, and PULP within 120 days of the issuance of this Opinion and Order.

The fifth factor to be considered is the number of customers affected and the duration of the violations. 52 Pa. Code § 69.1201(c)(5). In its Statement in Support, I&E determined that the proposed civil penalty is appropriate based upon “[t]he 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.” I&E Statement in Support at 10. While we agree with I&E that PPL’s issue affected a large number of customers, we disagree that the Company was able to show it completely resolved the issue. For example, and as discussed, *supra*, a number of PPL customers provided comments indicating that they believed they were still owed refunds and/or requested that the matter be investigated. Furthermore, the OCA takes issue with the Settlement because it did “not require an analysis about whether customers were correctly compensated or whether further actions are needed.” OCA Comments at 15.

We acknowledge that PPL undertook measures in an effort to resolve the issues, including: placing a moratorium on service termination from January 2023 through June 2023;⁵ waiving late payment fees for January and February 2023;⁶ waiving collection of \$1.7 million of underbilled estimated bills and incorrect bills;⁷ and refunding \$1 million through a one-time line-item credit.⁸ We find that the Settlement, as modified to include additional consumer reporting and protections, is in the public interest pursuant to this factor.

⁵ Settlement at ¶ 38(b)(7).

⁶ Settlement at ¶ 38(b)(8).

⁷ Settlement at ¶ 38(b)(9).

⁸ Settlement at ¶ 38(b)(10).

We may also consider the compliance history of the regulated entity. 52 Pa. Code § 69.1201(c)(6). “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.” *Id.* I&E indicates that PPL’s compliance history shows a lack of billing violations and that its billing error was an isolated event and considered when arriving at the civil penalty and remedial measures contained in the Settlement. I&E Statement in Support at 10-11. Therefore, based upon this factor, we find the Settlement to be in the public interest.

Another factor we may consider is whether the regulated entity cooperated with the Commission’s investigation. 52 Pa. Code § 69.1201(c)(7). According to I&E, PPL has cooperated with I&E’s investigation and settlement process. I&E Statement in Support at 11. Therefore, we find this factor supports a finding that the Settlement is in the public interest.

In addition, we may consider the amount of the civil penalty or fine necessary to deter future violations, as well as past Commission decisions in similar situations. 52 Pa. Code §§ 69.1201(c)(8) and a(c)(9). I&E submitted that the civil penalty amount of \$1 million, which is not tax deductible, and cannot be recouped from PPL’s ratepayers, is fair, substantial and sufficient. I&E Statement in Support at 11. However, as pointed out by the OCA, the Settlement does not preclude PPL from recovering the costs of its billing system error from all ratepayers and recommends that the Settlement be modified to make it clear that these costs should not be recovered by any ratepayers. OCA Comments at 7. In its Reply Comments, PPL agrees not to recover the costs of the billing system malfunction from any ratepayers. PPL Reply Comments at 5.

With respect to the appropriate amount of a civil penalty, while we understand that a Settlement is a compromise between parties, we believe that given the

extraordinary nature of this incident and the disproportionate impact on financially distressed customers, the Settlement should be modified as outlined above. In lieu of a civil penalty, we modify the Settlement to require PPL to make a \$1,000,000 donation to its Hardship Fund, Operation Help, with this donation not being passed through as an additional charge to PPL's customers in Pennsylvania. We find this modification will help PPL customers impacted by the bill issues in this matter, and while not imposing a civil penalty, creates an outcome that is in the public interest.

The tenth factor to consider is other "relevant factors." 52 Pa. Code § 69.1201(c)(10). I&E notes that the Settlement provides for the in-depth and detailed implementation of procedural enhancements to address this matter and to improve service to all customers throughout the Company's service territory. I&E Statement in Support at 12. I&E goes on to state that there is no benefit to delaying the implementation of such procedural enhancements and proceeding to litigation or seeking a more significant monetary penalty because of PPL's agreement to pay a fair civil penalty and the Company's agreement to take corrective measures. *Id.* We agree and find that the Settlement, as modified, addresses the issues raised by PPL's alleged conduct and sufficiently resolves this matter. Accordingly, based upon the factors set forth in 52 Pa. Code § 69.1201, we find that the Settlement, as modified, is in the public interest.

It is the Commission's policy to promote settlements, 52 Pa. Code § 5.231. We find that the serious nature of the allegations, the number of bills issued with errors or bills not issued at all, and the duration of the billing error are properly addressed by the Settlement, as modified, and, therefore, the Settlement is in the public interest. It is clear that many customers have been and continue to be affected by PPL's billing error as evidenced by the outpouring of comments from 160 interested *pro se* parties and customers. Accordingly, we will modify and tentatively approve the Settlement to ensure prompt steps are taken to protect PPL customers and remedy this issue.

V. Conclusion

Upon review of the terms of the Settlement, the associated Statements in Support, and the Comments filed in response to the *January 2024 Order*, we shall modify and tentatively approve the Settlement consistent with the discussion in this Opinion and Order; **THEREFORE**,

IT IS ORDERED:

1. The Joint Petition for Settlement is tentatively approved, as modified by this Opinion and Order.

2. The Bureau of Investigation and Enforcement and PPL Electric Utilities Corporation, as parties to the modified Settlement, may elect to withdraw from the modified Settlement within twenty (20) business days after the entry date of an Opinion and Order modifying the Settlement.

3. Should the Bureau of Investigation and Enforcement or PPL Electric Utilities Corporation, as parties to the modified Settlement, elect to withdraw from the modified Settlement pursuant to moving paragraph two, above, the Joint Petition for Settlement shall be void and returned to the Bureau of Investigation and Enforcement.

4. Should the Bureau of Investigation and Enforcement and PPL Electric Utilities Corporation, as parties to the modified Settlement, not elect to withdraw from the modified Settlement pursuant to moving paragraph two, above, the Joint Petition for Settlement, as modified, shall be approved.

BY THE COMMISSION,

A handwritten signature in black ink, appearing to read "Rosemary Chiavetta". The signature is fluid and cursive, with the first letter of each word being capitalized and prominent.

Rosemary Chiavetta
Secretary

(SEAL)

ORDER ADOPTED: April 25, 2024

ORDER ENTERED: May 16, 2024

Appendix A

Pro Se Commenters

Geri Adams
Jane Auricchio
Sara Balcerek
Robert Balicki
Barry & Laurie Bedford
Chad Bogansky
Andrew Borek
Patricia Bowman
Deborah Brown
Dorothy Bulchie
Maureen Capone
Orsana Casella
Kim Ceykovsky
Carl Charles
Agustino Chatzigeorgiou
Christine Chesniak
Susan Chesonis
Robert Cichonski
Colette Corby
Neal Crouse
Richard Culbertson
Roseanne Daecher
James Del Conte
Patricia Devine
Shirley Dewalt
Dustin Dillman
Richard & Susan Ditterline
Brian Dunleavy
Joe Earnest
Todd Engel
Lexi Evangelisti
Pamela Everdale
Lorraine Febert
Justin Firestone

Randy Fischer
Michael Fisher
Michael Flaim
For Options, Inc.
Ed Frey
Daniel Geeza
Audrey Geib
Jeff Gilfillan
Richard Goho
Mary Graybill
Tammy Hamilton
Kelli Harlan
Jerry Hauck
Christina Hausner
Erika Hawk
Tonya Hein
Wendy Herner
Rosemary Hockenbury
Suzanne Hodge
Tina Holmes
Joan Hopersberger
James Izbicki
Claire Jaekel
Mary Jellock
Maria Jones
Thomas Jubinski
Frances Jurewicz
Douglas Kelly
Barbara Lynn Kenvin
Rose Kereczman
Ann Kirchoff
Andrew Kohut Jr.
Michael Kopacz
Randy Kraft

Byranna Krammes
Ronald Krisch
Claudia Lamp
Kimberly Landon
Joseph Latosky
Brock Lehman
Carolyn Lenze
Jeff Leshner
Gary Lippi
Marie Lipsett
Susan Lishman
Little Desk Preschool
Charles Lyter
Tom MacDonald
Megan MacVaugh
Jillian Major
Patricia Maradeo
Kimberly Martin
John Marzinsky
Nancy Matys
Kurt & Michele Mayer
Kathleen Middendorf
Edwin Miller
Karen Miller
Mandy Miller
Louis Munoz
Thomas Murphy
Patrice Mussoline
Lisa Myers
Paul Nardozi
Anthony Newborn
Harvey Oberholtzer
Jared Paulhamus
Linda Pellish
Stacey Pepitone
Carolyn Philapavage
Gary Phillips

Bernice Platek
Catherine Postupack
Judy Quinlan
John Quinn
R and L Greenwood Inc.
Donna Ransom
Luis Rodriguez
Carl Rogers
Yolanda Rosado
Jolen Roseberry
Shalanda Ross
James Rother
Nicole Rozecki
Raymond & Patricia Sabo
Arlene Sales
Geri Sarno
Christopher Schaeffer
Michael Schlegel
Joanne Schwalm
Jamie Seagrave
Kenneth Sellers
Dale & Sharon Sensenig
Mary Shaw
Dawn Shephard
Michele Sisak
William Smith
Karen Sodl
Michael Sowinski
Jeanine Staller
Joseph Stauffer
Augustus Stine
Donna Strohm
Mitchell Suayan
John Sudlesky
Sharon Szabo
Frank Tassone
Anthony Thomas

B. Harold Thomas Jr.
TJ McGeehan Sales &
Service Ltd.
Karen Travis
Virginia Travis
Susan Treshock
Lucy Tristani
Karen Turner
Michael Turner
Philip Underkoffler

Clair Van Cleve
Patricia Vitkitis
Deborah Walters
Doug Wanamaker
West End Rentals LLC
Robert Witkowsky
Dolores Yanolko
William & Sarah William
Yenkevitch
Alyce Zura